AGNICO EAGLE MINES LTD
Form 20-F
March 28, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report_____

For the transition period from _____ to _____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrant as Specified in its Charter)

Not Applicable

(Translation of Registrant's Name into English)

Ontario, Canada

(Jurisdiction of Incorporation or Organization)

145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7

(Address of Principal Executive Offices)

R. Gregory Laing
145 King Street East, Suite 400
Toronto, Ontario, Canada M5C 2Y7

Telephone: 416-947-1212 Fax: 416-367-4681
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares, without par value	**The Toronto Stock Exchange and the New York Stock Exchange**
(Title of Class)	*(Name of exchange on which registered)*

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

168,720,355 Common Shares as of December 31, 2010

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ý No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act.

Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer ý Accelerated Filer o Non-Accelerated Filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ý International Financial Reporting Standards as issued by the International Accounting Standards Board o Other o

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes o No ý

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Omitted pursuant to General Instruction E(b) of Form 20-F.

**

Pursuant to General Instruction E(c) of Form 20-F, the registrant has elected to provide the financial statements and related information specified in Item 18.

PRELIMINARY NOTE

Currencies: Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") presents its consolidated financial statements in United States dollars. All dollar amounts in this Annual Report on Form 20-F ("Form 20-F") are stated in United States dollars ("U.S. dollars", "$" or "US$"), except where otherwise indicated. Certain information in this Form 20-F is presented in Canadian dollars ("C$") or European Union euros ("Euro" or "€"). See "Item 3 Key Information Currency Exchange Rates" for a history of exchange rates of Canadian dollars into U.S. dollars.

Generally Accepted Accounting Principles: Agnico-Eagle reports its financial results using United States generally accepted accounting principles ("US GAAP") due to its substantial U.S. shareholder base and to maintain comparability with other gold mining companies. Unless otherwise specified, all references to financial results herein are to those calculated under US GAAP.

Forward-Looking Information: Certain statements in this Form 20-F, referred to herein as "forward-looking statements", constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under the provisions of Canadian provincial securities laws. These statements relate to, among other things, the Company's plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as "anticipate", "believe", "budget", "could", "estimate", "expect", "forecast", "intend", "likely", "may", "plan", "project", "schedule", "should", "target", "will", "would" or other variations of these terms or similar words. Forward-looking statements in this report include, but are not limited to, the following:

- the Company's outlook for 2011 and future periods;
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- anticipated levels or trends for prices of gold and byproduct metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, minesite costs per tonne and other expenses;
- estimates of future capital expenditure, exploration expenditure and other cash needs, and expectations as to the funding thereof;
- statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto;
- estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results;
- estimates of cash flow;
- estimates of mine life;
- anticipated timing of events with respect to the Company's minesites, mine construction projects and exploration projects;
- estimates of future costs and other liabilities for environmental remediation;

statements regarding anticipated legislation and regulation regarding climate change and estimates of the impact on the Company; and

other anticipated trends with respect to the Company's capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico-Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico-Eagle upon which the forward-looking statements in this Form 20-F are based, and which may prove to be incorrect, include, but are not limited to, the assumptions set out elsewhere in this Form 20-F as well as: that there are no significant disruptions affecting Agnico-Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico-Eagle's mines

and mine development projects proceed on a basis consistent with current expectations, and that Agnico-Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the U.S. dollar will be approximately consistent with current levels or as set out in this Form 20-F; that prices for gold, silver, zinc, copper and lead will be consistent with Agnico-Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico-Eagle's current expectations; that production meets expectations; that Agnico-Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recovery are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environment that affect Agnico-Eagle.

The forward-looking statements in this Form 20-F reflect the Company's views as at the date of this Form 20-F and involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the Risk Factors set forth in "Item 3 Key Information Risk Factors". Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based. This Form 20-F contains information regarding anticipated total cash costs per ounce and minesite costs per tonne at certain of the Company's mines and mine development projects. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. Investors are cautioned that this information may not be suitable for other purposes.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

The mineral reserve and mineral resource estimates contained in this Form 20-F have been prepared in accordance with the Canadian securities regulatory authorities' (the "CSA") National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). These standards are similar to those used by the United States Securities and Exchange Commission's ("SEC") Industry Guide No. 7, as interpreted by Staff at the SEC ("Guide 7"). However, the definitions in NI 43-101 differ in certain respects from those under Guide 7. Accordingly, mineral reserve information contained or incorporated by reference herein may not be comparable to similar information disclosed by U.S. companies. Under the requirements of the SEC, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC does not recognize measures of "mineral resource".

The metal grades reported in the mineral reserve and mineral resource estimates represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve figures presented herein are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The Company does not include equivalent gold ounces for byproduct metals contained in mineral reserves in its calculation of contained ounces.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Mineral Resources

This document uses the terms "measured mineral resources" and "indicated mineral resources". Investors are advised that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into mineral reserves**.

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

This document uses the term "inferred mineral resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that any part or all of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred mineral resource exists, or is economically or legally mineable**.

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NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This Form 20-F presents certain measures, including "total cash costs per ounce" and "minesite costs per tonne", that are not recognized measures under US GAAP. This data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the figures presented in the consolidated financial statements prepared in accordance with US GAAP, see "Item 5 Operating and Financial Review and Prospects Results of Operations Production Costs". The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. However, both of these non-US GAAP measures should be considered together with other data prepared in accordance with US GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. This Form 20-F also contains information as to estimated future total cash costs per ounce and minesite costs per tonne for projects under development. These estimates are based upon the total cash costs per ounce and minesite costs per tonne that the Company expects to incur to mine gold at those projects and, consistent with the reconciliation provided, do not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-US GAAP financial measures to the most comparable US GAAP measure.

PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Pursuant to the instructions to Item 1 of Form 20-F, this information has not been provided.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 KEY INFORMATION

Selected Financial Data

The following selected financial data for each of the years in the five-year period ended December 31, 2010 are derived from the consolidated financial statements of Agnico-Eagle audited by Ernst & Young LLP. The selected financial data should be read in conjunction with the Company's operating and financial review and prospects set out in Item 5 of this Form 20-F, the consolidated financial statements and the notes thereto set out in Item 18 of this Form 20-F and other financial information included elsewhere in this Form 20-F.

	Year Ended December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
	(in thousands of U.S. dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	1,422,521	613,762	368,938	432,205	464,632
Production costs	677,472	306,318	186,862	166,104	143,753
Exploration and corporate development	54,958	36,279	34,704	25,507	30,414
Equity loss in junior exploration company					663
Amortization	192,486	72,461	36,133	27,757	25,255
General and administrative	94,327	63,687	47,187	38,167	25,884
Write-down of available-for-sale securities			74,812		
Loss (Gain) on derivative financial instruments	(7,612)			5,829	15,148
Provincial capital tax	(6,075)	5,014	5,332	3,202	3,758
Interest	49,493	8,448	2,952	3,294	2,902
Interest and sundry income	(10,254)	(16,172)	(11,721)	(25,142)	(21,797)
Gain on acquisition of Comaplex, net of transaction costs	(57,526)				

Gain on sale of available-for-sale-securities	(19,487)	(10,142)	(25,626)	(4,088)	(24,118)
Foreign exchange (gain) loss	19,536	39,831	(77,688)	32,297	2,127
Income before income and mining taxes	435,203	108,038	95,991	159,278	260,643
Income and mining taxes (recoveries)	103,087	21,500	22,824	19,933	99,306
Net income	332,116	86,538	73,167	139,345	161,337
Net income per share basic	2.05	0.55	0.51	1.05	1.40
Net income per share diluted	2.00	0.55	0.50	1.04	1.35
Weighted average number of shares outstanding basic	162,342,686	155,942,151	144,740,658	132,768,049	115,461,046
Weighted average number of shares outstanding diluted	165,842,259	158,620,888	145,888,728	133,957,869	119,110,295
Dividends declared per common share	0.64	0.18	0.18	0.18	0.12

Balance Sheet Data (at end of period)

Mining properties (net)	4,564,563	3,581,798	2,997,500	2,123,397	859,859
Total assets	5,500,351	4,247,357	3,378,824	2,735,498	1,521,488
Long-term debt	650,000	715,000	200,000		
Reclamation provision and other liabilities	145,536	96,255	71,770	57,941	27,457
Net assets	3,665,450	2,751,761	2,517,756	2,058,934	1,252,405
Common shares	3,078,217	2,378,759	2,299,747	1,931,667	1,230,654
Shareholders' equity	3,665,450	2,751,761	2,517,756	2,058,934	1,252,405
Total common shares outstanding	168,720,355	156,625,174	154,808,918	142,403,379	121,025,635

Currency Exchange Rates

All dollar amounts in this Form 20-F are in U.S. dollars, except where otherwise indicated. The following tables set out, in Canadian dollars, the exchange rates for the U.S. dollar, based on the noon buying rate as reported by the Bank of Canada (the "Noon Buying Rate"). On March 18, 2011, the Noon Buying Rate was US$1.00 equals C$0.98.

	Year Ended December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
High	1.0778	1.3000	1.2969	1.1853	1.1726
Low	0.9946	1.0292	0.9719	0.9170	1.0990
End of Period	0.9946	1.0466	1.2246	0.9881	1.1653
Average	1.0299	1.1420	1.0660	1.0748	1.1341

	2011			**2010**			
	March (to March 18)	**February**	**January**	**December**	**November**	**October**	**September**
High	0.9918	0.9955	1.0022	1.0178	1.0264	1.0320	1.0520
Low	0.9686	0.9739	0.9862	0.9946	1.0013	1.0030	1.0222
End of Period	0.9844	0.9739	1.0022	0.9946	1.0264	1.0188	1.0298
Average	0.9770	0.9876	0.9939	1.0077	1.0128	1.0178	1.0331

On December 31, 2010 and March 18, 2011, US$1.00 equalled €0.75 and €0.71, respectively, as reported by the European Central Bank.

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Risk Factors

The Company's financial performance and results may fluctuate widely due to volatile and unpredictable commodity prices.

The Company's earnings are directly related to commodity prices as revenues are derived from the sale of precious metals (gold and silver), zinc and copper. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank purchases and sales, producer hedging and de-hedging activities, expectations of inflation, the relative exchange rate of the U.S. dollar with other major currencies, interest rates, global and regional demand, political and economic conditions, production costs in major gold-producing regions, speculative positions taken by investors or traders in gold and changes in supply, including worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may materially adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total cash costs per ounce of production at one or more of its projects at that time and remains so for any sustained period, the Company may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. Also, the Company's decisions to proceed with the operations at its current mines were based on a market price of gold between $400 and $450 per ounce. If the market price of gold falls below this level, the mines may be rendered uneconomic and production may be suspended. In addition, the Company's evaluation of the Meliadine property acquisition was based on an assumption of a market price of gold of $950 per ounce. If the market price of gold falls below this level, future activity at the Meliadine property may be rendered uneconomic and activities suspended. Also, the prices received from the sale of the Company's byproduct metals produced at its LaRonde Mine (zinc, silver, lead and copper) and its Pinos Altos Mine (silver) affect the Company's ability to meet its targets for total cash costs per ounce of gold produced. Byproduct metal prices fluctuate widely and are affected by numerous factors beyond the Company's control. The Company's policy and practice is not to sell forward its future gold production; however, under the Company's price risk management policy, approved by the Company's board of directors (the "Board"), the Company may review this practice on a project by project basis. See "Item 11 Quantitative and Qualitative Disclosures about Market Risk Derivatives" for more details on the Company's use of derivative instruments. The Company occasionally uses derivative instruments to mitigate the effects of fluctuating byproduct metal prices; however, these measures may not be successful.

The volatility of gold prices is illustrated in the following table which sets out, for the periods indicated, the high, low and average afternoon fixing prices for gold on the London Bullion Market (the "London P.M. Fix").

	2011 (to March 18)	**2010**	**2009**	**2008**	**2007**	**2006**
High price ($ per ounce)	1,438	1,421	1,212	1,011	841	725
Low price ($ per ounce)	1,319	1,058	810	712	608	525
Average price ($ per ounce)	1,378	1,125	972	872	695	604

On March 18, 2011, the London P.M. Fix was $1,420 per ounce of gold.

The assumptions that underlie the estimate of future operating results and the strategies used to mitigate the effects of risks of metal prices are set out herein and in "Item 5 Operating and Financial Review and Prospects Outlook Gold Production Growth" of this Form 20-F.

Based on 2011 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in certain metal prices from 2010 market average prices are as follows:

		Income per share
Gold	$	0.55
Silver	$	0.06
Zinc	$	0.06
Copper	$	0.01

Sensitivities of the Company's after-tax income to changes in metal prices will increase with increased production.

The Company is largely dependent upon its mining and milling operations in the Abitibi region of Quebec and at its Meadowbank Mine in Nunavut, and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's operations at the LaRonde, Goldex and Lapa Mines in the Abitibi region accounted for approximately 40% of the Company's gold production in 2010 and are expected to account for the same percentage in 2011. The Meadowbank Mine accounted for approximately 27% of the Company's gold production in 2010, although it did not achieve commercial production until March 2010, and is expected to account for approximately 31% of the Company's gold production in 2011. The mines in the Abitibi region and in Nunavut will continue to account for a significant portion of the Company's gold production. Any adverse condition affecting mining or milling conditions in the Abitibi region or in Nunavut could be expected to have a material adverse effect on the Company's financial performance and results of operations. The Company also anticipates using revenue generated by its operations at these mines to finance a substantial portion of the capital expenditures required for expansion at the Kittila, Pinos Altos and Meadowbank Mines and for exploration and development at its mine projects, including the Meliadine project. In addition, one of the Company's major development programs is the extension of the LaRonde Mine below Level 245, referred to as the LaRonde Mine extension. This program involves the construction of infrastructure at depth and extraction of ore from new zones, and may present new challenges for the Company. Gold production at the LaRonde Mine above Level 245 has started to decline.

The Kittila Mine and the Pinos Altos Mine commenced commercial production in 2009 and commercial production at the Creston Mascota deposit at Pinos Altos is expected to be achieved in the first quarter of 2011. However, unless the Company otherwise acquires significant gold-producing assets in other regions, the Company will continue to be dependent on its operations in the Abitibi region and in Nunavut for the majority of its gold production. Further, there can be no assurance that the Company's current exploration and development programs at the LaRonde, Goldex or Meadowbank Mines will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

The Company may experience difficulties operating its Meadowbank Mine and developing the Meliadine project as a result of their remote location.

The Company's Meadowbank Mine is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. The closest major city is Winnipeg, Manitoba, approximately 1,500 kilometres to the south. Though the Company constructed a 110-kilometre all-weather road from Baker Lake, which provides summer shipping access via Hudson Bay to the Meadowbank Mine, the Company's operations will be constrained by the remoteness of the mine, particularly as the port of Baker Lake is only accessible approximately 2.5 months per year. Most of the materials that the Company requires for the operation of the Meadowbank Mine must be transported through the port of Baker Lake during this shipping season, which may be further truncated due to weather conditions. If the Company is not able to acquire and transport necessary supplies during this time, this may result in a slowdown or stoppage of operations at the Meadowbank Mine. Furthermore, if major equipment fails, items necessary to replace or repair such equipment may have to be shipped through Baker Lake during this window. Failure to have available the necessary materials required for operations or to repair or replace malfunctioning equipment at the Meadowbank Mine may require the slowdown or stoppage of operations.

The Company's Meliadine project, 290 kilometres southeast of the Meadowbank Mine, is also located in the Kivalliq District of Nunavut, approximately 25 kilometres northwest of the hamlet of Rankin Inlet on the west coast of Hudson Bay. Access to the property is by helicopter from Rankin Inlet year-round and by tracked vehicles overland on a winter road from approximately late December to mid-May. An all-weather access road between the project and Rankin Inlet is at the permitting stage. The Company's operations at the Meliadine project may be constrained by its remoteness and lack of access if the winter road season is shortened by permit delays or unusually warm weather, or if permitting and construction of the all-weather road is delayed. Most of the materials that the Company requires to operate the advanced exploration program, and may require if it determines to build a mine in the future, must be transported through the port of Rankin Inlet during its six-week shipping season. If the Company cannot identify and procure suitable equipment and materials within a timeframe that permits transporting them to the project within this shipping season, this could result in delays and/or cost increases in the exploration program and, if the Company determines to build a mine, any construction or development on the property.

The remoteness of the Meadowbank Mine and Meliadine project also necessitates the use of fly-in/fly-out camps for the accommodation of site employees and contractors, which may have an impact on the Company's ability to attract and retain qualified mining, exploration and construction personnel. If the Company is unable to attract and retain sufficient personnel or sub-contractors on a timely basis, the Company's operations at the Meadowbank Mine and future development plans at the Meliadine project may be adversely affected.

The Company's newly opened mines, mine construction projects and expansion projects are subject to risks associated with new mine development, which may result in delays in the start-up of mining operations, delays in existing operations and unanticipated costs.

The Company's production forecasts assume that production will commence at the Creston Mascota deposit and LaRonde Mine extension in the second quarter and fourth quarter of 2011, respectively, and that the Meadowbank Mine, Kittila Mine and the Pinos Altos Mine will achieve full production rates during 2011. The Company's ability to achieve full production rates at these mines is subject to a number of risks and uncertainties. Production from these mines in 2011 may be lower than anticipated if there are delays in achieving the full production rate, and it is possible that the anticipated full production rate cannot be achieved. Delays in commissioning the Meadowbank Mine and issues with the mill at the Pinos Altos Mine and the Kittila autoclave in 2010 resulted in anticipated 2010 gold production being reduced by an aggregate of approximately 69,593 ounces.

The LaRonde Mine extension will be one of the deepest operations in the Western Hemisphere with an expected maximum depth of 3,110 metres. The operations of the LaRonde Mine extension will rely on new infrastructure for hauling ore and materials to the surface, including a winze (or internal shaft) and a series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde Mine. The depth of the operations could pose significant challenges to the Company such as geomechanical risks and ventilation and air conditioning requirements, which may result in difficulties and delays in achieving gold production objectives.

The development of the LaRonde Mine extension and the Kittila, Pinos Altos and Meadowbank Mines require the construction of significant new underground mining operations. The construction of underground mining facilities is subject to a number of risks, including unforeseen geological formations, implementation of new mining processes, delays in obtaining required construction, environmental or operating permits and engineering and mine design adjustments. Moreover, the construction activities at the LaRonde Mine extension are taking place concurrently with normal mining operations at LaRonde, which may result in conflicts with, or possible delays to, existing mining operations.

If the Company experiences mining accidents or other adverse conditions, the Company's mining operations may yield less gold than indicated by its estimated gold production.

The Company's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of a production hoist, autoclave, filter press or semi-autogenous grinding ("SAG") mill. In addition, production may be reduced if, during the course of mining or processing, unfavourable weather conditions, ground conditions or seismic activity are encountered, ore grades are lower than expected, the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment, dilution increases, electrical power is interrupted or heap leach processing results in containment discharge. In six of the last eight years, as a result of such adverse conditions, the Company has failed to meet production forecasts due to: a rock fall, production drilling challenges and lower than planned mill recoveries in 2003; higher than expected dilution in 2004; increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005; and delays in the commissioning of the Goldex production hoist and the Kittila autoclave in 2008. In 2009, gold production was 492,972 ounces, down from the Company's initial estimate of 590,000 ounces, primarily as a result of delays in the commencement of production at the Kittila Mine due to issues with the autoclave, at the Pinos Altos Mine resulting from problems in commissioning the dry tailings filter presses and at the Lapa Mine resulting from dilution issues. In 2010, gold production of 987,607 ounces was below the initial anticipated range of 1 million to 1.1 million ounces primarily as a result of lower throughput at the Meadowbank Mine mill due to a bottleneck in the crushing circuit and because there were autoclave issues at Kittila in the first half of the year. Occurrences of this nature and other accidents, adverse conditions or operational problems in future years may result in the Company's failure to achieve current or future production estimates.

The Company's total cash costs per ounce of gold production depend, in part, on external factors that are subject to fluctuation and, if such costs increase, some or all of the Company's activities may become unprofitable.

The Company's total cash costs per ounce of gold are dependent on a number of factors, including the exchange rate between the U.S. dollar and the Canadian dollar, Euro or Mexican peso, smelting and refining charges, production royalties, the price of gold and byproduct metals and the cost of inputs used in mining operations. At the LaRonde Mine, the Company's total cash costs per ounce of production are primarily affected by the prices and production levels of byproduct zinc, silver and copper, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at the Pinos Altos Mine are affected by the exchange rate between the U.S. dollar and the Mexican peso and the price and production level of byproduct silver, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at its mines in Canada and the Kittila Mine are affected by changes in the exchange rates between the U.S. dollar and the Canadian dollar and the Euro, respectively. Total cash costs per ounce at all of the Company's mines are also affected by the costs of inputs used in mining operations, including labour (including contractors), steel, chemical reagents and energy. All of these factors are beyond the Company's control. If the Company's total cash costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Total cash costs per ounce is not a recognized measure under US GAAP, and this data may not be comparable to data presented by other gold producers. Management uses this generally accepted industry measure in evaluating operating performance and believes it to be a realistic indicator of such performance and useful in allowing year over year comparisons. The data also reflects the Company's ability to generate cash flow and operating income at various gold prices. This additional information should be considered together with other data prepared in accordance with US GAAP and is not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP. See "Item 5 Operating and Financial Review and Prospects Results of Operations Production Costs" for reconciliation of total cash costs per ounce and minesite costs per tonne to their closest US GAAP measure and "Note to Investors Concerning Certain Measures of Performance" for a discussion of these non-US GAAP measures.

The Company may experience operational difficulties at its mines in Finland and Mexico.

The Company's operations include a mine in Finland and a mine in northern Mexico. These operations are subject to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's Canadian properties. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; corruption; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions and

currency controls. In addition, the Company must comply with multiple and potentially conflicting regulations in Canada, the United States, Europe and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements.

Changes, if any, in mining or investment policies or shifts in political attitude in Finland or Mexico may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, the Company has limited operating experience outside of Canada. Finland and Mexico have significantly different laws and regulations than Canada and there exist cultural and language differences between these countries and Canada. Also, the Company faces challenges inherent in efficiently managing an increased number of employees over large geographical distances, including the challenges of staffing and managing operations in several international locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's operations in Canada. There can be no assurance that difficulties associated with the Company's foreign operations can be successfully managed.

Mineral reserve and mineral resource estimates are only estimates and such estimates may not accurately reflect future mineral recovery.

The figures for mineral reserves and mineral resources published by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resources. The estimates of mineral reserves and mineral resources have been determined based on assumed metal prices, foreign exchange rates and operating costs. For example, the Company has estimated proven and probable mineral reserves on all of its properties based on, among other things, a $1,024 per ounce gold price. Monthly average gold prices have been above $1,024 per ounce since October 2009; however, prior to that time, monthly average gold prices have been below $1,024 per ounce. Prolonged declines in the market price of gold (or applicable byproduct metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should such reductions occur, the Company may be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold (or applicable byproduct metal prices), as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to the mineral reserve, such as the need for orderly development of orebodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

Mineral resource estimates for properties that have not commenced production or at deposits that have not yet been exploited are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained.

The Company may experience problems in executing acquisitions or managing and integrating any completed acquisitions with its existing operations.

The Company regularly evaluates opportunities to acquire shares or assets of other mining businesses. Such acquisitions may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial or geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Company. Any acquisition would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired businesses; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses. In

addition, the Company may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose the Company to the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. The Company is permitted under the terms of its unsecured revolving bank credit facility and its $600 million of guaranteed senior unsecured notes referred to under the heading "Item 4 Information on the Company History and Development of the Company" to incur additional unsecured indebtedness, provided that it maintains certain financial ratios and meets financial condition covenants and, in the case of the bank credit facility, that it complies with certain covenants, including that no default under the bank credit facility has occurred and is continuing, or would occur as a result of the incurrence or assumption of such indebtedness, the terms of such indebtedness are no more onerous to the Company than those under the bank credit facility and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the bank credit facility. There can be no assurance that the Company would be successful in overcoming these or any other problems encountered in connection with such acquisitions.

Fluctuations in foreign currency exchange rates in relation to the U.S. dollar may adversely affect the Company's results of operations.

The Company's operating results and cash flow are significantly affected by changes in the U.S. dollar/Canadian dollar exchange rate. All of the Company's revenues are earned in U.S. dollars but the majority of its operating costs at the LaRonde Mine, the Goldex Mine, the Lapa Mine and the Meadowbank Mine, as well as the Meliadine project, are incurred in Canadian dollars. The U.S. dollar/Canadian dollar exchange rate has fluctuated significantly over the last several years. From January 1, 2006 to January 1, 2011, the Noon Buying Rate fluctuated from a high of C$1.3000 per $1.00 to a low of C$0.9170 per $1.00. Historical fluctuations in the U.S. dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on the Company's anticipated 2011 after-tax operating results, a 10% change in the U.S. dollar/Canadian dollar exchange rate from the 2010 market average exchange rate would affect net income by approximately $0.34 per share. To attempt to mitigate its foreign exchange risk and minimize the impact of exchange rate movements on operating results and cash flow, the Company has periodically used foreign currency options and forward foreign exchange contracts to purchase Canadian dollars; however, there can be no assurance that these strategies will be effective. See "Item 5 Operating and Financial Review and Prospects Outlook Gold Production Growth" for a description of the assumptions underlying the sensitivity and the strategies used to mitigate the effects of risks. In addition, the majority of the Company's operating costs at the Kittila Mine are incurred in Euros and a portion of operating costs at the Pinos Altos Mine are incurred in Mexican pesos. Each of these currencies has fluctuated significantly against the U.S. dollar over the past several years. There can be no assurance that the Company's foreign exchange derivatives strategies will be successful or that foreign exchange fluctuations will not materially adversely affect the Company's financial performance and results of operations.

If the Company fails to comply with restrictive covenants in its debt instruments, the Company's ability to borrow under its unsecured revolving bank credit facility could be limited and the Company may then default under other debt agreements, which could harm the Company's business.

The Company's unsecured revolving $1.2 billion bank credit facility limits, among other things, the Company's ability to permit the creation of certain liens, make investments in a business or carry on business unrelated to mining, dispose of the Company's material assets or, in certain circumstances, pay dividends. In addition, the Company's $600 million guaranteed senior unsecured notes limit, among other things, the Company's ability to permit the creation of certain liens, carry on business unrelated to mining or dispose of the Company's material assets. The bank credit facility and the guaranteed senior unsecured notes also require the Company to maintain specified financial ratios and meet financial condition covenants. Events beyond the Company's control, including changes in general economic and business conditions, may affect the Company's ability to satisfy these covenants, which could result in a default under one of the bank credit facility or the notes. At March 18, 2011 there was approximately $32 million drawn under the bank credit facility, all of which was issued as letters of credit, and the Company anticipates that it will continue to draw on the bank credit facility to fund part of the capital expenditures required in connection with its current development projects. If an event of default under the bank credit facility or the notes occurs, the Company would be unable to draw down further on the bank credit facility and the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and it could cause an event of default under the notes. An event of default under either of the bank credit facility or the notes may also give rise to an event of default under existing and future debt agreements and, in such event, the Company may not have sufficient funds to repay amounts owing under such agreements.

The exploration of mineral properties is highly speculative, involves substantial expenditures and is frequently unsuccessful.

The Company's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on proven and probable mineral reserves, the Company actively seeks to replace and expand its mineral reserves, primarily through exploration and development as well as through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and is frequently unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic orebodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. Substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic orebody, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Accordingly, there can be no assurance that the Company's current or future exploration and development programs will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

The mining industry is highly competitive, and the Company may not be successful in competing for new mining properties.

There is a limited supply of desirable mineral lands available for claim staking, leasing or other acquisitions in the areas where the Company contemplates conducting exploration activities. Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring mining properties as it must compete with these companies and individuals, some of which have greater financial resources and larger technical staff than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

The success of the Company is dependent on good relations with its employees and on its ability to attract and retain employees and key personnel.

Production at the Company's mines and mine projects is dependent on the efforts of the Company's employees and contractors. The Company competes with mining and other companies on a global basis to attract and retain employees at all levels with appropriate technical skills and operating experience necessary to operate its mines. Relationships between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by relevant government authorities in the jurisdictions that the Company operates. Changes in applicable legislation or in the relationship between the Company and its employees or contractors may have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is also dependent upon a number of key management personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. The Company's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals.

The Company faces significant competition to attract and retain qualified personnel and there can be no assurance that the Company will be able to attract and retain such personnel.

The Company may have difficulty financing its additional capital requirements for its planned mine construction, exploration and development.

The construction of mining facilities and commencement of mining operations at the LaRonde Mine extension and the development of the Meliadine project, the expansion of capacity at the Kittila Mine and the exploration and development of the Company's properties, including continuing exploration and development projects in Quebec, Nunavut, Finland, Mexico and Nevada, will require substantial capital expenditures. The Company estimates that capital expenditures will be approximately $313 million in 2011 and $175 million in 2012. As at March 18, 2011, the Company had approximately $1,168 million available to be borrowed under the bank credit facility. Based on current funding available to the Company and expected cash from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all of its current properties. However, if cash from operations is lower than expected or capital costs at these projects exceed current estimates, or if the Company incurs major unanticipated expenses related to exploration, development or maintenance of its properties, or if advances from the bank credit facility are unavailable, the Company may be required to seek additional financing to maintain its capital expenditures at planned levels. In addition, the Company will have additional capital requirements to the extent that it decides to expand its present operations and

exploration activities; construct additional new mining and processing operations at any of its properties; or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may arise. Additional financing may not be available when needed or, if available, the terms of such financing may not be favourable to the Company and, if raised by offering equity securities, or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties, which may have a material adverse effect on the Company's business, financial condition and results of operations.

The continuing weakness in the global credit and capital markets could have a material adverse impact on the Company's liquidity and capital resources.

The credit and capital markets experienced significant deterioration in 2008, including the failure of significant and established financial institutions in the United States and abroad, and continues to show weakness and volatility. These unprecedented disruptions in the credit and capital markets have negatively impacted the availability and terms of credit and capital. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on the Company's liquidity, ability to raise capital and costs of capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

Due to the nature of the Company's mining operations, the Company may face liability, delays and increased production costs from environmental and industrial accidents and pollution, and the Company's insurance coverage may prove inadequate to satisfy future claims against the Company.

The business of gold mining is generally subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected rock formations, changes in the regulatory environment, cave-ins, rock bursts, rock falls, pit wall failures and flooding and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company carries insurance to protect itself against certain risks of mining and processing in amounts that it considers to be adequate but which may not provide adequate coverage in certain unforeseen circumstances. The Company may also become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it has elected not to insure because of high premium costs or other reasons, or the Company may become subject to liabilities which exceed policy limits. In these circumstances, the Company may incur significant costs that could have a material adverse effect on its financial performance and results of operations.

The Company's operations are subject to numerous laws and extensive government regulations which may cause a reduction in levels of production, delay or the prevention of the development of new mining properties or otherwise cause the Company to incur costs that adversely affect the Company's results of operations.

The Company's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which the Company operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. New laws or regulations, amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation thereof could have a material adverse impact on the Company, cause a reduction in levels of production and delay or prevent the development of new mining properties.

Increased regulation of greenhouse gas emissions and climate change issues may adversely affect the Company's operations.

The Company operates in a number of jurisdictions in which regulatory requirements have been introduced or are being contemplated to monitor, report and/or reduce greenhouse gas emissions. Under the Copenhagen Accord, Canada has committed to reducing greenhouse gas emissions by 17%, relative to 2005 levels, by 2020, but this commitment is subject to future alignment with reduction targets and regulatory requirements in the United States. Canada is also considering new regulatory requirements to address greenhouse gas emissions. Similarly, the Province of Quebec is a

member of the Western Climate Initiative and has passed legislation enabling the establishment of a greenhouse gas emissions registry, greenhouse gas reduction targets and a cap-and-trade system to achieve Quebec's commitment to reduce greenhouse gas emissions by 20%, relative to 1990 levels, by 2020. The Company's operations in Quebec use primarily hydroelectric power and as a consequence are not large producers of greenhouse gases. The Meadowbank Mine produces 127,000 tonnes of carbon dioxide equivalent per year from its own production of electricity from diesel-power generation and it is expected that any mining operation at the Meliadine project would also produce some of its power from diesel-power generation. The Pinos Altos Mine purchases electricity that is largely fossil-fuel generated. As a result, it is the Company's second highest greenhouse gas producer (93,152 tonnes of carbon dioxide equivalent per year). None of the Company's other operations emit more than 30,000 tonnes of carbon dioxide equivalent per year. As a result, notwithstanding the ongoing uncertainty around the regulation of greenhouse gas emissions, new regulatory requirements in respect of greenhouse gasses and the additional costs required to comply are not expected to have a material effect on the Company's operations and financial condition.

Title to the Company's properties may be uncertain and subject to risks.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims on underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, although the Company believes that it has sufficient surface rights for its operations, the Company may be unable to operate its properties as permitted or to enforce its rights in respect of its properties.

The use of derivative instruments for the Company's byproduct metal production may prevent gains from being realized from subsequent byproduct metal price increases.

While the Company's general policy is not to sell forward its future gold production, the Company has used, and may in the future use, various byproduct metal derivative strategies, such as selling future contracts or purchasing put options. The Company continually evaluates the potential short- and long-term benefits of engaging in such derivative strategies based upon current market conditions. No assurance can be given, however, that the use of byproduct metal derivative strategies will benefit the Company in the future. There is a possibility that the Company could lock in forward deliveries at prices lower than the market price at the time of delivery. In addition, the Company could fail to produce enough byproduct metals to offset its forward delivery obligations, causing the Company to purchase the metal in the spot market at higher prices to fulfill its delivery obligations or, for cash settled contracts, make cash payments to counterparties in excess of byproduct revenue. If the Company is locked into a lower than market price forward contract or has to buy additional quantities at higher prices, its net income could be adversely affected. None of the current contracts establishing the byproduct metal derivatives positions qualified for hedge accounting treatment under US GAAP and therefore any year-end mark-to-market adjustments are recognized in the "Gain on derivative financial instruments" line item of the consolidated statements of income and comprehensive income. See "Item 11 Quantitative and Qualitative Disclosures about Market Risk Derivatives".

The trading price for the Company's securities is volatile.

The trading price of the Company's common shares and, consequently, the trading price of securities convertible into or exchangeable for the Company's common shares have been and may continue to be subject to large fluctuations which may result in losses to investors. The trading price of the Company's common shares and securities convertible into or exchangeable for common shares may increase or decrease in response to a number of events and factors, including:

- changes in the market price of gold or other byproduct metals the Company sells;
- current events affecting the economic situation in Canada, the United States and elsewhere;
- trends in the mining industry and the markets in which the Company operates;
- changes in financial estimates and recommendations by securities analysts;
- acquisitions and financings;

quarterly variations in operating results;

the operating and share price performance of other companies that investors may deem comparable; and

purchases or sales of large blocks of the Company's common shares or securities convertible into or exchangeable for the Company's common shares.

Wide price swings are currently common in the markets on which the Company's securities trade. This volatility may adversely affect the prices of the Company's common shares and the securities convertible into or exchangeable for the Company's common shares regardless of the Company's operating performance.

The Company may not be able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act.

Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX") requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. Section 404 of SOX also requires an annual attestation report by the Company's independent auditors addressing the effectiveness of the Company's internal control over financial reporting. The Company has completed its Section 404 assessment and received the auditors' attestation as of December 31, 2010.

If the Company fails to maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, the Company may not be able to conclude that it has effective internal control over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares and securities convertible or exchangeable for common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in maintaining adequate internal control over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in continuing to comply with Section 404 of SOX.

Potential unenforceability of civil liabilities and judgments.

The Company is incorporated under the laws of the Province of Ontario, Canada. A majority of the Company's directors and officers as well as the experts named in this Form 20-F are residents of Canada. Also, almost all of the Company's assets and the assets of these persons are located outside of the United States. As a result, it may be difficult for shareholders to initiate a lawsuit within the United States against these non-U.S. residents, or to enforce U.S. judgments against the Company or these persons. The Company's Canadian counsel has advised the Company that a monetary judgment of a U.S. court predicated solely upon the civil liability provisions of U.S. federal securities laws would likely be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Company cannot provide assurance that this will be the case. It is less certain that an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

ITEM 4 INFORMATION ON THE COMPANY

History and Development of the Company

The Company is an established Canadian-based international gold producer with mining operations in northwestern Quebec, northern Mexico, northern Finland and Nunavut and exploration activities in Canada, Europe, Latin America and the United States. The Company's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation on June 1, 1972, the Company has produced almost 6.5 million ounces of gold. For definitions of certain technical terms used in the following discussion, see " Property, Plant and Equipment Glossary of Selected Mining Terms".

The Company's strategy is to focus on the continued exploration, development and expansion of its properties, all of which are located in politically stable jurisdictions. The Company has spent approximately $2.2 billion on the development of five new mines over the last four years. Through this development program, the Company transformed itself from a regionally focused, single mine producer to a multi-mine international gold producer with six operating, 100% owned mines.

Since 1988, the LaRonde Mine, in the Abitibi region of Quebec, has been the Company's flagship operation, producing approximately 4.2 million ounces of gold as well as valuable byproducts. The Goldex Mine is 60 kilometres east of the LaRonde Mine, and the Lapa Mine, the Company's highest grade metals mine, is 11 kilometres east of the LaRonde Mine. The synergies between these sites contribute to the Company's status as a low-cost producer. The Kittila Mine, in Finland, achieved commercial production in May 2009, has a long reserve life and has significant production expansion potential. The Pinos Altos Mine, in Mexico, achieved commercial production in November 2009 and also has significant production expansion potential. The Company's sixth mine, Meadowbank, in Nunavut, achieved commercial production in March 2010 and is expected to produce the most gold (361,600 ounces) in 2011. In addition, the Company plans to pursue opportunities for growth in gold production and gold reserves through the prudent acquisition or development of exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

The Company believes that its total cash costs per ounce remain below the industry average. In 2010, the Company produced 987,609 ounces of gold at total cash costs per ounce of $451 net of revenues from byproduct metals. For 2011, the Company expects to produce between 1.13 million and 1.23 million ounces of gold at a total cash costs per ounce of gold produced between $420 and $470 net of byproduct revenue. These expected higher total cash costs compared to 2010 reflect the higher proportion of production coming from the Meadowbank Mine, which is expected to have higher total cash costs per ounce compared to the Company's average; higher costs associated with the transition to underground mining operations at the Pinos Altos Mine and the Kittila Mine; and increased production from the Company's mines and mine projects that do not contain byproduct metals, revenue from which reduces total cash costs per ounce. In addition, the higher total cash costs per ounce also reflect the Canadian dollar strengthening against the U.S. dollar and continued escalations in labour, shipping and transportation costs. See "Note to Investors Concerning Certain Measures of Performance" for a discussion of the use of the non-US GAAP measure total cash costs per ounce. The Company has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production.

The Company operates through four segments: Canada, Europe, Latin America and Exploration.

The Canadian Segment is comprised of the Quebec Region and the Nunavut Region. The Quebec Region includes the LaRonde Mine, the LaRonde Mine extension project, the Goldex Mine and the Lapa Mine, each of which is held directly by the Company. In 2010, the Quebec Region accounted for 47% of the Company's gold production, comprised of 16% from the LaRonde Mine, 19% from the Goldex Mine and 12% from the Lapa Mine. In 2011, the Company anticipates that the Quebec Region will account for 40% of the Company's gold production, of which 13%, 16% and 11% of the Company's gold production will come from the LaRonde Mine, the Goldex Mine and the Lapa Mine, respectively.

The Nunavut Region is comprised of the Meadowbank Mine and the Meliadine project, which are both held directly by the Company. In 2010, the Meadowbank Mine accounted for 27% of the Company's gold production (after achieving commercial production in March 2010) and the Company anticipates that it will account for approximately 31% of the Company's 2011 gold production.

The Company's operations in the European Segment are conducted through its indirect subsidiary, Agnico-Eagle Finland Oy, which indirectly owns the Kittila Mine in Finland. In 2010, the Kittila Mine accounted for 13% of the Company's gold production and the Company anticipates that in 2011 the Kittila Mine will account for 13% of the Company's gold production.

The Company's operations in the Latin American Region are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos Mine, including the Creston Mascota deposit. In 2010, the Pinos Altos Mine accounted for 13% of the Company's gold production and the Company anticipates that in 2011 the Pinos Altos Mine will account for 16% of the Company's gold production.

The Exploration Segment includes the Company's grassroots exploration operations in the United States, the European exploration office, the Canadian exploration offices, the Meliadine project and the Latin American exploration office. In addition, the Company has an international exploration office in Reno, Nevada.

Agnico-Eagle's expertise in acquiring and developing mines is shown through the successful launch of six operating mines. The following table sets out the date of acquisition, the date of commencement of construction and the date of achieving commercial production for the Company's mines and mine projects.

	Date of Acquisition	Date of Commencement of Construction	Date of achieving Commercial Production
LaRonde	1992[(1)]	1985	1988
Goldex	December 1993[(1)]	July 2005	August 2008
Kittila	November 2005	June 2006	May 2009
Lapa	June 2003[(1)]	June 2006	May 2009
Pinos Altos	March 2006	August 2007	November 2009
Meadowbank	April 2007	Pre-April 2007	March 2010
Meliadine project	July 2010	2015[(2)]	2015 [(2)]

Notes:

(1) Date when 100% ownership was acquired.

(2) Anticipated.

The Company's exploration program focuses primarily on the identification of new mineral reserves and resources and new development opportunities in proven gold producing regions. Current exploration activities are concentrated in Canada, Europe, Latin America and the United States. Several projects were evaluated during the year in other countries where the Company believes the potential for gold occurrences is excellent and which the Company believes to be politically stable and supportive of the mining industry. The Company currently manages 78 properties in Canada, 11 properties in Nevada and Idaho in the United States, three groups of properties in Finland, three projects in Mexico and one project in Argentina. Exploration activities are managed from offices in Val d'Or, Quebec; Reno, Nevada; Chihuahua, Mexico; Kittila, Finland; and Vancouver, British Columbia.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. Four of the Company's new mines or projects came from relatively recent acquisitions.

In the second quarter of 2004, the Company acquired an approximate 14% ownership interest in Riddarhyttan Resources AB ("Riddarhyttan"), a Swedish precious and base metals exploration and development company that was at the time listed on the Stockholm Stock Exchange. In November 2005, the Company completed a tender offer (the "Riddarhyttan Offer") for all of the issued and outstanding shares of Riddarhyttan that it did not own. The Company issued 10,023,882 of its common shares and paid and committed an aggregate of $5.1 million cash as consideration to Riddarhyttan shareholders in connection with the Riddarhyttan Offer. The Company, through wholly-owned subsidiaries, currently holds 100% of Riddarhyttan. The Kittila Mine, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland, is currently 100% owned by Agnico-Eagle Finland Oy, which is owned by Riddarhyttan through its wholly-owned subsidiary, Agnico-Eagle AB.

In the first quarter of 2005, the Company entered into an exploration and option agreement with Industrias Penoles S.A. de C.V. ("Penoles") to acquire the Pinos Altos property in northern Mexico. The Pinos Altos property is comprised of approximately 11,000 hectares in the Sierra

Madre gold belt, approximately 225 kilometres west of the city of Chihuahua in the state of Chihuahua in northern Mexico. In February 2006, the Company exercised its option and acquired the Pinos Altos property on March 15, 2006. Under the terms of the exploration and option agreement, the purchase price of $66.8 million was comprised of $32.5 million in cash and 2,063,635 common shares of the Company.

In February 2007, the Company made an exchange offer for all of the outstanding shares of Cumberland Resources Ltd. ("Cumberland") not already owned by the Company. At the time, Cumberland was a pre-production development stage company listed on the Toronto Stock Exchange (the "TSX") and American Stock Exchange whose primary asset was the Meadowbank property. In May 2007, the Company acquired approximately 92% of the issued and outstanding shares of Cumberland that it did not previously own and, in July 2007, the Company completed the acquisition of all Cumberland shares by way of a compulsory acquisition. The Company issued 13,768,510 of its common shares and paid $9.6 million in cash as consideration to Cumberland shareholders in connection with its acquisition of Cumberland.

In April 2010, the Company entered into an agreement in principle with Comaplex Minerals Corp. ("Comaplex") whereby the Company would acquire all of the outstanding shares of Comaplex that it did not already own. At the time, Comaplex owned a 100% interest in the advanced stage Meliadine gold property, which is located approximately 300 kilometres southeast of the Company's Meadowbank Mine. In May 2010, the Company executed the definitive agreements with Comaplex and, in July 2010 by plan of arrangement, the Company acquired 100% of the Meliadine gold property through the acquisition of Comaplex, which was renamed Meliadine Holdings Inc. ("Meliadine"). Pursuant to the arrangement, Comaplex transferred to Geomark Exploration Ltd. all assets and related liabilities other than those relating to the Meliadine project. In connection with the arrangement, the Company issued 10,210,848 of its common shares as consideration to Comaplex shareholders. On January 1, 2011, the Company amalgamated with Meliadine.

In 2010, the Company's capital expenditures were $512 million. The 2010 capital expenditures included $97 million at the LaRonde Mine (which included approximately $62 million of expenditures relating to the LaRonde Mine extension), $24 million at the Goldex Mine, $72 million at the Kittila Mine, $33 million at the Lapa Mine, $104 million at the Pinos Altos Mine (which included approximately $43 million related to the Creston Mascota deposit), $174 million at the Meadowbank Mine and $8 million at the Meliadine project and other minor projects. In addition, the Company spent $50 million on mine-site exploration and $55 million on exploration activities at the Company's grassroots exploration properties, including corporate development expenses.

Budgeted 2011 capital expenditures of $313 million include $96 million at the LaRonde Mine (including $55 million on the LaRonde Mine extension), $26 million at the Goldex Mine, $14 million at the Lapa Mine, $31 million at the Pinos Altos Mine (including $5 million on the construction and development at the Creston Mascota deposit), $52 million at the Kittila Mine, $53 million at the Meadowbank Mine and $41 million in capitalized exploration expenditures. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately $105 million, including $65 million at the Meliadine project. Depending on the success of the exploration programs at these and other properties, the Company may be required to make additional capital expenditures for exploration, development and pre-production.

The financing for the expenditures set out above is expected to be from internally generated cash flow from operations, from the Company's existing cash balances and from drawdowns of the Company's bank credit facility. Please see "Item 10 Additional Information Material Contracts Credit Agreement". Based on current funding available to the Company and expected cash flows from operations, the Company believes it has sufficient funds available to fund its projected capital expenditures for all its properties.

Capital expenditures by the Company in 2009 and 2008 were $657 million and $909 million, respectively. The 2009 capital expenditures included $76 million at the LaRonde Mine (which included approximately $39 million of expenditures relating to the LaRonde Mine extension), $22 million at the Goldex Mine, $90 million at the Kittila Mine (which included $36 million of expenditures on construction of the underground mine), $47 million at the Lapa Mine (which included $22 million on construction of the mine), $133 million at the Pinos Altos Mine and $288 million at the Meadowbank Mine. In addition, the Company spent $55 million on exploration activities at the Company's grassroots exploration properties. The 2008 capital expenditures included $75 million at the LaRonde Mine (which was comprised of $38 million of sustaining capital expenditures and $37 million comprised primarily of expenditures on the LaRonde Mine extension), $53 million at the Goldex Mine, $196 million at the Kittila Mine, $89 million at the Lapa Mine, $176 million at the Pinos Altos Mine and $314 million at the Meadowbank Mine. In addition, the Company spent $35 million on exploration activities at the Company's grassroots exploration properties.

The Company was formed by articles of amalgamation under the laws of the Province of Ontario on June 1, 1972, as a result of the amalgamation of Agnico Mines Limited ("Agnico Mines") and Eagle Gold Mines Limited ("Eagle"). Agnico Mines was incorporated under the laws of the Province of Ontario on January 21, 1953 under the name "Cobalt Consolidated Mining Corporation Limited". Eagle was incorporated under the laws of the Province of Ontario on August 14, 1945.

On December 19, 1989, Agnico-Eagle acquired the remaining 57% interest in Dumagami Mines Limited not already owned by it, as a consequence of the amalgamation of Dumagami Mines Limited with a wholly-owned subsidiary of Agnico-Eagle, to continue as one company under the name Dumagami Mines Inc. ("Dumagami"). On December 29, 1992, Dumagami transferred all of its property and assets, including the LaRonde Mine, to Agnico-Eagle and was subsequently dissolved.

On December 8, 1993, the Company acquired the remaining 46.3% interest in Goldex Mines Limited not already owned by it, as a consequence of the amalgamation of Goldex Mines Limited with a wholly-owned subsidiary of the Company, to continue as one company under the name Goldex Mines Limited. On January 1, 1996, the Company amalgamated with two wholly-owned subsidiaries, including Goldex Mines Limited.

In October 2001, under a plan of arrangement, the Company amalgamated with an associated corporation, Mentor Exploration and Development Co., Limited ("Mentor"). In connection with the arrangement, the Company issued 369,348 of its common shares in consideration for the acquisition of all of the issued and outstanding shares of Mentor that it did not already own.

On August 1, 2007, the Company, Agnico-Eagle Acquisition Corporation, Cumberland and a wholly-owned subsidiary of Cumberland, Meadowbank Mining Corporation, amalgamated under the laws of the Province of Ontario and continued under the name of Agnico-Eagle Mines Limited.

On January 1, 2011, the Company and 1816276 Ontario Inc. (the successor corporation to Meliadine, which in turn was the successor corporation to Comaplex) amalgamated under the laws of the Province of Ontario and continued under the name of Agnico-Eagle Mines Limited.

The Company's executive and registered office is located at Suite 400, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7; telephone number (416) 947-1212; website: http://www.agnico-eagle.com. The information contained on the website is not part of this Form 20-F. The Company's principal place of business in the United States is located at 8725 Technology Way, Suite B, Reno, Nevada 89521.

Business Overview

The Company believes that it has a number of key operating strengths that provide distinct competitive advantages.

Growth Profile. The Company has a proven track record of increasing production capacity at existing operations through a combination of acquisitions, operational improvements, expansions and development. The Company anticipates increasing its production to between 1.13 million and 1.23 million ounces of gold in 2011 with continued growth to 2014. The Company's production growth in 2011 is expected to come principally from the Meadowbank Mine, as well as from the continued operational improvements at the Kittila, Lapa and Pinos Altos Mines. Over the last four years, the Company has spent over $2.6 billion on the development of five new mines, and its significant extension of the LaRonde Mine at depth. With the large majority of mine development projects complete and with six mines having achieved steady state operational status, capital expenditures are expected to decline materially from 2011 onward, significantly increasing free cash flow. Future capital expenditures are expected to be primarily for incremental expansion projects and exploration of the Meliadine project.

Operations in Politically Stable, Mining-Friendly Regions. The Company and its predecessors have over three decades of continuous gold production experience and expertise in metals mining. The Company's operations and exploration and development projects are located in regions that the Company believes are supportive of the mining industry. Three of the Company's producing mines and one of its construction projects are located in northwestern Quebec, one of North America's principal gold-producing regions. The policy potential index measures the effects on exploration of a variety of government policies related to the mining industry. The Company's Kittila Mine in northern Finland, Pinos Altos Mine in northern Mexico and Meadowbank Mine in Nunavut are located in regions which the Company believes are also supportive of the mining industry.

Low-Cost, Efficient Operations. The Company believes that its total cash costs per ounce place it below the industry average for producers in the gold mining industry, with total cash costs per ounce of gold produced at $451 for 2010, $346 for 2009 and $162 per ounce for 2008. These relatively low cash costs are attributable to the economies of scale afforded by the Company's mining operations, as well as byproduct metal revenues from the LaRonde and Pinos Altos Mines and sharing of resources among its three operating mines in northwestern Quebec. In addition, the Company believes its highly motivated work force contributes significantly to continued operational improvements and to the Company's low-cost producer status.

Strong Operating Base. Through its acquisition, exploration and development program, the Company has been transformed from a regionally focused, single mine producer to a multi-mine international gold producer with six operating, 100% owned mines. The Company's existing operations at the LaRonde Mine provide a strong base for additional mineral reserve and production development at the property and in the Abitibi region of northwestern Quebec and for the development of its mines and projects in Nunavut, Finland and Mexico. The experience gained through building and operating the LaRonde Mine has assisted with the Company's development of its other mine projects. In addition, the extensive infrastructure associated with the LaRonde Mine supports the nearby Goldex and Lapa Mines, and the construction of infrastructure to access the deposits at the LaRonde Mine extension.

Highly Experienced Management Team. The members of the Company's senior management team have an average of over 23 years of experience in the mining industry. Management's significant experience has underpinned the Company's historical growth and provides a solid base upon which to expand the Company's operations.

Based on these strengths, the Company's corporate strategy is to grow low-cost production and reserves in mining-friendly regions.

Optimize and Further Expand Operations. The Company continues to focus its resources and efforts on the exploration and development of its properties in Quebec, Nunavut, Finland and Mexico with a view to increasing annual gold production and gold mineral reserves.

Leverage Mining Experience. The Company believes it can benefit not only from the existing infrastructure at its mines but also from the geological knowledge that it has gained in mining and developing its properties. The Company's strategy is to capitalize on its mining expertise to exploit fully the potential of its properties.

Expand Gold Reserves. The Company is conducting drilling programs at all of its properties with a goal of further increasing its gold reserves. In 2010, on a contained gold ounces basis, the Company increased its gold reserves to 21.3 million ounces (185.8 million tonnes grading 3.57 grams of gold per tonne), an increase of 16% over December 31, 2009 levels, including the replacement of 987,609 ounces of gold mined.

Growth Through Primary Exploration and Acquisitions. The Company's growth strategy has been to pursue the expansion of its development base through the acquisition of additional properties in the Americas and Europe. Historically, the Company's producing properties have resulted from a combination of investments in advanced exploration companies and primary exploration activities. By investing in pre-development stage companies, the Company believes that it has been able to acquire control of projects at favourable prices and reasonable valuations.

Mining Legislation and Regulation

Canada

The mining industry in Canada operates under both federal and provincial or territorial legislation governing prospecting and the exploration, development, operation and decommissioning of mines and mineral processing facilities. Such legislation relates to the method of acquisition and ownership of mining rights, labour, occupational or worker health and safety standards, royalties, mining, exports, reclamation, closure and rehabilitation of mines and other matters.

The mining industry in Canada is also subject to extensive laws and regulations at both the federal and provincial or territorial levels concerning the protection of the environment. The primary federal regulatory authorities with jurisdiction over the Company's mining operations in respect of environmental matters are the Department of Fisheries and Oceans (Canada) and Environment Canada. The construction, development and operation of a mine, mill or refinery requires compliance with applicable environmental laws and regulations and/or review processes, including obtaining land use permits, water permits, air emissions certifications, industrial depollution attestations, hazardous substances management and similar authorizations from various governmental agencies. Environmental laws and regulations impose high standards on the mining industry to reduce or eliminate the effects of waste generated by mining and processing operations and subsequently deposited on the ground or affecting the air or water. Laws and regulations regarding the decommissioning, reclamation and rehabilitation of mines may require approval of reclamation plans, provision of financial guarantees and long-term management of closed mines.

Quebec

In Quebec, mining rights are governed by the *Mining Act* (Quebec) and, subject to limited exceptions, are owned by the province. A mining claim entitles its holder to explore for minerals on the subject land. It remains in force for a term of two years from the date it is registered and may be renewed indefinitely subject to continued exploration works in relation thereto. In order to retain title to mining claims, in addition to paying a small bi-annual rental fee currently ranging from C$26 to C$120 per claim depending on its location and area (as set by Quebec government regulations), exploration work (or an equivalent value cash payment) has to be completed in advance (either on the claim or on adjacent mining claims, concessions or leases) and filed with the Ministry of Natural Resources and Wildlife (Quebec) prior to the date of expiry of the claim. The amount of exploration work required bi-annually currently ranges from C$48 to C$3,600 per claim depending on its location, area and period of validity (as set by Quebec government regulations). In 1966, the mining concession system set out for lands containing mineralized zones in the *Mining Act* (Quebec) was replaced by a system of mining leases but the mining concessions sold prior to such replacement remain in force. A mining lease entitles its holder

to mine and remove valuable mineral substances from the subject land, provided it pays the annual rent set by Quebec government regulations, which currently ranges from C$21 per hectare (on privately held land) to C$43 per hectare (on land owned by the province). Leases are granted initially for a term of 20 years and are renewable up to three times, each for a duration of ten years. After the third renewal, the Minister of Natural Resources and Wildlife (Quebec) may grant an extension thereof on the conditions, for the rental and for the term he or she determines.

Bill 79, *An Act to amend the Mining Act*, which was introduced in the Quebec National Assembly in December 2009, is still pending and, if adopted, will amend a number of rules relating to the mining regime in Quebec, mainly to stimulate mining exploration. However, it is too early to determine the final form that the amendments will take and what effect, if any, these amendments may have on the Company's operations.

In Quebec, the primary provincial regulatory authorities with jurisdiction over the Company's mining operations in respect of environmental matters are the Ministry of Sustainable Development, Environment and Parks (Quebec) and the Ministry of Natural Resources and Wildlife (Quebec).

Nunavut

As a result of the Nunavut Land Claims Agreement (the "Land Claims Agreement") of July 1993, ownership of large tracts of land was granted to the Inuit. These Inuit-owned lands include areas with high mineral potential. Further, as a result of other rights granted to the Inuit in the Land Claims Agreement, Inuit organizations play an important role in the management of natural resources and the environment in Nunavut. These duties are shared among the federal and territorial governments and Inuit organizations. Under the Land Claims Agreement, the Inuit own surface rights to certain lands representing approximately 16% of Nunavut. For a portion of the Inuit-owned lands representing approximately 2% of Nunavut, the Inuit own mineral (subsurface) rights in addition to the surface rights.

In Nunavut, the Crown's mineral rights are administered by the Department of Indian and Northern Affairs (Canada) in accordance with the *Northwest Territories and Nunavut Mining Regulations* (the "Territorial Mining Regulations") under the *Territorial Lands Act* (Canada). The Inuit mineral rights in subsurface Inuit-owned lands are owned and administered by Nunavut Tunngavik Incorporated ("Nunavut Tunngavik"), a corporation representing the Inuit people of Nunavut.

Future production from Nunavut Tunngavik-administered mineral claims is subject to production leases which include a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. Production from Crown mining leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the Territorial Mining Regulations. Before the operation of a major development project as defined in the Land Claims Agreement can begin, developers must also negotiate an impact benefits agreement with the regional Inuit Association.

The Kivalliq Inuit Association (the "KIA") is the Inuit organization that holds surface rights to the Inuit-owned lands in the Kivalliq region and is responsible for administering surface rights on these lands on behalf of the Inuit of the region. In order to conduct exploration work on Inuit-owned lands, the Company is required to submit a project proposal or work plan. This proposal is subject to approval by the KIA for surface land tenure and to review by other boards established by the Land Claims Agreement to determine environmental effects and, if needed, to grant water rights. Federal and territorial government departments participate in the reviews conducted by these boards. For mine development, the Company requires a surface lease and water compensation agreement with the KIA and a licence for the use of water, including the deposit of waste.

During mine construction and operations, the Company is subject to additional Nunavut and federal government regulations related to environmental, safety, fire and other operational matters.

Finland

Mining legislation in Finland consists of the Mining Act and the Mining Decree, which are currently being amended. The Council of State introduced the proposal for a revised Mining Act in the form of a government bill (the "Proposal") to the Finnish Parliament on December 22, 2009. The review of the Proposal by the Commerce Committee is ongoing and, according to information released by the committee on January 24, 2011, the review will continue into 2011 with no definitive timetable for the next step of the process. The review of the Proposal may not continue until after a new Parliament is elected in Finland on April 17, 2011. Unless otherwise stated, the summary set out below reflects the Mining Act as currently in force.

In Finland, any corporation having its principal place of business or central administration within the European Economic Area is entitled to the same rights to carry out prospecting, to stake a claim and to exploit a deposit, as any Finnish citizen or corporation.

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In general, prospecting does not require any special licence from the authorities, except under certain circumstances as set out in the Mining Act. The Proposal does not include any fundamental changes in this respect. If there are no impediments to granting a claim, the Ministry of Employment and the Economy (the "MEE") is obliged to grant the applicant a prospecting licence, which is required if the prospector wishes to examine the area in order to determine the size and the scope of the deposit. A prospecting licence is in force for one to five years, depending on the scope of the search for mineable minerals, and the MEE has no power of discretion as to the material merits of the mining operation. Under the Proposal, a prospecting licence would be in force for a maximum period of four years and could be extended for three-year periods up to a maximum of 15 years. The Proposal would also change the licensing authority and the application procedure in order to permit more comprehensive hearings of the parties.

In order to obtain the rights to the mineable minerals located on a claim, the claimant must apply to the MEE for the appropriation of a mining patent. When the mining patent procedure has become final regarding all matters other than compensation, the MEE must issue the mining operator a mining certificate which gives the holder the right to fully exploit all mineable minerals found in the mining patent. Under the Proposal, a mining patent is to be replaced by a mining licence and, before the mining operator can start exploiting the land, a mining survey under the revised Mining Act by the surveying office would be required. Also, an expropriation licence relating to the mining area may be required if the mining operator and the owner of the land cannot come to a voluntary agreement on the use of the land in question for mining purposes. If in the public interest, the expropriation licence will be granted by the Council of State to the mining operator. When the mining survey has become final regarding all matters other than compensation and the surveying office's decision has become non-appealable, the mining operator can start exploiting the land.

Mining operations must be carried out in accordance with laws and regulations concerning conservation and environmental protection issues. Under the Environmental Protection Act, mining activities require an environmental permit which may be issued either for a definite or indefinite period of time. The Environmental Protection Act is based on the principles of prevention and minimization of damages and hazards, application of the best available technology, application of the best environmental practice and "polluter pays".

The Act on Compensation for Environmental Damage includes provisions on the compensation for damage to a person or a property resulting from pollution of water, air, soil, noise, vibration, radiation, light, heat, smell or other similar nuisances, caused by an activity carried out at a fixed location. This act is based on the principle of strict liability.

In addition to an environmental permit, mining operators require several other permits and are subject to other obligations under environmental protection legislation.

According to the Act on Environmental Impact Assessment Procedure, certain projects require compliance with an environmental impact assessment procedure. These include major projects with a considerable impact on the environment, such as the excavation, enrichment and handling of metals and other minerals in cases where the excavated material is estimated to exceed 550,000 tonnes annually. A permit authority may not give its approval to an activity covered by the scope of the Act on the Environmental Impact Assessment Procedure without having taken an environmental impact assessment report into consideration.

Mexico

Mining in Mexico is subject to the Mining Law, a federal law. Under the Mexican Constitution, all minerals belong to the Mexican Nation. Private parties may explore and extract minerals pursuant to mining concessions granted by the executive branch of the Mexican government, as a general rule to whoever first claims them. While the Mining Law touches briefly upon labour, occupational and worker health and safety standards, these are primarily dealt with by the Federal Labour Law. The Mining Law also briefly addresses environmental matters, which are primarily regulated by the General Law of Ecological Balance and Protection of the Environment, also of federal jurisdiction.

The primary agencies with jurisdiction over mining activities are the Ministry of the Economy, the Ministry of Labor and Social Welfare and the Ministry of the Environment and Natural Resources. The National Water Commission has jurisdiction regarding the granting of water rights and the Ministry of Defense with respect to the use of explosives.

Concessions are granted for 50 years, renewable once. The main obligations to keep concessions current are the semi-annual payment of mining duties (taxes), based on the surface area of the concession, and the performance of work in the areas covered by the concessions, which is evidenced by minimum expenditures or by the extraction of ore.

Organizational Structure

The Company's significant subsidiaries (all of which are directly or indirectly wholly-owned by the Company, unless otherwise indicated) are Riddarhyttan, 1715495 Ontario Inc., Agnico-Eagle Mines Sweden Cooperatie U.A., which owns all of the shares of Agnico-Eagle Sweden AB, a Swedish company through which the Company holds its interest in Riddarhyttan, Oijarvi Resources Oy and Agnico-Eagle AB, a Swedish company through which Riddarhyttan holds its interest in Agnico-Eagle Finland Oy, a Finnish company through which the Kittila Mine is held. In addition, the Company's interest in the Pinos Altos Mine in northern Mexico is held through its indirect wholly-owned Mexican subsidiary, Agnico Eagle Mexico S.A. de C.V., which is owned, in part, by 1641315 Ontario Inc. and Tenedora Agnico Eagle Mexico S.A. de C.V., which is owned in part by Agnico-Eagle Mines Mexico Cooperatie U.A. The LaRonde Mine (including the LaRonde Mine extension), the Goldex Mine, the Lapa Mine, the Meadowbank Mine and the Meliadine project are owned directly by the Company.

The Company's wholly-owned subsidiaries, Servicios Agnico Eagle Mexico, S.A. de C.V., Servicios Pinos Altos, S.A. de C.V. and Minera Agave, S.A. de C.V. provide services in connection with the Company's operations in Mexico. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

The following chart sets out the corporate structure of the Company, each of its significant subsidiaries and certain other subsidiaries, together with the jurisdiction of organization of the Company and each such subsidiary as at March 18, 2011:

Agnico-Eagle Organizational Chart

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1 In January 2011, Agnico-Eagle Sweden AB, Agnico-Eagle AB and Riddarhyttan Resources AB began the process of merging with Agnico-Eagle Sweden AB as the continuing entity. The merger is expected to be effective on or about March 28, 2011.

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Property, Plant and Equipment

Location Map of the Abitibi Region

LaRonde Mine

The LaRonde Mine is situated approximately halfway between the City of Rouyen-Noranda and the City of Val d'Or in northwestern Quebec (approximately 470 kilometres northwest of Montreal, Quebec) in the municipalities of Preissac and Cadillac. At December 31, 2010, the LaRonde Mine was estimated to contain proven and probable mineral reserves of approximately 4.8 million ounces of gold comprised of 34.7 million tonnes of ore grading 4.32 grams per tonne. The Company's LaRonde Mine consists of the LaRonde property and the adjacent El Coco and Terrex properties, each of which is 100% owned and operated by the Company. The LaRonde Mine can be accessed either from Val d'Or in the east or from Rouyn-Noranda in the west, which are located approximately 60 kilometres from the LaRonde Mine via Quebec provincial highway No. 117. The LaRonde Mine is situated approximately two kilometres north of highway No. 117 on Quebec regional highway No. 395. The Company has access to the Canadian National Railway at Cadillac, Quebec, approximately six kilometres from the LaRonde Mine.

The LaRonde Mine operates under mining leases obtained from the Ministry of Natural Resources and Wildlife (Quebec) and under certificates of approval granted by the Ministry of Sustainable Development, Environment and Parks (Quebec). The LaRonde property consists of 35 contiguous mining claims and one provincial mining lease and covers in total 1,044.9 hectares. The El Coco property consists of 22 contiguous mining claims and one provincial mining lease and covers in total 356.7 hectares. The Terrex property consists of 21 mining claims that cover in total 424.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2018 and 2021, respectively, and are automatically renewable for three further ten-year terms upon payment of a small fee. The Company also has three surface rights leases that cover in total approximately 250.5 hectares that relate to the water pipeline right of way from Lake Preissac and the eastern extension of the LaRonde tailings pond #7 on the El Coco property. The surface rights leases are renewable annually.

Location Map of the LaRonde Mine

The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, a treatment plant, a secondary crusher building and related facilities. The El Coco property is subject to a 50% net profits interest in favour of Barrick Gold Corporation ("Barrick") on future production from approximately 500 metres east of the LaRonde property boundary. The remaining 1,500 metres is subject to a 4% net smelter return royalty. This area of the property is now substantially mined out and the Company has not paid royalties since 2004 and does not expect to pay royalties in 2011. In 2003, exploration work started to extend outside of the LaRonde property onto the Terrex property where a down-plunge extension of Zone 20 North was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc. and a 2% net smelter return royalty to Barrick. The Company does not expect to pay royalties on this part of the property in 2011. In addition, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property.

In 2011, payable gold production at the LaRonde Mine is expected to decline to approximately 157,000 ounces, and total cash costs per ounce are expected to be approximately $54.

The Abitibi region has a continental climate with average annual rainfall of 64 centimetres and average annual snowfall of 318 centimetres. The average monthly temperatures range from a minimum of -23 degrees Celsius in January to a maximum of 23 degrees Celsius in July. Under normal circumstances, mining operations are conducted year-round without interruption due to weather conditions. The Company believes that the Abitibi region of northwestern Quebec has sufficient experienced mining personnel to staff its operations in the Abitibi region. The elevation is 337 metres above sea level. The LaRonde property is relatively flat with a maximum relief of approximately 40 metres. The topography gently slopes down from north to south and is characterized by boreal-type forest on LaRonde and the nearby properties. All of the LaRonde Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. Water used in the LaRonde Mine's operations is sourced from Lake Preissac and is transported approximately four kilometres to the minesite through a surface pipeline.

Mining and Milling Facilities

Surface Plan of the LaRonde Mine

The LaRonde Mine was originally developed utilizing a 1,207-metre shaft (Shaft #1) and an underground ramp access system. The ramp access system is available down to Level 25 of Shaft #1 and continues down to Level 248 at the Penna Shaft. The mineral reserve accessible from Shaft #1 was depleted in September 2000 and Shaft #1 is no longer in use. A second production shaft (Shaft #2), located approximately 1.2 kilometres to the east of Shaft #1, was completed in 1994 to a depth of 525 metres and was used to mine Zones 6 and 7. Both ore zones were depleted in March 2000 and the workings were allowed to flood up to Level 6 (approximately 280 metres). A third shaft (the Penna Shaft), located approximately 800 metres to the east of Shaft #1, was completed down to a depth of 2,250 metres in March 2000. The Penna Shaft is used to mine Zones 20 North, 20 South, 6 and 7. In 2009, as part of the LaRonde Mine extension, the Company completed construction of an 823-metre internal shaft from Level 206 to access the ore below Level 245, approximately 2,858 metres below surface.

Mining Methods

Four mining methods have historically been used at the LaRonde Mine: open pit for the three surface deposits; sublevel retreat; longitudinal retreat with cemented backfill; and transverse open stoping with both cemented and unconsolidated backfill. The primary source of ore at the LaRonde Mine continues to be from underground mining methods. During 2010, two mining methods were used: longitudinal retreat with cemented backfill (or pastefill) and transverse open stoping with both cemented (or pastefill) and unconsolidated backfill. In the underground mine, sublevels are driven at 30-metre and 40-metre vertical intervals, depending on the depth. Stopes are undercut in 15-metre panels. In the longitudinal method, panels are mined in 15-metre sections and backfilled with 100% cemented rock fill or paste fill from the paste backfill

plant completed in 2000 and located on the surface at the processing facility. In the transverse open stoping method, 50%

of the ore is mined in the first pass and filled with cemented rock fill or paste fill. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or cemented paste backfill.

Surface Facilities

Surface facilities at the LaRonde Mine include a processing plant with a daily capacity of 7,200 tonnes of ore, which has been expanded four times since 1987 from the original rate of 1,630 tonnes per day. Beginning in 1999, transition to the LaRonde Mine poly-metallic massive sulphide orebody required several modifications to the processing plant which consisted of a new coarse ore handling system, new SAG and ball mill, the addition of a zinc flotation circuit and capacity increases to the existing copper flotation and precious metals circuits. In 2008, the installation of a limited copper/lead separation flotation circuit, following the copper flotation circuit, was completed. Also in 2008, operation of a small cyanidation plant, for the treatment of sulphide concentrate from the Goldex Mine, began. LaRonde is also the site for the Lapa Mine ore processing plant (1,500 tonnes per day), which the Company commissioned in the second quarter of 2009.

The ore requires a series of grinding, copper/lead flotation and separation, zinc flotation and zinc tails precious metals leaching circuits, followed by a counter-current decantation circuit and Merrill Crowe precipitation. A paste backfill and cyanide destruction plant operate intermittently. The tailings area has a dedicated cyanide destruction and metals precipitation plant that water passes through prior to recirculating to the mill. A biological water treatment plant was commissioned in 2005 to address the build-up of thiocyanate in the tailings ponds at LaRonde. This was the result of the high sulphide content of the LaRonde ore and 90% recirculation of the process water. The plant uses bacteria to oxidize and destroy thiocyanate and removes phosphate from the water before it is released to the environment.

The Goldex concentrate circuit consists of pulp received from the Goldex mill via truck and subsequent leaching of the pulp with cyanide. The leached material is sent to the Lapa cyanide leach with carbon circuit ("CIL") for gold recovery with Lapa residual pulp.

The Lapa process consists of a two-stage grinding circuit to reduce the granularity of the ore. A gravity recovery circuit is incorporated into the grinding circuit that recovers up to 45% of the available gold, depending on feed grades. The residual pulp is leached in a conventional CIL circuit to dissolve the balance of the precious metal. The leached slurry from the Goldex concentrate circuit is mixed with the Lapa pulp for carbon contact. A carbon strip circuit recovers the gold from the carbon which is recycled to the leach circuit.

Annual production at the LaRonde mill consists of approximately 48,000 tonnes of copper concentrate, up to 7,800 tonnes of lead concentrate and 136,000 tonnes of zinc concentrate. Gold recovery at the LaRonde Mine is distributed approximately 63% in the copper concentrate, 7% in the lead concentrate, 4.25% in the zinc concentrate and 13% via leaching.

Mineral Recoveries

During 2010, gold and silver recovery averaged 90.0% and 88.2%, respectively. Zinc recovery averaged 88.6% with a concentrate quality of 54.8% zinc. Copper recovery averaged 81.1% with a concentrate quality of 8.96% copper. Approximately 2.59 million tonnes of ore were processed averaging 7,102 tonnes of ore per day at 94.1% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.59 million tonnes of ore extracted by the Company at the LaRonde Mine in 2010.

		Copper Concentrate (63,353 tonnes produced)		Zinc Concentrate (121,160 tonnes produced)		Lead Concentrate (427 tonnes produced)				
	Head Grades	Grade	Recovery	Grade	Recovery	Grade	Recovery	Dore Produced	Overall Metal Recoveries	Payable Production
Gold	2.17 g/t	61.2 g/t	57.91%	2.29 g/t	5.49%	97.4 g/t	6.3%	37,879 oz	90.04%	162,647 oz
Silver	57.04 g/t	1,472 g/t	52.9%	157 g/t	14.26%	2,859 g/t	7.03%	535,023 oz	88.20%	4,193,116 oz
Copper	0.23%	8.96%	81.1%						81.1%	4,223 t
Lead	0.37%					57.38%	21.8%		21.80%	1,954 t
Zinc	3.204%			54.8%	88.64%				88.64%	62,543 t

Environmental Matters

Currently, water is treated at various facilities at the LaRonde Mine operations. Water contained in the tailings to be used as underground backfill is treated to degrade cyanide using a sulphur dioxide and air process. The tailings entering the tailings pond are first decanted and the clear water subjected to natural cyanide degradation. This water is then transferred to sedimentation pond #1 to undergo a secondary treatment at a plant located between sedimentation ponds #1 and #2 that uses a peroxy-silica process to destroy cyanide, lime and coagulant to precipitate metals. The tailings pond occupies an area of about 175 hectares. Waste rock that is not used underground for backfill is brought up to the surface and stored in close proximity to the tailings pond to be used to build coffer dams inside the pond. A waste rock pile containing approximately one million tonnes of waste and occupying about nine hectares is located west of the mill.

Due to the high sulphur content of the LaRonde ore, the Company has had to address toxicity issues in the tailings ponds since the 1990s. Since introducing and optimizing a biological treatment plant in 2005, the treatment process is now stable and the effluent has remained non-toxic since 2006. In 2006, the Company commenced an ammonia stripping operation involving an effluent partially treated by the biological treatment plant which allowed an increase in treatment flow rate, while keeping the final effluent toxicity-free. In 2009, to further increase the treatment flow rate of the biological plant, the Company commenced construction of ammonia stripping towers, which became operational in June 2010. In addition, water from mine dewatering and drainage water are treated to remove metals prior to discharge at a lime treatment plant located at the LaRonde mill.

Capital Expenditures

In 2006, the Company initiated construction to extend the infrastructure at the LaRonde Mine to access the ore below Level 245, referred to as the LaRonde Mine extension. The LaRonde Mine extension is expected to begin contributing to production in the fourth quarter of 2011. The LaRonde Mine extension infrastructure includes a new 823-metre internal shaft (completed in November 2009) starting from Level 203, which provides a total depth of 2,858 metres. A ramp will be used to access the lower part of the orebody up to 3,110 metres in depth. The internal winze system will be used to hoist ore from depth to facilities on Level 215, approximately 2,150 metres below surface, where it will be transferred to the Penna Shaft hoist. Excavation of the underground mining facilities is in progress.

Capital expenditures at the LaRonde Mine during 2010 were approximately $97 million, which included $35 million on sustaining capital expenditures and $62 million comprised primarily of expenditures on the LaRonde Mine extension. Budgeted 2011 capital expenditures at the LaRonde Mine are $100 million, including $45 million on sustaining capital expenditures and capitalized exploration and $55 million on the LaRonde Mine extension. Another $16 million will be added to the carbon-in-pulp ("CIP") / high density sludge ("HDS") project. At the end of 2010, the capital cost of construction of the LaRonde Mine extension is estimated to be $246 million, of which the Company had incurred $186 million as of the end of 2010. Total capital expenditures for the LaRonde Mine and the LaRonde Mine extension are estimated at $292 million from 2011 to 2024 (including the CIP/HDS project).

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Development

In 2010, a total of 14,855 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2010 and 2011, especially the preparation of the lower mine production horizon. A total of 2,772 metres of development work was completed for the LaRonde Mine extension infrastructure and the ramp to access the LaRonde Mine extension.

A total of 15,440 metres of lateral development is planned for 2011. The main focus of development work continues to be stope preparation. The Company plans to develop and prepare the access to Zone 20 South down to Level 245. For the LaRonde Mine extension, a total of 6,020 metres of development is planned, mainly to develop the ramp access from the new shaft to the orebody, to complete infrastructure around the new shaft and for future ventilation infrastructure. At the same time, development work will continue to prepare for mining below Level 245.

Geology, Mineralization and Exploration

Geology

The LaRonde property is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince and the Pontiac Subprovince within the Superior Geological Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake (CLL) fault zone marking the contact between the Abitibi and Pontiac Subprovinces, located approximately two kilometres to the south of the LaRonde property.

The geology that underlies the LaRonde Mine consists of three east-west-trending, steeply south-dipping and generally south-facing regional groups of rock formations. From north to south, they are: (i) 400 metres (approximate true thickness) of the Kewagama Group, which is made up of a thick band of interbedded wacke; (ii) 1,500 metres of the Blake River Group, a volcanic assemblage that hosts all the known economic mineralization on the property; and (iii) 500 metres of the Cadillac Group, made up of a thick band of wacke interbedded with pelitic schist and minor iron formation.

Zones of strong sericite and chlorite alteration that enclose massive to disseminated sulphide mineralization (including the ore that is mined for gold, silver, zinc, copper and lead at the LaRonde Mine) follow steeply dipping, east-west-trending, anastomosing shear zone structures within the Blake River Group volcanic units across the property. These shear zones are part of the larger Doyon-Dumagami Structural Zone that hosts several important gold occurrences (including the Doyon gold mine, the Westwood project and the former Bousquet mines) and has been traced for over ten kilometres within the Blake River Group, from the LaRonde Mine westward to the Mouska gold mine.

Mineralization

The gold-bearing zones at the LaRonde Mine are lenses of disseminated stringers through to massive, aggregates of coarse pyrite with zinc, copper and silver content. Ten zones that vary in size from 50,000 to 40,000,000 tonnes have been identified, of which four are (or are believed to be) economic. Gold content is not proportional to the total sulphide content but does increase with copper content. Gold values are also higher in areas where the pyrite lenses are crosscut by tightly spaced north-south fractures.

These historical relationships, which were noted at LaRonde Shaft #1's Main Zone, are maintained at the Penna Shaft zones. The zinc-silver (*i.e.*, Zone 20 North) mineralization with lower gold values, common in the upper mine, grades into gold-copper mineralization within the lower mine. Gold value enhancement associated with crosscutting north-south fractures also occurs within the LaRonde Mine. The predominant base metal sulphides within the LaRonde Mine are chalcopyrite (copper) and sphalerite (zinc).

The Company believes that Zone 20 North is one of the largest gold-bearing massive sulphide mineralized zones known in the world and one of the largest mineralized zones known in the Abitibi region of Ontario and Quebec. Zone 20 North contains the majority of the mineral reserves and resources at the LaRonde Mine, including 32,931,912 tonnes of proven and probable mineral reserves grading 4.39 grams of gold per tonne, representing 95% of the total proven and probable mineral reserves at LaRonde, 5,296,186 tonnes of indicated mineral resources grading 1.70 grams of gold per tonne, representing 76% of the total measured and indicated mineral resources at LaRonde, and 9,470,764 tonnes of inferred mineral resources grading 4.04 grams of gold per tonne, representing 82% of the total inferred mineral resources at LaRonde.

The depth of Zone 20 North extends between 700 metres below surface and 3,500 metres below surface, and possibly lower. With increased access on the lower levels of the mine (*i.e.* from level 215 to level 255), the transformation from a "zinc/silver" orebody to a "gold/copper" deposit is expected to continue during 2011.

Zone 20 North can be divided into an upper zinc/silver-enriched zone and a lower gold/copper-enriched zone. The zinc zone has been traced over a vertical distance of 1,700 metres and a horizontal distance of 570 metres, with thicknesses approaching 40 metres. The gold zone has been traced over a vertical distance of over 2,200 metres and a horizontal distance of 900 metres, with thicknesses varying from 3 to 40 metres. The zinc zone consists of massive zinc/silver mineralization containing 50% to 90% massive pyrite and 10% to 50% massive light brown sphalerite. The gold zone mineralization consists of 30% to 70% finely disseminated to massive pyrite containing 1% to 10% chalcopyrite veinlets, minor disseminated sphalerite and rare specks of visible gold. Gold grades are generally related to the chalcopyrite or copper content. At depth, the massive sulphide lens becomes richer in gold and copper. During 2010, 2.3 million tonnes of ore grading 2.05 grams of gold per tonne, 60.0 grams of silver per tonne, 3.40% zinc, 0.22% copper and 0.39% lead were mined from Zone 20 North.

Exploration

The combined tonnage of proven and probable mineral reserves at the LaRonde Mine for year-end 2010 is 34.7 million tonnes which represents a 1% increase in the amount compared to year-end 2009 (34.4 million tonnes). This mineral reserve includes the replacement of 2.6 million tonnes of ore that were mined in 2010. The Company's ability to sustain its level of proven and probable mineral reserves was primarily due to continued successful exploration results at depth as well as the increase in the three-year average gold price used for the year-end 2010 estimates.

Diamond drilling is used for exploration on the LaRonde property. In 2010, a total of 212 holes were drilled on the LaRonde property for a total length of 19,188 metres, compared to 268 holes for a total length of 30,699 metres in 2009. Of the drilling in 2010, 187 holes (7,775 metres) were for production stope delineation, 21 holes (6,016 metres) were for definition drilling and 4 holes (5,397 metres) were for exploration. In 2009, 140 holes (8,272 metres) were for production stope delineation, 114 holes (17,024 metres) were for definition drilling and 14 holes (5,403 metres) were for exploration. Expenditures on diamond drilling at the LaRonde Mine during 2010 were approximately $2.4 million, including $1.1 million in definition and delineation drilling expenses charged to operating costs at the LaRonde Mine. Expenditures on exploration in 2010 were $1.3 million, and are expected to be $2.1 million in 2011.

The main focus of the 2010 exploration program was continuing the investigation of Zone 20 North at depth. This program was conducted from the Level 215 exploration drift, approximately 2,150 metres below the surface. The first hole of the program was completed at the end of 2009 to a final length of 1,852 metres. This hole intersected Zone 20 North at a depth of 3,520 metres below surface, which is approximately 410 metres below the current reserves envelope. The intersection returned 14.3 metres (true width) grading 3.03 grams of gold per tonne. In 2010, a second branch was drilled from this mother hole and returned 4.1 metres grading 1.77 grams of gold per tonne at a depth of 3,595 metres below surface. A second further hole was initiated in 2010 and drilling was still in progress at the end of the year. The drilling will continue in 2011.

In addition, definition and delineation drilling was undertaken mainly in Zone 20 North and Zone 20 South to assist in final mining stope design. Zone 20 North was the main focus of the definition drilling in 2010. Infill drilling in 2010 from Level 260 to Level 245 confirmed the previous Zone 20 North reserves with no significant gains or losses. The other focus of definition drilling in 2010 was Zone 20 South. The year-end 2009 estimates showed blocks of inferred resources in a parallel zone less than 15 metres north of Zone 20 South. As a result of 2010 drilling combined with higher gold prices, the two zones have been merged to form many mining blocks between Level 200 and Level 170. This represents a net gain of 29,200 ounces of gold (comprising 471,000 tonnes grading 1.93 grams of gold per tonne) in probable reserves in Zone 20 South.

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde Mine and consists of two mining leases covering 80.0 hectares and 31 claims covering 384.9 hectares. The property, along with various equipment and other mining properties, was acquired from Barrick in September 2003 for $3.9 million in cash, $1.5 million in common shares of the Company and the assumption of specific reclamation and other obligations related to the Bousquet property. The property is subject to a 2% net smelter return royalty interest in favour of Barrick.

From 2004 to 2007, the Company recovered 108,407 tonnes of ore grading 2.33 grams of gold per tonne from Zone 4 in a small open pit. In 2006 and 2007, the Company recovered 99,342 tonnes of ore grading 7.02 grams of gold per tonne from two small ore blocks underground at Bousquet. There has been no mining of this property since 2007.

In 2010, the Company completed the first stage of a diamond drilling program consisting primarily of twinning and resampling historic holes to evaluate the production potential of an open pit at Bousquet Zone 5. This work led to an initial

resource estimate for Zone 5. For the whole Bousquet property, including Zone 5, the December 31, 2010 indicated mineral resource is approximately 1.7 million tonnes grading 5.63 grams of gold per tonne. The inferred mineral resource is 20.5 million tonnes grading 2.32 grams of gold per tonne. Expenditures on exploration in 2010 were $0.2 million, which includes the cost of drilling 2,082 metres in seven holes. In 2011, the Company expects to spend $1.9 million on drilling 20,000 metres at Bousquet.

The Ellison property is located immediately west of the Bousquet property and consists of eight claims covering 101.1 hectares. The property was acquired in August 2002 for C$0.5 million in cash and a commitment to spend C$0.5 million in exploration over four years. The commitment was fulfilled in 2004 and the property is 100% owned by the Company. The property is subject to a net smelter return royalty interest in favour of Yorbeau Resources Inc. that varies between 1.5% and 2.5% depending on the price of gold. Should commercial production from the Ellison property commence, the Company will be required to pay Yorbeau Resources Inc. an additional C$0.5 million in cash.

The Company began a deep drilling program at Ellison in 2009 that continued throughout 2010. Late in 2010, a wedge from the original hole intercepted high grade gold mineralization approximately 2.6 kilometres below surface, interpreted to be in the Westwood horizon. This program is the first to identify the presence of significant gold mineralization in the down-dip extension of Westwood on the Ellison property. The potential exists for a large gold resource with similar geology to the LaRonde Extension.

The December 31, 2010 indicated mineral resource at Ellison is approximately 0.4 million tonnes grading 5.68 grams of gold per tonne, and the inferred resource is 0.8 million tonnes grading 5.81 grams of gold per tonne. A follow-up exploration program, designed to trace the Westwood zone to the east and possibly define a new gold resource, is planned for Ellison in 2011, including 9,500 metres of drilling at a budget of $4.8 million.

Goldex Mine

The Goldex Mine, which achieved commercial production in August 2008, is located in the City of Val d'Or, Quebec, approximately 60 kilometres east of the LaRonde Mine. At December 31, 2010 the Goldex Mine was estimated to have proven and probable mineral reserves of approximately 1.6 million ounces of gold comprised of 27.8 million tonnes of ore grading 1.75 grams per tonne.

Location Map of the Goldex Mine

The Goldex Mine is accessible by provincial highway. The elevation is approximately 302 metres above sea level. All of the Goldex Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. All of the water required at the Goldex Mine is sourced directly by aqueduct from the Thompson River immediately adjacent to the minesite or through recirculation of water from the surface pond and the auxiliary tailings pond. For additional information regarding the Abitibi region in which the Goldex Mine is located, including information with respect to climate, topography, vegetation and mining personnel, see " Property, Plant and Equipment LaRonde Mine".

The Goldex Mine operates under a mining lease obtained from the Ministry of Natural Resources and Wildlife (Quebec) and under certificates of approval granted by the Ministry of Sustainable Development, Environment and Parks (Quebec). The Goldex property, in which the Company has a 100% working interest, consists of 20 contiguous mining claims and, since April 2006, one provincial mining lease (98.6 hectares), covering an aggregate of 273.3 hectares. The property is made up of three blocks: the Probe block (122.7 hectares); the Dalton block (10.4 hectares); and the Goldex Extension block (140.2 hectares). The claims are renewable every second year upon payment of a small fee. The mining lease expires in 2028 and is automatically renewable for three further ten-year terms upon payment of a small fee. The Company also has one lease covering 418.5 hectares of surface rights that are used for the auxiliary tailings pond. This lease is renewable annually upon payment of a small fee.

The Goldex Mine includes underground operations that can be accessed from two shafts, a processing plant, an ore storage facility and other related facilities. The Goldex Extension Zone ("GEZ"), which is the gold deposit on which the Company is currently focusing its production efforts, was discovered in 1989 on the Goldex Extension block (although the Company believes a small portion of the GEZ occurs on the Dalton and Probe blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe block. In 2010, exploration and development work continued on the zone located on the Probe block 150 metres above the western end of the GEZ (the "M-Zone").

In late 1997, the Company completed a mining study that indicated the deposit was not economically viable to mine at the then-prevailing gold price (approximately $323 per ounce of gold) using the mining approach chosen and drill-hole-indicated grade. The property was placed on care and maintenance and the workings were allowed to flood. In February 2005, a new mineral reserve and resource estimate was completed for the GEZ which, coupled with a feasibility study, led to a probable mineral reserve estimate of 1.6 million ounces of gold contained in 20.1 million tonnes of ore grading 2.54 grams of gold per tonne. The GEZ resource model was revised and, in March 2005, the Company approved a feasibility study and the construction of the Goldex Mine. The mine achieved commercial production on August 1, 2008 and has consistently operated at or above the designed rate of 6,900 tonnes per day.

Based on the results of a scoping study completed in July 2009, the Company determined to expand the mine and mill operations at the Goldex Mine to 8,000 tonnes per day. This project was completed in 2010. Capital costs in connection with the expansion total $10 million. The crusher for the expansion was commissioned at the end of the first quarter of 2010 at a rate of 7,811 tonnes per day. Milling performance for December 2010 was at 7,951 tonnes per day. Optimization of surface crusher liners in the first quarter of 2011 is expected to improve tonnage.

The Goldex Mine produced 184,386 ounces of gold in 2010 at total cash costs of $335 per ounce. It is anticipated that the Goldex Mine will produce approximately 183,538 ounces of gold in 2011 at estimated total cash costs per ounce of approximately $349.

Mining and Milling Facilities

Surface Plan of the Goldex Mine

At the time the Company commenced construction of the Goldex Mine, the surface facilities included a headframe, a hoistroom, a surface building containing a mechanical shop, a warehouse and an office. In addition, the Goldex property

had a 790-metre deep shaft (Shaft #1), which provided access to underground workings. Shaft #1 is predominantly used to hoist waste rock from development activities.

The sinking of a new production shaft was completed in 2007. The new shaft (Shaft #2) is a 5.5-metre diameter shaft with a 50-centimetre thick concrete lining and is used for ventilation as well as hoisting services. Shaft #2 is 865 metres deep and includes five stations. A refurbished friction hoist was installed for production and service duties, and an auxiliary hoist was installed for emergency and personnel service. The production hoist is equipped with one cage-skip. Each skip has a 21.5-tonne capacity and the shaft can hoist an average of 7,000 to 8,000 tonnes of ore per day.

Mining Method

The Goldex Mine uses a high volume bulk mining method, which is made possible through the use of large mining stopes. Drilling and blasting of 165-millimetre production holes is used to obtain a muck size large enough to be economically efficient. Using this method requires a percentage of the broken ore to be kept in the stope to reduce the backfilling cost and to reduce sloughing on the walls. Little ore and waste development is necessary to mine out the deposit.

Surface Facilities

Plant construction at the Goldex Mine commenced in the second quarter of 2006 and was completed in the first quarter of 2008. The plant reached design capacity in the second quarter of 2009. Grinding at the Goldex mill is done through a two-stage circuit comprised of a SAG mill and a ball mill. As part of the expansion project commenced in 2009, a surface crusher was added to reduce the size of ore transferred to the surface from 150 millimetres to 50 millimetres. A lamellar decanter was also added to recover small particles present in the water overflow of the concentrate thickener. The underflow pump of this thickener was upgraded following flotation circuit modification to increase the pull rate of the small particles. An increase in the capacity of the tailings pump is required. The project is ongoing and the Company expects that it will be finalized in March 2011. A lime silo will also be installed and commissioned in the second quarter of 2011. Approximately two-thirds of the gold is recovered through a gravity circuit, passed over shaking tables and smelted on site. The remainder of the gold and pyrite is recovered by a flotation process. The concentrate is then thickened and trucked to the mill at the LaRonde Mine where it is further treated by cyanidation. Gold recovered is consolidated with precious metals from the LaRonde and Lapa Mines. The Company is targeting an average gold recovery of 93.28% for 2011.

In addition, surface facilities at the Goldex Mine include an electrical sub-station, a compressor building, a service building for administration and changing rooms, a warehouse building, a concrete headframe above Shaft #2, a hazardous waste storage facility and a dome covering the ore stockpile. In 2008, the processing plant building was commissioned along with the Manitou pumping station and its associated 24-kilometre pipeline.

Mineral Recoveries

During 2010, the Goldex mill processed approximately 2.78 million tonnes of ore, averaging approximately 7,620 tonnes of ore treated per day and operating at approximately 95% of available time. The following table sets out the metal recoveries at the Goldex Mine in 2010.

	Head Grades	**Gravity Recovery**		**Flotation-Cyanidation Recovery**		**Global Recovery**		**Payable Production**
Gold	2.21 g/t	123,712 oz	63.24%	60,673 oz	29.98%	184,385 oz	93.22%	184,385 oz

Environmental Matters

Environmental permits for the construction and operation of an ore extracting infrastructure at the Goldex Mine were received from the Ministry of Sustainable Development, Environment and Parks (Quebec) in October 2005. The permits also covered the construction and operation of a sedimentation pond for mine water treatment and sewage facilities, and these facilities have been built at the Goldex Mine site. In June 2009, permits were revised to permit the expansion of the mine and mill operations to 8,500 tonnes per day.

In November 2006, the Company and the Quebec government signed an agreement permitting the Company to dispose of the Goldex tailings at the Manitou minesite, a tailings site formerly used by an unrelated third party and abandoned to the Quebec government. The Manitou tailings site has issues relating to acid drainage and the construction of tailings facilities by the Company and the deposit of tailings from the Goldex plant on the Manitou tailings site was accepted by the

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Ministry of Sustainable Development, Environment and Parks (Quebec) as a valid rehabilitation plan to address the acid generation problem at Manitou. Under the agreement, the Company managed the construction and operation of the tailings facilities and the Quebec government paid all additional costs above the Company's budget for tailings facilities set out in the Goldex feasibility study. The Quebec government retains responsibility for all environmental contamination at the Manitou tailings site and for final closure of the facilities. In addition, the Company has built a separate tailings deposit area (auxiliary tailings pond) near the Goldex Mine. Environmental permits for the construction and operation of the auxiliary tailings pond at the Goldex Mine were received in March 2007. In 2010, 33,947 tonnes of Goldex tailings were discharged to the auxiliary pond for a total to date of 526,000 tonnes. At the Manitou site, 2.75 million tonnes of Goldex tailings were discharged for a total to date of 5.893 million tonnes.

Capital Expenditures

Capital expenditures at the Goldex Mine in 2010 were approximately $24.3 million, which included $3.2 million on sustaining capital expenditures, $3.4 million on the construction of facilities in the M-Zone and water management, $11.7 million in deferred development expenses and $2.9 million for other projects. Sustaining capital expenditures are expected to be approximately $9.9 million in 2011 and $16.4 million over the period from 2011 through 2015.

Development

During 2010, approximately 3,800 metres of lateral and vertical development were completed at a cost of $8.2 million. For 2011, 4,000 metres of development is planned with a budget of approximately $10.7 million (including $9.7 million for deferred development). In 2010, ramp access from Level 49 to Level 37 was completed.

Geology, Mineralization and Exploration

Geology

Geologically, the Goldex property is similar to the LaRonde property and is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince, a typical granite-greenstone terrane located within the Superior Province of the Canadian Shield. The southern contact of the Abitibi Subprovince with the Pontiac Subprovince is marked by the east-southeast trending CLL Fault Zone, the most important regional structural feature. The Goldex deposit is hosted within a quartz diorite sill, the "Goldex Granodiorite", located in a succession of mafic to ultramafic volcanic rocks that are all generally oriented west-northwest.

The GEZ, which hosts most of the current mineral reserves, extends from 500 to 800 metres below the surface and is entirely hosted by the Goldex Granodiorite. The limits of the zone are defined by the intensity of the quartz vein stockwork envelope and by gold assays. The zone is almost egg-shaped; it is over 300 metres tall by 450 metres long (in a west-northwest direction) and its thickness increases rapidly from 25 metres along the east-west edges to almost 150 metres in the centre.

Exploration efforts at Goldex were focused on satellite zones in 2010. Some of these satellite zones now contain reserves, including the M-Zone and the zone located at the south-eastern extension of the GEZ (the "E-Zone"). Both the M-Zone and the E-Zone are defined by quartz tourmaline veins and gold assays that are similar to the GEZ. The M-Zone has been defined on a length of 160 metres, a height of 120 metres and a thickness of 115 metres. The E-Zone has been defined on a length of 150 metres, a height of 110 metres and a thickness of 90 metres.

Mineralization

Gold mineralization at Goldex corresponds to the quartz-tourmaline vein deposit type. The Goldex gold-bearing quartz-tourmaline-pyrite veins and veinlets have strong structural control. The most significant structure directly related to mineralization is a discrete shear zone, the Goldex Mylonite, that is up to five metres wide and occurs within the Goldex Granodiorite, just south of the GEZ and most other gold occurrences. The quartz-tourmaline-pyrite vein mineralization is controlled by minor fracture zones that are oriented west-northwest and dip steeply north or south. The fractures are parallel to but north of the Goldex Mylonite. Within the GEZ are three vein sets, the most important of which are extensional-shear veins dipping 30 degrees south and usually less than 10 centimetres thick. The vein sets and associated alteration combine to form stacked envelopes up to 30 metres thick.

Strong albite-sericite alteration of the host-rock quartz diorite surrounds the quartz-tourmaline-pyrite veins and covers almost 80% of the mineralized zone; outside of the envelopes, prior chlorite alteration affects the quartz diorite and gives it a darker grey-green colour. Occasionally, enclaves of relatively unaltered medium grey-green-coloured quartz diorite (with

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no veining or gold) are found within the GEZ; they are included exceptionally as internal waste to allow for a smooth shape, required for mining purposes.

Most of the gold occurs as microscopic particles that are almost always associated with pyrite, generally adjacent to grains and crystals but also 20% included within the pyrite. The gold-bearing pyrite occurs in the quartz-tourmaline veins and in narrow fractures in the sericite-albite-altered quartz diorite (generally immediately adjacent to the veins). Less than 1.5% of the gold occurs as the mineral calaverite, a gold telluride.

Exploration

In 2010, $3.9 million was spent on exploration at Goldex. A total of 122 holes were drilled using diamond drilling methods at the Goldex Mine for a total length of approximately 44 kilometres, compared to 52 holes for a total length of 8,917 metres in 2009. Initiated in 2009, the exploration drift on Level 84 was extended by 60 metres in 2010. Four different zones in the Goldex Granodiorite intrusive were drilled in 2010. The focus of the 11.7 kilometres of exploration drilling was the area above the M-Zone, with additional drilling on the eastern and western ends of the GEZ and above the E-Zone. In addition, approximately 11 kilometres of drilling was undertaken for resource-to-reserve conversion in the E-Zone and 21 kilometres to delineate a new inferred resource in the zone located inside the Goldex Granodiorite sill and extending approximately 325 metres high, 490 metres wide and 100 metres deep (the "D-Zone"). Like the GEZ, mineralization in the D-Zone is characterized by quartz tourmaline veins.

The 2011 exploration program is budgeted to include 58,200 metres of diamond drilling. The primary target is the D-Zone with 40,700 metres of diamond drilling. The remainder of drilling will explore the area above the M-Zone (9,000 metres) and the sector to the east of the GEZ above the E-Zone (8,500 metres).

Kittila Mine

The Kittila Mine, which commenced commercial production in May 2009, is located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittila in northern Finland. At December 31, 2010, the Kittila Mine was estimated to contain proven and probable mineral reserves of 9 million ounces of gold comprised of 32.7 million tonnes of ore grading 4.64 grams per tonne. The Kittila Mine is accessible by paved road from the village of Kiistala, which is located on the southern portion of the main claim block. The gold deposit is located near the small village of Rouravaara, approximately ten kilometres north of the village of Kiistala, accessible via a paved road. The property is close to infrastructure, including hydro power, an airport and the town of Kittila. The project also has access to a qualified labour force, including mining and construction contractors.

The total landholdings surrounding and including the Kittila Mine comprise one mining licence covering an area of approximately 847 hectares, 129 individual tenements (valid claims) covering approximately 11,507 hectares and 227 claim applications covering approximately 20,207 hectares. The mineral titles form a continuous block around the Kittila mining licence. The block has been divided into the Suurikuusikko area, the Suurikuusikko West area and the Kittila mining licence centred at 25.4110 degrees longitude east and 67.9683 degrees latitude north.

The boundary of the mining licence is determined by ground-surveyed points whereas the boundaries of the other tenements are not required to be surveyed. All of the tenements in the Kittila Mine are registered in the name of Agnico-Eagle Finland Oy, an indirect, wholly-owned subsidiary of the Company. According to the Finnish government's land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from November 2011 up to June 2015. Tenements are valid between three and five years, provided a small annual fee is paid to maintain title, and extensions can be granted for three years or more. Agnico-Eagle Finland Oy also holds the mining licence in respect of the Kittila Mine. The mine is subject to a 2.0% net smelter return royalty payable to the Republic of Finland starting in 2011.

The Kittila Mine area is sparsely populated and is situated between 200 and 245 metres above sea level. The topography is characterized by low rolling forested hills separated by marshes, lakes and interconnected rivers. The gold deposit is situated on an area of land that has no special use at present and there is sufficient land available for tailings facilities. Water requirements for the Kittila Mine are sourced from the nearby Seurujoki River, recirculation of water from pit dewatering and tailings pond water. The Kittila region is located within the South-West Lapland zone of the northern boreal vegetation zone characterized by spruce forests, marshes and bogs.

The mine is located within the Arctic Circle but the climate is moderated by the Gulf Stream off the coast of Norway such that northern Finland's climate is comparable to that of eastern Canada. Winter temperatures range from -10 to -30 degrees Celsius, whereas summer temperatures range from 10 degrees Celsius to the mid-20s. Exploration and mining work can be carried out year-round. Because of its northern latitude, winter days are extremely short with a brief period of 24-hour darkness around the winter solstice. Conversely, summer days are very long with a brief period of 24-hour daylight in early summer around the summer solstice. Annual precipitation varies between five and 50 centimetres, one-third of which falls as snow. Snow accumulation usually begins in November and remains until March or April.

Location Map of the Kittila Mine

The Company acquired its 100%, indirect interest in the Kittila Mine through the acquisition of Riddarhyttan completed in November 2005. See " History and Development of the Company". In June 2006, on the basis of an independently reviewed feasibility study, the Company approved construction of the Kittila Mine. The Kittila Mine is currently an open pit mining operation with underground mining via ramp access expected to be gradually phased in over three years. The initial underground stope was mined in early 2010. Ore is processed in a 3,000-tonne per day surface processing plant that was commissioned in late 2008. Limited gold concentrate production started in September 2008 and gold dore bar production commenced in January 2009. During 2010 throughput at the Kittila Mine approached design levels and gold recoveries continuted to improve. The Kittila Mine is anticipated to produce approximately 149,000 ounces of gold in 2011 at estimated total cash costs per ounce of approximately $548. Over the period of 2011 to 2023, total average gold production of approximately 150,000 ounces annually is anticipated. A scoping study is underway to assess the feasibility of significantly increasing the annual gold production. This could involve sinking a new shaft and expanding the Kittila mill.

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Mining and Milling Facilities

Surface Plan of the Kittila Mine

The orebodies at Kittila are being mined initially from two open pits, followed by underground operations to mine the deposits at depth. Additional, smaller open pits will be used to mine any remaining mineral reserves close to the surface in the future. Open pit mining started in May 2008 and the extracted ore was stockpiled. As of December 2010, a total of 1.8 million tonnes of ore have been processed, 0.4 million tonnes of ore have been stockpiled and 25.8 million tonnes of waste rock have been excavated. Work on the ramp to access the underground reserves continued throughout 2010 and total underground development to date is approximately 14,500 metres. Underground mining commenced in the fourth quarter of 2010 and, as of December 2010, a total of 100,559 tonnes of ore have been mined from the underground

portions of the mine.

Mining Methods

The Kittila Mine currently mines the Suurikuusikko orebody with a 160-metre deep open pit. Ore is mined in 7.5-metre benches together with waste rock using buffer blasting techniques and is loaded selectively to minimize dilution and maximize ore recovery. Hydraulic excavators load ore into 100-tonne trucks that haul the ore to the crusher and the waste

rock to the waste disposal area. Approximately 3,000 tonnes of ore per day are fed to the concentrator. Surface mining is expected to continue through 2013, during which time the ramp access to the underground mine will continue to be developed. Underground development continued throughout the year and the first underground test stopes were mined in the first and second quarters of 2010.

The underground mining method is open stoping with delayed backfill. Stopes are between 25 and 40 metres high and yield approximately 10,000 tonnes of ore per stope. To ensure sufficient ore production is available to supply the mill, approximately 5,000 metres of tunnels will be developed each year. After extraction, stopes will be filled with cemented backfill or paste fill to enable the safe extraction of ore in adjacent stopes. Ore will be trucked to the surface crusher via the ramp access system.

Surface Facilities

Construction of the processing plant and associated equipment was completed in 2008 and facilities on site include an office building, a maintenance facility for the open pit equipment, a warehouse, a maintenance shop, an oxygen plant, a processing plant, a tank farm, a crusher, conveyor housings and an ore bin. In addition, some temporary structures house contractor offices and work areas.

The ore at Kittila is treated by grinding, flotation, pressure oxidation and carbon-in-leach circuits. Gold is recovered from the carbon in a Zadra elution circuit and is recovered from the solution using electrowinning and then poured into dore bars using an electric induction furnace.

Mineral Recoveries

In 2010, the Kittila mill processed 960,365 tonnes of ore with an availability of 82.5% for an average throughput of 3,189 tonnes per day. Low mill availability was caused by maintenance issues associated with the autoclave and scrubber, mainly related to leaking mechanical seals, brick lining failures in the autoclave and blocked pipelines on the scrubber.

The following table sets out the gold production at the Kittila Mine in 2010:

	Head Grade	Dore Produced	Overall Metal Recovery	Payable Production
Gold	5.41 g/t	126,028 oz	75.50%	126,205 oz

Flotation recoveries were stable during 2010 and flotation recovery averaged 91.87% during the year. Trials are still in progress with the aim to further increase the flotation recovery. An in-house metallurgical laboratory to be built in 2011 will allow further flotation test work to be undertaken to attempt to optimize flotation recoveries in 2011.

Ore processing at Kittila consists of two stages. In the first stage, ore is enriched by flotation and in the second stage the gold is extracted by pressure oxidation and cyanide-in-leach processes.

The first half of the year was a challenge for the second stage of the ore processing and the global recoveries (that is, the combination of recoveries from flotation and CIL) averaged 69.4%. The poor recovery rates were attributable to the formation of gold-chloride compound in the autoclave, which was successfully reduced in the last half of the year and, as a result, the global recovery increased to an average of 81.4%. Modifications inside the autoclave allowed for better oxygen distribution management, which resulted in better sludge flow and oxidation within the autoclave, leading to better recoveries. Also, further optimizing and improved control of the process enabled continuous improvement in recoveries.

A large amount of test work was done in 2010 and the testing and optimization of the process will continue in 2011. Large-scale test-work is ongoing to find optimized pressure oxidation and results are expected in 2011.

Environmental Matters

The Company currently holds a mining licence, an environmental permit and operational permits in respect of the Kittila Mine. All permits necessary to begin production were received during 2008, including an environmental permit update to change from a biological oxidation process to a pressure oxidation process and to change the slopes of the waste rock pile to decrease the footprint.

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The construction of the first phase of the tailings dam and waterproof bottom layer was completed in the fall of 2008. This first phase is sufficient to hold tailings from three years of production. Work began on the second phase in 2009. Water from dewatering the mine and water used in the mine and mill is collected and treated by sedimentation. Emissions and environmental impact are monitored in accordance with the comprehensive monitoring program that has been approved by the Finnish environmental authorities. There are no material environmental liabilities related to the Kittila Mine. A permit to increase mine process water discharge limits was granted in 2010.

Capital Expenditures

Capital expenditures at the Kittila Mine during 2010 were approximately $72 million, which included mill modification costs, underground mine development costs, exploration and conversion drilling costs within the mining licence area and sustaining capital costs. The Company expects capital expenditures at the Kittila Mine in 2011 to be approximately $68 million, most of which will be used for mining equipment for underground mining, development and construction of underground mining infrastructure, construction of a paste backfill plant and exploration and conversion drilling.

Development

Mining at the Suurikuusikko and Roura open pits progressed throughout 2010 with a total of 1,113,000 tonnes of ore and nine million tonnes of waste mined from the open pit. The Company expects that 750,000 tonnes of ore and 4.7 million tonnes of waste will be mined from the Suurikuusikko and Roura pits during 2011. Total costs for open pit development in 2010 were $23.2 million.

In 2010, underground development progressed in both the Rouravaara and Suurikuusikko zones with 5,047 metres of ramp and sublevel access development completed during the year. The first test stope was mined near the end of 2009. A total of 39,176 tonnes of ore from development and 61,383 tonnes of stope ore were mined in 2010. The Company expects to complete 6,000 metres of lateral development and 680 metres of vertical development during 2011.

Geology, Mineralization and Exploration

Geology

The Kittila Mine is situated within the Kittila Greenstone belt, part of the Lapland Greenstone belt in the Proterozoic-age Svecofennian geologic province. The appearance and geology of the area is similar to that of the Abitibi region of the Canadian Shield. In northern Finland, the bedrock is typically covered by a thin but uniform blanket of unconsolidated glacial till. Bedrock exposures are scarce and irregularly distributed.

The mine area is underlain by mafic volcanic and sedimentary rocks metamorphosed to greenschist assemblages and assigned to the Kittila group. The major rock units trend north to north-northeast and are near-vertical. The volcanics are further sub-divided into iron-rich tholeiitic basalts (Kautoselka Formation) located to the west and magnesium-rich tholeiitic basalt, coarse volcaniclastic units, graphitic schist and minor chemical sedimentary rocks (Vesmajarvi Formation) located to the east. The contact between these two rock units consists of a transitional zone (the Porkonen Formation) varying between 50 and 200 metres in thickness. This zone is strongly sheared, brecciated and characterized by intense hydrothermal alteration and gold mineralization, features consistent with major brittle-ductile deformation zones. It includes the north-northeast-oriented Suurikuusikko Trend.

Mineralization

The Porkonen Formation hosts the Kittila gold deposit, which contains multiple mineralized zones stretching over a strike length of more than 25 kilometres. Most of the work has been focused on the 4.5-kilometre stretch that hosts the known gold reserves and resources. From north to south, the zones are Rimminvuoma ("Rimpi-S"), North Rouravaara ("Roura-N"), Central Rouravaara ("Roura-C"), depth extension of Rouravaara and Suurikuusikko ("Suuri/Roura Deep"), Suurikuusikko ("Suuri"), Etela and Ketola. The Suuri and Suuri/Roura Deep zones include several parallel sub-zones that have previously been referred to as Main East, Main Central and Main West. The Suuri zone hosts approximately 38% of the current probable gold reserve estimate on a contained-gold basis, while Suuri/Roura Deep has approximately 20%, Roura-C approximately 12%, Roura Deep approximately 20%, Roura-N approximately 3%, Rimpi-S approximately 4%, Ketola approximately 1% and Etela approximately 0.2%.

Gold mineralization in these zones is associated with intense hydrothermal alteration (carbonate-albite-sulphide), and is almost exclusively refractory, locked inside fine-grained sulphide minerals: arsenopyrite (approximately 73%) or pyrite (approximately 23%). The rest is "free gold", which is manifested as extremely small grains of gold in pyrite.

Exploration

In 1986, the discovery of coarse visible gold in quartz-carbonate veining along a road cut near the village of Kiistala alerted the Geological Survey of Finland ("GTK") to the gold exploration potential of the area. Following this discovery, GTK initiated regional exploration over the area and deployed a wide range of indirect exploration tools to explore this relatively unexplored area. Over the period from 1987 to 2005, GTK and later Riddarhyttan undertook drilling programs and other testing on the property. After it acquired the property in 1998, Riddarhyttan continued to investigate the metallurgical properties of the refractory gold mineralization with the objective of demonstrating its recoverability and assessing suitable processing scenarios and initiated engineering and environmental studies to assess the feasibility of a mining project.

Diamond drilling is used for exploration on the Kittila property. Most of the work on the mining licence area has focused on the Suuri and Roura zones. Up to the end of December 2010, a total of 1,870 drill holes, totalling 557,397 metres, have been completed on the property. In 2010, between nine and 12 drill machines worked on the Kittila property: two to three drills on underground infill drilling; six to ten drills on mine exploration; and two to three drills on resource-to-reserve conversion drilling. A total of 501 holes were completed for a length of 134,596 metres. Of these drill holes, 329 drill holes (35,784 metres) were for definition drilling, 63 drill holes (34,413 metres) were for conversion drilling and 109 drill holes (61,399 metres) were related to mine exploration. Total expenditures for diamond drilling in 2010 were $27.7 million, including $5.2 million for definition and delineation drilling.

Exploration during 2010 increased proven and probable gold reserves to 4.9 million ounces (32.7 million tonnes of ore grading 4.64 grams per tonne). Most of the increase came from the Roura Deep zone (901,272 ounces) and the Suuri Deep zone (190,928 ounces). Indicated mineral resources decreased by 5.2 million tonnes to 15.3 million tonnes of ore grading 2.4 grams per tonne. Inferred mineral resources increased by 3.0 million tonnes to 8.3 million tonnes of ore grading 2.5 grams per tonne. The decrease of indicated mineral resources reflected the successful conversion of resources to reserves, especially in the Suuri Deep and Roura Deep zones.

The successful deep drilling program in 2010 at the Roura Deep zone, which is located immediately below the Roura zone and north of the Suuri Deep zone, has confirmed that most of the Roura ore lenses are present in the Roura Deep zone and most of the ore lenses in the Suuri Deep zone continue north to the Roura Deep zone. The gold mineralization is open at depth and to the north, and these areas will be further tested in 2012.

An extensive resource-to-reserve conversion drilling campaign was carried out at Suuri, Roura and Roura-N in 2010. As a result of this work, probable reserves increased by 106,343 ounces from Roura and Roura-N, but drilling at Suuri did not increase reserves significantly. Roura North and Rimpi-S will be the main targets for resource-to-reserve conversion drilling in 2011.

Outside of the Kittila mining licence area, systematic geochemical sampling and diamond drilling continued on targets along the Suurikuusikko Trend, and a number of new targets were tested by diamond drilling. Encouraging results were received from a new gold zone in the Kuotko area located approximately ten kilometres north of the mine construction site as well as from the Hako area located one kilometre north of the mining licence area. A total of 242 diamond drill holes totalling 54,033 metres have been drilled on exploration targets outside of the mining licence area from 2006 to 2010.

The 2011 exploration budget for the Kittila Mine is approximately $17.3 million ($11.0 million for minesite exploration, $3.2 million for resource-to-reserve conversion and $3.0 million for construction of an exploration ramp at the 600-metre mine level between 500 and 600 metres below the surface), and includes over 66,000 metres in diamond drilling (34,200 metres for minesite exploration and 22,000 metres for resource-to-reserve conversion), using up to seven drills throughout the year to help further identify the gold reserve and resource potential of the Kittila property. In addition, $1.2 million of exploration expenditures, including an estimated 10,000 metres of diamond drilling, is planned for exploration along the 25-kilometre Suurikuusikko Trend.

Lapa Mine

The Lapa Mine, which achieved commercial production in May 2009, is located approximately 11 kilometres east of the LaRonde Mine near Cadillac, Quebec. At December 31, 2010, the Lapa Mine was estimated to contain proven and probable mineral reserves of 0.7 million ounces of gold comprised of 2.8 million tonnes of ore grading 7.4 grams per tonne. The Lapa property is made up of the Tonawanda property, which consists of 43 contiguous mining claims and one provincial mining lease covering an aggregate of 702.4 hectares, and the Zulapa property, which consists of one mining concession of 93.5 hectares.

Location Map of the Lapa Mine

The Company's initial interest in the Lapa property was acquired in 2002 through an option agreement with Breakwater Resources Ltd. ("Breakwater"). The Company undertook an aggressive exploration program and discovered a new gold deposit almost 300 metres below the surface. In 2003, the Company purchased the Lapa property from Breakwater for a payment of $8.9 million, a 1% net smelter return royalty on the Tonawanda property and a 0.5% net smelter return royalty on the Zulapa property. In 2008, the Company purchased all royalties from Breakwater for C$6.35 million. In addition, both the Zulapa and Tonawanda properties are subject to a 5% net profit royalty payable to Alfer Inc. and René Amyot. In 2004, an additional claim of 9.4 hectares was added to the Company's holdings at the Lapa Mine. In January 2009, a mining lease covering 66.8 hectares was entered into with the Ministry of Natural Resources and Wildlife (Quebec).

The Lapa Mine is accessible by provincial highway. The elevation varies between approximately 320 and 390 metres above sea level. All of the Lapa Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. All of the water required at the Lapa Mine is sourced from the Heva river located 3.5 kilometres to the south of the mine. The water is pumped into an existing open pit nearby the property that has been allowed to flood and from which the mine is supplied. The topography slopes relatively gently from north to south. The property is generally covered by a boreal-type forest consisting mainly of black spruce and white pine with minor amounts of birch and poplar.

For additional information regarding the Abitibi region in which the Lapa Mine is located, see " Property, Plant and Equipment LaRonde Mine".

Gold production during 2011 at the Lapa Mine is expected to be approximately 125,000 ounces at estimated total cash costs per ounce of approximately $518.

Mining and Milling Facilities

Surface Plan of the Lapa Mine

The Lapa site hosts an underground mining operation and the ore is trucked to the processing facility at the LaRonde Mine, which has been modified to treat the ore, recover the gold and store the residues. Tailings from the Lapa Mine are deposited in the tailings pond at the LaRonde Mine.

In July 2004, the Company initiated the sinking of an 825-metre deep shaft at the Lapa property. In April 2006, 2,800 tonnes of ore development was extracted at Lapa and was estimated to contain on average 10.65 grams of gold per tonne. These results and results from other sampling methods were incorporated into a feasibility study and in June 2006, the Company accelerated construction of the Lapa Mine. This construction included extending the shaft to a depth of 1,369 metres, which was completed in October 2007. Significant additional construction was required in order for the Lapa Mine to achieve commercial production in May 2009, including the construction of the mill.

Mining Methods

Two underground mining methods are used at the Lapa Mine: longitudinal retreat with cemented backfill and locally transverse open stoping with cemented backfill. Sublevels are driven at 30-metre vertical intervals. Stopes are mined in 12-metre sections and backfilled with 100% cemented rock fill. Excavated ore from the Lapa site is trucked via provincial highway to the processing facility at the LaRonde Mine.

Surface Facilities

The infrastructure on the Lapa property includes the refurbished former LaRonde Shaft #1 headframe and shafthouse, service buildings, temporary offices, a settling pond for waste water, dry facilities, an ore bin, a diesel reservoir and a cement plant. In November 2007, lateral development began on three horizons. A backfill plant was commissioned in December 2008 and the sedimentation pond was extended in 2007 to control suspended solids from underground dewatering discharge.

Ore at the Lapa Mine is processed through grinding, gravity and leaching circuits. Dedicated milling facilities have been integrated into the mill at the LaRonde Mine. Based on an average ore head grade of 8.30 grams per tonne, gold recovery averaged 79.94% in 2010. During the fourth quarter of 2010, recovery averaged 82.68% after modifications to the gravity circuit in 2010 and is expected to be at the target of 83.0% in 2011. In addition, the Company is attempting to reduce the mining dilution caused by weaker than expected rock conditions in the south wall, which is mainly composed of talc chlorite schist.

Mineral Recoveries

In 2010, the Lapa Mine produced 571,279 tonnes of ore grading 8.26 grams of gold per tonne and 19,540 tonnes of ore were added to the stockpile. The Lapa processing facility treated 551,739 tonnes of ore in 2010 (approximately 1,512 tonnes per day) and operated at about 96.5% of available time.

	Head Grades	Gold in Dore Produced	Overall Metal Recoveries	Payable Production
Gold	8.30 g/t	117,456 oz	79.94%	117,456 oz

Environmental Matters

Water used underground at the Lapa Mine was initially re-circulated from mine dewatering after settling in the sedimentation pond. The re-circulation led to ammonia content in the water, and the Company experienced occasional toxicity problems in the water pond in 2008 and 2009. To address the ammonia content in the water, the Company built a 3.5-kilometre pipeline to obtain fresh water from the Heva River. The pipeline was commissioned in November 2009. The Company also commissioned a water treatment plant on site in 2010, which was completed in the fourth quarter of 2010, to reduce the ammonia from mine dewatering. Output is currently within the target range at approximately ten parts per million of ammonia and average efficiency is at approximately 70%. Optimization of the plant is ongoing.

A sedimentation pond is used to remove suspended solids from the dewatering water before either release to the environment or re-use in the underground mining operation. The waste rock pile naturally drains towards the sedimentation pond. A waste rock sampling program implemented during the shaft sinking phase verified the non-acid generating nature of the waste rock. Water effluent from the sedimentation pond is being sampled as required under the Quebec mining effluent guidelines, and is expected to comply with the water quality criteria. The mill residues will be sent to the LaRonde tailings area.

There are no known environmental liabilities associated with the Lapa site. The Certificates of Authorization to proceed with mine production and with mill construction were issued by the Ministry of Sustainable Development, Environment and Parks (Quebec) in October and December 2007, respectively. The Certificate of Authorization for mill and tailings production was received in 2008.

Capital Expenditures

The Company incurred approximately $33 million in capital expenditures at the Lapa Mine in 2010 and expects to incur approximately $18.2 million in 2011 of which $8.4 million relates to deferred development, $4.1 million to sustaining capital expenditures (including underground construction and mining equipment) and $5.7 million for exploration.

Development

In 2010, a total of 7,765 metres of lateral development was completed. Development focused on permanent drifts (ramps and haulage way) and stope preparation of mining blocks set for production in 2010 and 2011. Development work was done on three separate horizons: Level 77, Level 101 and Level 125.

Geology, Mineralization and Exploration

Geology

The Lapa property is geologically similar to the LaRonde property and is also located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Subprovince and the Pontiac Subprovince within the Superior Province of the

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Canadian Shield. The most important regional structure is the CLL fault zone marking the contact between the Abitibi and Pontiac Subprovinces. The fault zone passes through the property from west to east, and is marked by schists and mafic to ultramafic volcanic flows that comprise the Piché group (up to approximately 300 metres thick in the mine area). On the Lapa property, the fault zone displays a "Z" shaped fold to which all of the lithologic groups in the region conform. Feldspathic dykes cut the Piché group, especially near the fold. North of the Piché group lies the Cadillac sedimentary group, which consists of 500 metres or more of well-banded wacke, conglomerate and siltstone with intercalations of iron formation. The Pontiac group sedimentary rocks (up to approximately 300 metres thick) that occur to the south of the Piché group are similar to the Cadillac group but do not contain conglomerate nor iron formation.

Mineralization

All of the known gold mineralization along the CLL fault zone is epigenetic (late) vein type, controlled by the structure. The mineralization is associated with the fault zone and occurs within or immediately adjacent to the Piché group rocks.

The Lapa deposit is comprised of the Contact zone and five satellite zones. The Contact zone accounts for approximately 85% of the mineral reserves.

The ore zones are made up of multiple quartz veins and veinlets, often smoky and anastomosing, within a sheared and altered envelope containing minor sulphides and visible gold. The Contact zone is generally located at the contact between the Piché group and the Cadillac group. The satellite zones are located within the Piché group at a distance varying from ten to 50 metres from the contact with the Cadillac group, except for the Contact North zone, which is located approximately ten metres north of the Contact zone within the Cadillac group. The sheared envelope consists of millimetre-thick foliation bands of biotite or sericite with silica and, in places, cuts across rock units. Quartz veins and millimetre-sized veinlets parallel to the foliation account for 5% to 25% of the mineralization. Visible gold is common in the veins and veinlets but can also be found in the altered host rock. Sulphides account for 1% to 3% of the mineralization; the most common sulphides, in order of decreasing importance, are arsenopyrite, pyrite, pyrrhotite and stibnite. Graphite is also rarely observed as inclusions in smoky quartz veins.

The Contact and satellite zones are tabular mineralized envelopes oriented east-west and dipping very steeply to the north, turning south at depth. The economic portion of the zone has been traced from depths of approximately 450 metres to more than 1,300 metres below surface. The Contact zone has an average strike length of 300 metres, varies in thickness from 2.8 to 5.0 metres and is open at depth. Locally some thicker intervals have been intersected but their continuity has not been demonstrated. The satellite zones have thicknesses similar to the Contact zone.

Exploration

Diamond drilling in 2010 concentrated on confirming and expanding the known orebodies (Contact zone and the other satellite zones) in the immediate vicinity of the ore zones. The exploration program at the Lapa Mine in 2010 primarily tested the eastern area of the Contact zone reserve at roughly 1,000 metres depth below the surface and 300 metres east of the Contact zone reserve limit. Good results, including visible gold, were returned and additional resources were identified. The 2011 program will focus on expanding mineral resources in this area. Overall, there was a reduction of approximately 167,000 ounces of gold in reserves at Lapa from 2009 to 2010 after mining 150,000 ounces of gold. The net reduction of 17,000 ounces in reserves was a result of a lower-than-expected grade from 2010 delineation diamond drilling in the lower portion of the mine. Mineral resources at the Lapa Mine remained mostly unchanged. These results are incorporated in the December 31, 2010 mineral reserve and resource estimates.

In 2010, a total of 264 holes were drilled on the Lapa property for a total length of 25,660 metres, compared to 353 holes for a total length of 24,945 metres in 2009. Of the drilling in 2010, 207 holes (13,263 metres) were for production stope delineation, 8 holes (1,477 metres) were for definition drilling and 49 holes (10,920 metres) were for exploration. In 2009, 322 holes (19,248 metres) were for production stope delineation, 7 holes (1,451 metres) were for definition drilling and 24 holes (4,247 metres) were for deep exploration. Expenditure on diamond drilling at the Lapa Mine during 2010 was approximately $2.0 million including $1.27 million in definition and delineation drilling expenses charged to operating costs.

In 2011, the Company expects to spend $5.7 million on exploration, including $3.6 million on the excavation of a track drift toward the east. In 2011, 34% of the exploration drilling budget will be used for exploration in close vicinity of the mine infrastructure and 66% will be used for drilling from the exploration drift.

Pinos Altos Mine

The Pinos Altos Mine commenced commercial production in November 2009. It is located on an 11,000-hectare property in the Sierra Madre gold belt, 285 kilometres west of the City of Chihuahua in the State of Chihuahua in northern Mexico. At December 31, 2010, the Pinos Altos Mine was estimated to contain proven and probable mineral reserves of 3.3 million ounces of gold and 92 million ounces of silver comprised of 44.2 million tonnes of ore grading 2.30 grams of gold per tonne and 64.78 grams of silver per tonne. The Pinos Altos property is made up of three blocks: the Parrena Concessions (19 concessions, 6,041.1 hectares), the Madrono Concessions (17 concessions, 873.3 hectares) and the Pinos Altos Concession (one concession, 4,192.2 hectares).

Location Map of the Pinos Altos Mine

The Madrono Concessions (which cover approximately 74% of the current mineral resources) are subject to a net smelter royalty of 3.5% payable to Minerales El Madrono S.A. de C.V. ("Madrono"). The Pinos Altos Concession (which covers approximately 26% of the current mineral resources) is subject to a 2.5% net smelter return royalty payable to the Consejo de Recursos Minerales, a Mexican Federal Government agency. After 2029, this portion of the property will also be subject to a 3.5% net smelter return royalty payable to Madrono. The assets at Pinos Altos acquired by the Company in 2006 included an assignment of rights under contracts to explore and exploit the Madrono Concessions and the Pinos Altos Concession, the right to use up to 400 hectares of land owned by Madrono for mining installations for a period of 20 years after formal mining operations have been initiated and sole ownership of the Parrena Concessions. During 2008, the Company and Madrono entered an agreement under which the Company acquired further surface rights for open pit mining operations and additional facilities. Infrastructure payments, surface rights payments and advance royalty payments totalling $35.5 million were made to Madrono in 2009 in respect of this agreement.

In 2006, the Company concluded negotiations with communal land owners (ejidos) and others for the purchase of 5,745 hectares of land contained within the Parrena and Pinos Altos Concessions. In addition, a temporary occupation agreement with a 30-year term expiring in 2036 was negotiated with ejido Jesus del Monte for 1,470 hectares of land covered by these same concession blocks. The acquisition of these surface rights for the geologically prospective lands within the district surrounding Pinos Altos will facilitate future exploration and mining development in these areas.

The Pinos Altos Mine is directly accessible by a paved interstate highway that links the cities of Chihuahua and Hermosillo and is within ten kilometres of an extension of the state power grid. Existing and planned underground mine workings will intercept water resources sufficient to sustain the requirements for future operation. The land position is sufficient for

construction of all planned surface, infrastructure and mining facilities at the Pinos Altos Mine, including its tailings impoundment area. The Company further believes that a sufficient local and trained workforce is available in northern Mexico to support the operation of the mine.

The Pinos Altos property is characterized by moderate to rough terrain with mixed forest (pine and oak) and altitudes that vary from 1,770 metres to 2,490 metres above sea level. The climate is sub-humid, with about one metre of annual precipitation. The average annual temperature is 18.3 degrees Celsius. Exploration and mining work can be carried out year-round.

In August 2007, on the basis of an independently reviewed feasibility study, the Company approved construction of a mine at Pinos Altos. The mine achieved commercial production in November 2009.

The Pinos Altos Mine produced 131,097 ounces of gold and 1,186,452 ounces of silver in 2010 at total cash costs per ounce of gold of $425. In 2011, gold production is expected to be approximately 199,000 ounces and silver production is expected to be approximately 2.1 million ounces from Pinos Altos, including operations at Creston Mascota. Total cash costs per ounce of gold are forecast at approximately $406. Over the period of 2011 to 2026, combined gold production from Pinos Altos, including Creston Mascota, is expected to average approximately 170,000 ounces of gold per year.

Based on a feasibility study prepared in 2009, the Company determined to build a stand-alone heap leach operation at the satellite Creston Mascota open pit deposit. Creston Mascota is expected to produce approximately 50,000 ounces of gold per year during its five-year mine life. Capital costs in connection with the project are expected to total $62 million, of which approximately $7 million will be incurred in 2011. The first gold pour from Creston Mascota occurred on December 28, 2010 and payable gold production in 2010 was 665.6 ounces. Commercial production from Creston Mascota is expected to be achieved in the second quarter of 2011.

The Company has engaged the local communities in the project area with hiring, education support and medical support programs to ensure that the project provides long-term benefits to the residents living and working in the region. The Company received formal recognition from the Governor of Chihuahua State in April 2008 for distinction as a socially responsible company. In 2010, for the third consecutive year, the Company was designated a socially responsible company by the Mexian Centre for Philanthropy and the Alliance for Social Responsibility of Enterprises. Approximately two-thirds of the operating workforce at Pinos Altos are locally hired and more than 99% of the permanent workforce are Mexican nationals.

Mining and Milling Facilities

Surface Plan of the Pinos Altos Mine

In 2010, the first full year of operations at Pinos Altos, most of the ore supplied to the mill was from open pit operations. The first stopes from the underground operation were mined in the second quarter of the year. Two additional tailings filters were installed at the Pinos Altos mill to alleviate below expected levels of throughput, and during the fourth quarter of 2010, the Pinos Altos mill processed, on average, 4,501 tonnes of ore per day or approximately 112.5% of the original design capacity of 4,000 tonnes per day. In addition, an underground paste backfill plant was installed and commissioned in 2010. Construction of the heap leach operation at Creston Mascota was more than 90% complete at the end of 2010 and pre-production mining and processing had commenced by year-end.

Mining Methods

The surface operations at the Pinos Altos Mine use traditional open pit mining techniques with bench heights of seven metres with double benches on the footwall and single benching on the hanging wall. Mining is accomplished with front end loaders, trucks, track drills and various support equipment. Based upon geotechnical evaluations, the final pit slopes will vary between 45 degrees and 50 degrees. Performance at the open pit mining operation at Pinos Altos during 2010 continues to indicate that the equipment, mining methods and personnel selected for the project are satisfactory for future production phases. Approximately 29 million tonnes of ore, overburden and waste were mined during 2010, which exceeded the planned design capacity of 25 million tonnes per year. During the first ten years of the project's life, it is expected that approximately half of the ore volume processed will be derived from open pit operations, principally at Santo Niño, Oberon de Weber and Creston Mascota. Underground mine production will produce the balance of the ore for the processing plant.

The underground mine, which commenced operations in the second quarter of 2010, uses the long hole sublevel stoping method to extract the ore. The Company has considerable expertise with this mining method, having used the same method at the LaRonde Mine in Quebec. This method has also been used at various other Mexican mining operations. The stope height is planned at 30 metres and the stope width at 15 metres. Ore is hauled to the surface utilizing underground trucks via a ramp system. The paste backfill system and ventilation system were commissioned in the fourth quarter of 2010 and are now fully operational. During 2010, approximately 331,000 tonnes of ore were mined from the underground portion of the mine. At full capacity, the underground mine is expected to produce a maximum of 4,000 tonnes of ore per day. Performance of the underground mine continues to indicate that the equipment, mining methods, ground control and personnel selected are satisfactory for future production phases. A scoping study is expected to be completed in the

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fourth quarter of 2011 to evaluate the potential benefit of building a shaft installation to improve the efficiency of the underground mine. Total lateral development completed as of December 31, 2010 was approximately 17 kilometres.

Surface Facilities

The principal mineral processing facilities at the Pinos Altos Mine are designed to process 4,000 tonnes of ore per day in a conventional process plant circuit which includes single-stage crushing, grinding in a SAG and ball mill in closed loop, gravity separation followed by agitated leaching, counter-current decantation and metals recovery in the Merrill-Crowe process. Tailings are detoxified and filtered and then used for paste backfill in the underground mine or deposited as dry tailings in an engineered tailings impoundment area. During the initial operation of the mill in the fourth quarter of 2009 and the first two quarters of 2010, the tailings filtration capacity was insufficient to allow processing of the original design capacity of 4,000 tonnes per day due to the presence of more alteration and clay in the near-surface mineralization than had been previously expected. This capacity limitation was resolved by the installation of two additional tailings filters and, by the fourth quarter of 2010, the tailings filtration capacity was in excess of 4,000 tonnes per day. Low grade ore at Pinos Altos is processed in a heap leach system designed to accommodate approximately five million tonnes of mineralized material over the life of the project, the production from heap leach operations is expected to be relatively minor, contributing about 5% of total metal production planned for the life of the mine.

A separate heap leach operation and ancillary support facilities were built at the Creston Mascota deposit, which is designed to process approximately 4,000 tonnes of ore per day in a three stage crushing, agglomeration and heap leach circuit with carbon adsorption. This project began commissioning in the latter part of 2010, with commercial production expected in the second quarter of 2011. Based on early performance of the mine and process facilities at Creston Mascota, the equipment, mining methods and personnel are satisfactory for completion of the planned production phases. Creston Mascota is expected to produce approximately 50,000 ounces of gold per year during a five-year mine life.

Surface facilities at the Pinos Altos Mine include a heap leach pad, pond, liner and pumping system; administrative support offices and change room facilities; camp facilities; a laboratory; a process plant shop; a maintenance shop; a generated power station; surface power transmission lines and substations; the engineered tailings management system; and a warehouse.

Over the life of the mine, recoveries of gold and silver in the milling circuit at Pinos Altos (other than from the Creston Mascota operation) are expected to average approximately 94% and 50%, respectively. Precious metals recovery from low grade ore processed in the Pinos Altos heap leach facility will average about 68% for gold and 12% for silver. Heap leach recoveries for Creston Mascota ore are expected to average 71% for gold and 16% for silver.

Mineral Recoveries

During 2010, the Pinos Altos mill processed 1.3 million tonnes of ore, averaging approximately 3,637 tonnes of ore treated per day and operating at approximately 95.9% of available time. The following table sets out the metal recoveries at the Pinos Altos mill in 2010.

	Head Grade	Dore Produced	Overall Metal Recovery	Payable Production
Gold	2.90 g/t	115,907 oz	93.54%	115,666 oz
Silver	64.99 g/t	1,119,627 oz	40.2%	1,104,820 oz

An additional 990,781 tonnes of ore were processed and placed on the heap leach pad with an average grade of 0.71 grams of gold per tonne and 21.15 grams of silver per tonne. Cumulative metals recovery on the heap leach pad are 52.5% gold and 9.9% silver. Heap leach recovery is following the expected cumulative recovery curve and it is expected that the ultimate recovery of 68% for gold and 12% for silver will be achieved when leaching is completed.

Total metal production (from mill and heap leach) at Pinos Altos, including Creston Mascota, during 2010 was 131,097 ounces of gold and 1,186,352 ounces of silver.

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Environmental Matters

The Pinos Altos Mine has received the necessary permit authorizations for construction and operation of a mine, including a Change of Land Use permit and an Environmental Impact Study approval from the Mexican environmental agency ("SEMARNAT"). As of December 31, 2010, all permits necessary for the operation of the Pinos Altos Mine, including the operations at the Creston Mascota deposit, had been received and requests for modifications to allow for future expansion of facilities, including at the Creston Mascota deposit, had been approved or were under review by SEMARNAT. Pinos Altos uses the dry stack tailings technology to minimize the geotechnical and environmental risk that can be associated with the rainfall intensities and topographic relief in the Sierra Madre region of Mexico. All of the Mexican environmental regulatory requirements are expected to be met or exceeded by the Pinos Altos Mine (including operations at the Creston Mascota deposit).

Capital Expenditures

Capital expenditures at the Pinos Altos Mine during 2010 were approximately $61.0 million. Capital expenditures relating to operations at the Creston Mascota deposit during 2010 were approximately $43.4 million.

The Company expects sustaining capital expenditures at Pinos Altos to be approximately $4.8 million in 2011 with average sustaining capital of approximately $3.7 million per year for a projected mine life of approximately 15 years. Approximately $0.5 million in development capital is forecast at Creston Mascota in 2011 with sustaining capital of $0.9 million during its anticipated five year mine life.

Development

At December 31, 2010 more than 77.7 million tonnes of overburden had been removed from the open pit mine at Pinos Altos and more than 16.9 kilometres of lateral development had been completed in the underground mine. At Creston Mascota, approximately 3.8 million tonnes of ore and overburden had been removed from the open pit mine as of December 31, 2010.

Geology, Mineralization and Exploration

Geology

The Pinos Altos Mine is in the northern part of the Sierra Madre geologic province, on the northeast margin of the Ocampo Caldera, which hosts many epithermal gold and silver occurrences including the nearby Ocampo mining operation and Moris mine.

The property is underlain by Tertiary-age (less than 45 million years old) volcanic and intrusive rocks that have been disturbed by faulting. The volcanic rocks belong to the lower volcanic complex and the discordantly-overlying upper volcanic supergroup. The lower volcanic complex is represented on the property by the Navosaigame conglomerates (including thinly-bedded sandstone and siltstone) and the El Madrono volcanics (felsic tuffs and lavas intercalated with rhyolitic tuffs, sandy volcanoclastics and sediments). The upper volcanic group is made up of the Victoria ignimbrites (explosive felsic volcanics), the Frijolar andesites (massive to flow-banded, porphyritic flows) and the Buenavista ignimbrites (dacitic to rhyolitic pyroclastics).

Intermediate and felsic dykes as well as rhyolitic domes intrude all of these units. The Santo Niño andesite is a dyke that intrudes along the Santo Niño fault zone.

Structure on the property is dominated by a 10-kilometre by 3-kilometre horst, a fault-uplifted block structure oriented west-northwest, that is bounded on the south by the south-dipping Santo Niño fault and on the north by the north-dipping Reyna de Plata fault. Quartz-gold vein deposits are emplaced along these faults and along transfer faults that splay from the Santo Niño fault.

Mineralization

Gold and silver mineralization at the Pinos Altos Mine consists of low sulphidation epithermal type hydrothermal veins and breccias. The Santo Niño structure outcrops over a distance of roughly six kilometres. It strikes at 060 degrees azimuth on its eastern portion and turns to strike roughly 090 degrees azimuth on its western fringe. The structure dips at 70 degrees towards the south. The four mineralized sectors hosted by the Santo Niño structure consist of discontinuous quartz rich lenses named from east to west: El Apache, Oberon de Weber, Santo Niño and Cerro Colorado.

The El Apache lens is the most weakly mineralized. The area hosts a weakly developed white quartz dominated breccia. Gold values are low and erratic over its roughly 750 metre strike length. Past drilling suggests that this zone is of limited extent at depth.

The Oberon de Weber lens has been followed on surface and by diamond drilling over an extent of roughly 500 metres. Shallow holes drilled by the Company show good continuity both in grade and thickness over roughly 550 metres. From previous drilling done by Penoles, continuity at depth appears to be erratic with a weakly defined western rake.

The Santo Niño lens is the most vertically extensive of these lenses. It has been traced to a depth of approximately 750 metres below surface. The vein is followed on surface over a distance of 550 metres and discontinuously up to 650 metres. Beyond its western and eastern extents, the Santo Niño andesite is massive and only weakly altered. Gold grades found are systematically associated with green quartz brecciated andesite.

The Cerro Colorado lens is structurally more complex than the three described above. Near the surface, it is marked by a complex superposition of brittle faults with mineralized zones which are difficult to correlate from hole to hole. Its relation to the Santo Niño fault zone is not clearly defined. Two deeper holes drilled by the Company during this campaign suggest better grade continuity at depth.

The San Eligio zone is located approximately 250 metres north of Santo Niño. The host rock is brecciated Victoria Ignimbrite with, rarely, stockworks. There is no andesite in this sector. Unlike the other lenses, the San Eligio lens dips towards the north. The lateral extent seems to be continuous for 950 metres. Its average width is five metres and never exceeds 15 metres. Surface mapping and prospecting has suggested good potential for additional mineralization on strike and at depths below 150 metres. Visible gold has been seen in the drill core.

The minerals present are indicative of an oxidized, epithermal, low sulphidation (and likely low sulphide) precious metals vein system rich in silver. The temperature of formation is thought to have been below 300 degrees Celsius, as no selenium minerals have been found to date. The presence of kaolinite and dickite are indicative of an acidic environment. The presence of hematite crystals in the centre of acanthite indicates that the deposit was probably formed under oxidative conditions.

Several other promising zones are associated with the horst feature in the northwest part of the property. The Creston Mascota deposit is 7 kilometres northwest of the Santo Niño deposit, and is similar but dips shallowly to the west. Creston Mascota is about 1,000 metres long and 4 to 40 metres wide, and extends from surface to more than 200 metres depth. The deposit will be exploited by open pit and heap leach starting in 2011. Ore production began in July 2010, with the first gold poured in December 2010.

Exploration

In 2010, minesite exploration activities were primarily focused on definition and delineation of the resources at Santo Niño, Oberon de Weber, San Eligio and Creston Mascota. A total of 14.9 kilometres of minesite exploration drilling, 5.7 kilometres of definition drilling and 10.6 kilometres of delineation drilling were completed during the year. Regional exploration in 2010 focused on the El Cubiro, Sinter and Reyna de Plata prospects. Diamond drilling consisted of 36.5 kilometres in 107 drill holes. Detailed geological and structural mapping and sampling was done in the El Cubiro, Mascota and Cerro la Plata areas. More than 14,000 core samples and 1,777 rock samples were sent to a certified laboratory and assayed mainly for gold and silver.

The recently discovered Cubiro mineralization is two kilometres west of Creston Mascota. Cubiro is a surface deposit that strikes northwest, has a steep dip and has been followed along strike for approximately 850 metres. Drilling has intersected significant gold and silver mineralization up to 30 metres wide. The Cubiro deposit is split by a fault that caused 200 metres of displacement to the west, which has been traced by drilling. The zone is still open to the west and possibly at depth and to the east.

The Sinter zone is 1,500 metres north northeast of the Santo Niño zone and is part of the Reyna de Plata gold structure. The steeply dipping mineralization is four to 35 metres wide and almost 900 metres long, with over 350 metres of vertical depth. Sinter is being evaluated for its open pit mining and heap leach potential.

Meadowbank Mine

The Meadowbank Mine, which achieved commercial production in March 2010, is located in the Third Portage Lake area in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. At December 31, 2010, the Meadowbank Mine was estimated to contain proven and probable mineral reserves of 3.49 million ounces of gold comprised of 34.10 million tonnes of ore grading 3.18 grams of gold per tonne. The Company acquired its 100% interest in the Meadowbank Mine in 2007 as the result of the acquisition of Cumberland (see " History and Development of the Company").

The fresh water required for domestic camp use, mining and milling is obtained from the intake barge at Third Portage Lake. Power is supplied by a 29-megawatt diesel electric power generation plant with heat recovery.

Location Map of the Meadowbank Mine

The Meadowbank Mine is held under ten Crown mining leases, three exploration concessions and 57 Crown mineral claims. The Crown mining leases, which cover the Portage, Goose Island and Goose South deposits, are administered under federal legislation. The mining leases, which have renewable ten-year terms, have no annual work commitments but are subject to annual rent fees that vary according to their renewal date. The mining leases cover approximately 7,400 hectares and expire in either 2016 or 2019. Annual rent currently totals C$18,273. The production lease with the KIA is a surface lease covering 1,354 hectares and requires payment of C$124,530 annually. Production from subsurface lease areas is subject to a royalty of up to 14% of the adjusted net profits, as defined in the Territorial Mining Regulations. In order to conduct exploration on the Inuit-owned lands at Meadowbank, the Company must receive approval for an annual work proposal from the KIA, the body that holds the surface rights in the Kivalliq District and administers land use in the region through various boards. The Nunavut Water Board, one such board, provided the recommendation to the Ministry of Indian Affairs and Northern Development (Canada) to grant the Meadowbank

Mine's construction and operating licences in July 2008. The Company has obtained all of the approvals and licences required to build and operate the Meadowbank Mine.

The three Meadowbank exploration concessions comprise approximately 23,100 hectares and are granted by Nunavut Tunngavik, the corporation responsible for administering subsurface mineral rights on Inuit-owned lands in Nunavut. Exploration concessions cover the Vault deposit at Meadowbank and in 2011 will require annual rental fees of approximately C$92,504 and exploration expenses of approximately C$693,780. During the exploration phase, the concessions can be held for up to 20 years and the concessions can be converted into production leases with annual fees of C$1 per hectare, but no annual work commitments. Production from the concessions is subject to a 12% net profits interest royalty from which annual deductions are limited to 85% of the gross revenue.

The 57 Crown mineral claims cover approximately 54,131 hectares at Meadowbank and are subject to land fees and work commitments. Land fees are payable only when work is filed. The most recent filing was in 2009, when approximately C$5,911 in land fees were paid and approximately C$292,410 in assessment work was submitted.

The Kivalliq region in which the Meadowbank Mine is located has an arid arctic climate. The Meadowbank property is situated in an area characterized by low, rolling hills that are covered predominantly in heath tundra with numerous lakes and ponds. Elevation ranges from approximately 130 metres at lakeshores up to 200 metres on ridge crests. Operations at the Meadowbank Mine are expected to be year-round with only minor weather-related interruptions to mining operations; however, these interruptions are not expected to affect ore availability for milling operations or other operating activities.

The Meadowbank Mine is accessible from Baker Lake, located 70 kilometres to the south, over a 110-kilometre all-weather road completed in March 2008. Baker Lake provides 2.5 months of summer shipping access via Hudson Bay and year-round airport facilities. The Meadowbank Mine also has a 1,100-metre long gravel airstrip, permitting access by air. The Company will use ocean transportation for fuel, equipment, bulk materials and supplies from Montreal, Quebec, (or Hudson Bay port facilities) via barges and ships into Baker Lake during the summer port access period that starts at the end of July in each year. Fuel and supplies are transported year-round to the site from Baker Lake by conventional tractor trailer units using an all-weather private access road. Transportation for personnel and air cargo are provided on scheduled or chartered flights. The permanent bases for employees from which to service the Meadowbank Mine are Val D'Or and Montreal in Quebec and the Kivalliq communities. Since February 2009, all chartered flights have landed directly at Meadowbank.

The Meadowbank Mine achieved commercial production in March 2010 and produced 265,659 ounces of gold in 2010 at total cash costs per ounce of $693 and the Company expects that the Meadowbank Mine will produce an average of 399,000 ounces of gold per year from 2012 to 2015 with total cash costs per ounce expected to average $511 over these years. In 2011, total cash costs at Meadowbank are expected to be approximately $597 per ounce. In 2012, the total cash costs per ounce are forecast to rise to approximately $655. Both of these levels are considerably higher than the life of mine average due to relatively high stripping ratios in those years.

In 2011, payable gold production at Meadowbank is expected to be approximately 362,000 ounces, reflecting a slower than expected ramp-up to design rates as a result of crushing issues.

A feasibility study is currently underway for the potential construction of an underground exploration ramp at the southern end of the deposit in order to allow exploration below the 500-metre level and south of the Goose pit. Drilling done in 2009 and 2010 on the underground resource increased continuity over a 700-metre strike length and up to 500 metres at depth. Results of the feasibility study are expected in the second quarter of 2011.

Mining and Milling Facilities

Surface Plan of the Meadowbank Mine

Meadowbank has three major deposits that have sufficient drilling definition to sustain reserves: Portage, Goose and Vault. By the end of 2009, all of the camp infrastructure (dormitories and kitchen), a mill, a service building shop and generator buildings were built. All required aggregates used in the mining process are produced from waste material taken from the north end of the Portage pit. In 2008, a dyke was constructed to fully access the north half of the Portage pit in preparation for pit development in 2009 in order to have it ready for production in 2010. Construction of a second major dyke (the Bay-Goose dyke) to access the southern portion of Portage and the Goose Island pits commenced in the summer of 2009 and is expected to be completed in April 2011. Three dykes (Saddle Dam 1 and 2 and Stormwater Dykes) were also built for the impoundment of tailings in 2009 and 2010. In 2011, the Company will construct an eight-kilometre access road to service the Vault pit and will build the first phase of an additional major dyke (Central Dyke), which is required for the impoundment of the tailings for the life of the mine. Also, the Company is currently planning, subject to receipt of the required permits, to extend the airstrip to accommodate the landing of a Boeing 737.

Mining Methods

Mining at the Meadowbank Mine is done by open pit with trucks and excavators. Ore is extracted conventionally using drilling and blasting with truck haulage to a primary gyratory crusher located adjacent to the mill. The marginal-grade material (that is, material grading under the cut-off grade at a gold price of $1,000 per ounce but which has the potential of increasing reserves at the end of the mine life if metal prices justify the processing of such material) is separated and

stockpiled for future processing. Also, a sub-grade material stockpile (that is, material for which extraction and stockpile has already been paid and currently grades too low to be processed) will be created for potential processing at the end of the mine life. Waste rock is hauled to one of two waste storage areas on the property used for dyke construction or fill material or dumped into selective areas of the open pits that have previously been mined out. Mining will initially be concentrated in the Portage pit area. Waste material from the pre-stripping will be used as bulk construction materials for dykes, as well as for construction fill material around the site.

During pre-production, ore grade material was stockpiled close to the primary crusher. From 2009 through 2013, all of the ore is scheduled to be sourced from the Portage pit. Waste material will be used to complete the construction of the Bay-Goose, Central, Stormwater and 7 Saddle Dam dykes, with the remaining waste hauled to a primary dump north of Second Portage Lake.

With the completion of the Bay-Goose dyke, the Goose Island pit will be brought into production in 2013. The Company anticipates that these two pits will operate concurrently for a period of two years, from 2013 through 2014. Waste stripping is scheduled to commence in the Vault pit in 2014, with the start of ore mining anticipated in 2014 as the Goose Island pit becomes depleted. During the last four years of the current mine life, estimated to begin in 2015, mining will be exclusively from the Vault pit.

Surface Facilities

The accommodations complex at the Meadowbank Mine consists of a permanent camp with capacity for 364 employees and a temporary camp to accommodate 200 extra workers. The camp is supported with a sewage treatment, solid waste disposal and potable water plant. In 2008, the exploration group was relocated eight kilometres south of the minesite location to a separate camp with an 80-person capacity.

Plant site facilities include a mill building, a maintenance mechanical shop building, a generator building, an assay lab and a heavy vehicle maintenance shop. A structure comprised of two separate crushers will flank the main process complex. Power is supplied by an 29-megawatt diesel electric power generation plant with heat recovery and an onsite fuel storage (five million litres) and distribution system. The mill-service-power complex is connected to the accommodations complex by enclosed corridors. In addition, the Company will build peripheral infrastructure including tailings and waste impoundment areas.

Facilities constructed at Baker Lake include a barge landing site located three kilometres east of the community and a storage compound. A fuel storage and distribution complex with a 40-million litre capacity has been built next to the barge landing facility.

The process design is based on a conventional gold plant flowsheet consisting of two-stage crushing, grinding, gravity concentration, cyanide leaching and gold recovery in a CIP circuit. The mill is designed for year-round operations with a design capacity of 8,500 tonnes per day. The overall gold recovery is projected to be approximately 93.4%, based on projections from metallurgical test work, with approximately 40% typically recovered in the gravity circuit.

The run-of-mine ore is transported to the crusher using an off-road truck. The ore is dumped into the gyratory crusher or into designated ore-type stockpiles. The product from the primary crusher is conveyed to the cone crusher in closed circuit with a vibrating screen. The crushed ore is delivered to the coarse ore stockpile and ore from the stockpile is conveyed to the mill. The grinding circuit is comprised of a primary SAG mill operated in open circuit and a secondary ball mill operated in closed circuit with cyclones. A portion of the cyclone underflow stream is sent to the concentrator, which separates the heavy minerals from the ore. The grinding circuit incorporates a gravity process to recover free gold and the free gold concentrate is leached in an intensive cyanide leach-direct electrowinning recovery process.

The cyclone overflow is sent to the grinding thickener. The clarified overflow is recycled to the grinding circuit and thickened underflow is pumped to a pre-aeration and leach circuit. The cyanide circuit consists of seven tanks providing approximately 42 hours retention time. The leached slurry flows to a train of six CIP tanks. Gold in the solution flowing from the leaching circuit is adsorbed into the activated carbon. Gold is recovered from the carbon in a Zadra elution circuit and is recovered from the solution using an electrowinning recovery process. The gold sludge is then poured into dore bars using an electric induction furnace.

The CIP tailings are treated for the destruction of cyanide using the standard sulphur-dioxide-air process. The detoxified tailings are then pumped to the permanent tailings facility. The tailings storage is designed for zero discharge, with all process water being reclaimed for re-use in the mill to minimize the water requirements.

Mineral Recoveries

Gold recoveries are expected to average 93.4% for all deposits. The different ore zones have slightly different grind sensitivities to gold recovery and, as such, different particle size distributions are recommended as target grinds in the process. The use of a slightly coarser grind for the Vault ores will allow all three of the ore zones to be processed at a consistent process throughput.

During 2010, gold recovery averaged 93.95%. Approximately two million tonnes of ore were processed, averaging 6,422 tonnes of ore per day with the mill operating 84% of available time. The following table sets out the metal recoveries contained for the 2.04 million tonnes of ore extracted at the Meadowbank Mine in 2010.

	Head Grade	Overall Metal Recovery	Payable Production
Gold	4.33 g/t	93.9%	265,659 oz

Environmental Matters (including Inuit Impact and Benefit Agreement)

The development of the Meadowbank Mine was subject to an extensive environmental review process under the Nunavut Land Claims Agreement administered by the Nunavut Impact Review Board (the "NIRB"). On December 30, 2006, a predecessor to the Company received the Project Certificate from the NIRB, which includes the terms and conditions to ensure the integrity of the development process. The Nunavut Water Board provided the recommendation to the Ministry of Indian Affairs and Northern Development (Canada) to grant the Meadowbank Mine's construction and operation under a water licence in July 2008.

In February 2007, a predecessor to the Company and the Nunavut government signed a Development Partnership Agreement (the "DPA") with respect to the Meadowbank Mine. The DPA provides a framework for stakeholders including the federal and municipal governments and the KIA, to maximize the long-term socio-economic benefits of the Meadowbank Mine to Nunavut.

An Inuit Impact Benefit Agreement for the Meadowbank Mine (the "IIBA") was signed with the KIA in March 2006. The IIBA ensures that local employment, training and business opportunities arising from all phases of the project are accessible to the Kivalliq Inuit. The IIBA also outlines the special considerations and compensation that Cumberland agreed to provide to the Inuit regarding traditional, social and cultural matters.

The Company currently holds a renewable exploration lease from the KIA that expires December 31, 2015. In July 2008, the Company signed a production lease for the construction and the operation of the mine, the mill and all related activities. In April 2008, the Company and KIA signed a water compensation agreement for the Meadowbank Mine addressing Inuit rights under the Land Claims Agreement respecting compensation for water use and water impacts associated with the project.

The Meadowbank Mine consists of several gold-bearing deposits: Portage, Goose and Vault. A series of six dykes have or will be built to isolate the mining activities from neighbouring lakes. Waste rock from the Portage, Goose Island and Vault pits will be stored in the Portage and Vault rock storage facility. The control strategy to minimize the onset of oxidation and the subsequent generation of acid mine drainage includes freeze control of the waste rock through permafrost encapsulation and capping with an insulating convective layer of neutralizing rock (ultramafic and non-acid generating volcanic rocks). Because the site is underlain by about 450 metres of permafrost, the waste rock below the capping layer is expected to freeze, resulting in low rates of acid rock drainage generation in the long term.

Tailings are stored in the Second Portage arm. Initially the tailings will be deposited in a subaqueous environment, but the majority of tailings will be deposited on tailings beaches. A reclamation pond will be operated within the tailings storage facility. The control strategy to minimize water infiltration into the tailings storage facility and the migration of constituents out of the facility includes freeze control of the tailings through permafrost encapsulation. A four-metre-thick dry cover of acid neutralizing ultramafic rockfill will be placed over the tailings as an insulating convective layer to confine the permafrost active layer within relatively inert materials.

The water management objective for the project is to minimize the potential impact on the quality of surface water and groundwater resources at the site. Diversion ditches will be constructed to avoid the contact of clean runoff water with areas affected by the mine or mining activities. Contact water originating from affected areas will be intercepted, collected,

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conveyed to the tailings storage facility for re-use in process or decanted to treatment (if needed) prior to release to receiving lakes.

Capital Expenditures/Development

A total of $54 million has been budgeted to be spent at the Meadowbank Mine (excluding exploration) in 2011, including $15 million on dyke construction, $26 million on sustaining capital and equipment and $13 million on the construction of a new secondary crushing plant.

The Meadowbank Mine started production in 2010. Total capital costs of construction incurred since the date of acquisition by the Company amounted to $721 million. The mine life is expected to be ten years.

Geology, Mineralization and Exploration

Geology

The Meadowbank Mine comprises a number of Archean-age gold deposits hosted within polydeformed volcanic and sedimentary rocks of the Woodburn Lake Group, part of the Western Churchill supergroup in northern Canada.

Three minable gold deposits Goose, Portage and Vault have been discovered along the 25-kilometre long Meadowbank gold trend, and the PDF deposit (a fourth deposit) has been outlined on the northeast gold trend. These known gold resources are within 225 metres of the surface, making the project amenable to open pit mining.

Mineralization

The predominant mineralization found in the Portage and Goose deposits is pyrrhotite, which is found as a replacement of magnetite in the oxide facies iron formation host rock. To a lesser extent, pyrite and chalcopyrite may be found and, on rare occasions, arsenopyrite may be associated with the other sulphides. The mineralization is usually restricted to several metres in length laterally, but vertically may extend to over several hundred metres. The sulphides primarily occur as narrow stringers or bands of disseminated sulphides that almost always crosscut the main foliation and/or bedding which would imply an epigenetic mode of emplacement. The percentage of sulphides is quite variable and may range from trace to semi-massive amounts over several centimetres to several metres in length. The higher gold grades and the occasional occurrence of visible gold are almost always associated with greater than 20% sulphide content.

The main mineralized banded iron formation unit is bounded by an ultramafic unit to the west which locally occurs interlayered with the banded iron formation and to the east by an intermediate to felsic metavolcaniclastic unit.

In the Vault deposit, pyrite is the principal ore bearing sulphide. The disseminated sulphides occur along sheared horizons that have been sericitized and silicified. These zones are several metres wide and may continue for hundreds of metres along strike and down dip.

Three of the four known gold deposits are currently planned to be mined. The Goose Island and Portage deposits are hosted within highly deformed, magnetite-rich iron formation rocks, while intermediate volcanic rock assemblages host the majority of the mineralization at the more northerly Vault deposit. The fourth deposit, PDF, shows the same characteristics as Vault, though it is not currently anticipated to be a mineable deposit.

Defined over a 1.85-kilometre strike length and across lateral extents ranging from 100 to 230 metres, the geometry of the Portage deposit consists of general north-northwest-striking ore zones that are highly folded. The mineralization in the lower limb of the fold is typically six to eight metres in true thickness, reaching up to 20 metres in the hinge area.

The Goose Island deposit is located just south of the Portage deposit and is also associated with iron formation but exhibits different geometry, with a north-south trend and a steep westerly dip. Mineralized zones typically occur as a single unit near surface, splaying into several limbs at depth. The deposit is currently defined over a 750-metre strike length and down to 500 metres at depth (mainly in the southern end), with true thicknesses of three to 12 metres (reaching up to 20 metres locally). The Goose underground resource (100 to 500 metres at depth) extends 700 metres to the south of the Goose pit. The ore zones show the same characteristics as the Goose pit which is two to five main zones sub-parallel and undulating. The average thickness rarely exceeds three to five metres.

The Vault deposit is located seven kilometres northeast of the Portage and Goose deposits. It is planar and shallow-dipping with a defined strike of 1,100 metres. The deposit has been disturbed by two sets of normal faults striking east-west and north-south and dipping moderately to the southeast and steeply to the east, respectively. The main lens has an average true thickness of eight to 12 metres, reaching as high as 18 metres

locally. The hanging wall lenses are typically three to five metres, and up to seven metres, in true thickness.

Exploration

Grass roots exploration in the project area began as early as 1980. As some interesting targets arose, several companies conducted various types of work between 1980 and 2007. Throughout these years, six deposits were the main focus of exploration: Portage, Cannu, Bay Zone, Goose, Vault and PDF. Over time, the Cannu, Bay Zone and Portage deposits were combined into one mineable deposit referred to as Portage. Exploration has extended the Goose Island deposit southward, adding the Goose South and Gosling zones.

In 2009, the mine exploration group took over the pit and adjacent areas. Three goals were targeted: exploration drilling, resource conversion and waste pad condemnation.

Diamond drilling is used for exploration at Meadowbank. In 2010, the focus of mine exploration was on testing the underground potential at the Goose deposit, resource conversions at the Vault deposit and on the south continuity at the Portage and Goose deposits. On the Goose underground deposit, a total of 32 holes for 17,570 metres were drilled from 200 to 750 metres in depth. These holes greatly increased the continuity and understanding of the mineralization distribution. On the Vault deposit, a total of 39 holes for 5,943 metres were drilled from 25 to 200 metres in depth. These holes were aimed at converting resources close to the pit shell and also to extending resources to the south-west continuity towards the Turn Lake porphyry. On the southern portion of the Portage deposit, a total of 18 holes for 7,408 metres were drilled from 50 to 250 metres in depth with the aim of converting resources directly south of Portage pit and other inferred occurrences within a close proximity to the pit. On the Goose south trend, a total of 13 holes for 7,320 metres were drilled from 150 to 250 metres in depth. These holes were aimed at following the south trend of the Portage-Goose iron formation.

In 2010, 113 holes totalling 29,822 metres were drilled at Meadowbank. The drilling was predominantly to expand the Goose deposit at depth and towards the south, as well as to conduct infill drilling in areas where large gaps occurred between auriferous intersections. The program was successful in expanding the Goose deposit at depth and towards the south.

For 2011, the mine exploration program has four main goals: exploring the southern trend of the Goose deposit at depth; exploring the Goose underground deposit towards the south to extend resources; following-up on the regional results of testing on the far west iron formation and the geophysics of the Turn Lake porphyry completed in 2010; and continuing resource conversion work initiated on the Vault deposit in 2010. The program will be completed in phases and conducted between January and June 2011.

Drilling carried out in 2009 and 2010 returned significant results on the Goose underground and Vault deposits. At the Goose underground deposit, the increase in indicated mineral resources comes from a confirmation of continuity towards the south and at depth. At the Vault deposit, the increase in mineral reserves is the result of converting resources to reserves along the east pit wall. Positive drill results show continuity of mineralization toward the southwest, indicating that the pit can be expanded in that direction.

Meliadine Project

The Meliadine project is an advanced exploration property located near the western shore of Hudson Bay in the Kivalliq region of Nunavut, about 25 kilometres north of the hamlet of Rankin Inlet and 290 kilometres southeast of the Meadowbank Mine. The closest major city is Winnipeg, Manitoba, about 1,500 kilometres to the south.

Agnico-Eagle acquired its 100% interest in the Meliadine project through its acquisition of Comaplex in July 2010 (see " History and Development of the Company").

The mineral reserves and resources of the Meliadine project are estimated at December 31, 2010, to contain probable mineral reserves of 2.6 million ounces of gold comprised of 9.47 million tonnes of ore grading 8.54 grams per tonne. In addition, the project has 8.8 million tonnes of indicated mineral resources grading 5.21 grams of gold per tonne, and 11.8 million tonnes of inferred mineral resources grading 6.94 grams of gold per tonne.

The Meliadine property is a large, almost entirely contiguous land package that is nearly 80 kilometres long. It consists of 52,173 hectares of mineral rights, of which 51,285 hectares are held under the Canada Mining Regulations and administered by the Department of Indian Affairs and Northern Development and referred to as Crown Land. The Crown Land is made up of mining claims covering 887 hectares and mineral leases covering 51,285 hectares. There are also 3,719 hectares of subsurface Nunavut Tunngavik Inc. concessions administered by a division of the Nunavut Territorial government.

The Kivalliq region has an arid arctic climate. The Meliadine property is mainly covered by glacial overburden with the presence of deep-seated permafrost. The property is about 60 metres above sea level in low-lying topography with numerous lakes. Surface waters are usually frozen by early October and remain frozen until early June. Surface geological

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work can be carried out from mid-May to mid-October, while exploration drilling can take place throughout the year, though is reduced in January and February due to cold and darkness.

Equipment, fuel and dry goods are transported on the annual warm-weather sealift by barge to Rankin Inlet via Hudson Bay. Ocean-going barges from Churchill, Manitoba or eastern Canadian ports can access the community from late June to early October. Churchill, which is approximately 470 kilometres south of Rankin Inlet, has a deep-water port facility and a year-round rail link to locations to the south.

Personnel, perishables and lighter goods arrive at the Rankin Inlet regional airport by commercial or charter airline, from which they can be flown to the property by chartered helicopter. An all-weather gravel road extends from Rankin Inlet to the Meliadine River, approximately 15 kilometres away from the property, but there is winter-road access for tracked vehicles from Rankin Inlet directly to the Meliadine exploration camp from late December to mid-May. The Company proposes to build a 27.4-kilometre long open access all-weather road linking Rankin Inlet with the project site to support the underground program. A project description of the road was submitted to the NIRB in January 2011. It proposes the continuation of the existing road from Char River to the project site, with a small section being built to the edge of the Meliadine Lake near the Discovery deposit. This road would potentially be built in 2011 and 2012.

Exploration personnel for the Meliadine project are mainly sourced from other parts of Canada on a fly-in/fly-out rotation from Winnipeg, Manitoba, approximately 1,500 kilometres south of the Meliadine property, although there is preferential employment of qualified people from the Kivalliq region. The hamlet of Rankin Inlet has developed a strong taskforce of entrepreneurs that provide a wide variety of services, such as freight expediting, equipment supply and outfitting.

Location Map of the Meliadine Project

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Facilities

Surface Plan of the Meliadine Project

Current facilities at the Meliadine project include the Meliadine exploration camp located on the shore of Meliadine Lake, approximately 2.3 kilometres north of the Tiriganiaq deposit. The camp is constructed of Weatherhaven tents and can accommodate up to 80 personnel. Covered wooden walkways connect all tents to the washrooms and kitchen facilities. A 100-person, self-contained trailer camp, complete with two diesel generators, will be installed adjacent to the existing exploration camp in early 2011.

Power is currently generated using diesel generators for the Meliadine exploration camp on an as-required basis. Potable water for the Meliadine camp is pumped from Meliadine Lake and water for the previous underground operations and surface drill programmes is pumped from Pump Lake. The current water licence allows for a maximum daily water use of 290 cubic metres (Meliadine West), while a request for an amendment to the water licence was filed in October 2010 with the Nunavut Water Board (Meliadine East) to increase water use to 299 cubic metres per day.

The Meliadine exploration camp has an incinerator on site to burn all flammable materials, such as camp and food wastes. Plastics and metal objects, along with incinerator ash, are set aside for transport to be disposed of in the Rankin Inlet landfill. All hazardous and liquid wastes are held at the Meliadine site for transport to a waste management company in southern Canada.

Sewage has been treated through a Biodisk treatment system since the summer of 2010. Run-off water is contained in the primary water containment area and released only when sampling results meet acceptable water quality standards. Routine water sampling has been conducted since the mid-1990s and reported annually to the authorities.

The Meliadine East camp on Atulik Lake was decommissioned during the summer of 2010 with completion in the winter of 2010 and 2011. The core shack and storage building remain at the former camp site.

An underground portal allowing access to an exploration decline was built at the Tiriganiaq deposit in 2007 and 2008 in order to extract a bulk sample for study purposes. A waste rock and ore storage pad was generated during excavation of the decline and a sampling tower was installed for processing the bulk sample. There is a two-kilometre road between the Meliadine exploration camp and the portal site.

The feasibility study that is underway is considering, among other things, the location of potential open pit and underground mines, ore storage areas, a mineral processing plant site and tailings storage and waste rock disposal areas.

Environmental Matters (including Inuit Impact Benefit Agreement)

Land and environmental management in the region of the Meliadine project is generally governed by the provisions of the Nunavut Land Claims Agreement ("NLCA"). Pursuant to the NLCA, land use leases must be obtained from the KIA. The Meliadine project has been granted a commercial lease for exploration and underground development activity, a prospecting and land use lease for exploration and development activities, an exploration land use lease for exploration and drilling on the Inuit-owned lands of Meliadine East and a parcel drilling permit for drilling activity on Inuit-owned lands. A number of right-of-way leases covering road access to the Meliadine property and esker quarrying on the Inuit-owned lands were also granted by the KIA.

Pursuant to the NLCA, an exploration water licence and a bulk sample water licence were granted by the Nunavut Water Board (the "NWB"). An application was made to the NIRB and the NWB for the construction of an access road to the Meliadine camp to be able to carry out the exploration program year-round.

A Project Certificate from the NIRB is the next approval required by the Meliadine project. Other operating permits and licences can only be issued after such Project Certificate is received. An Inuit Impact Benefit Agreement and an Inuit Water Compensation Agreement will also need to be negotiated with the KIA.

Geology, Mineralization and Exploration

Geology and Mineralization

Archean volcanic and sedimentary rocks of the Meliadine greenstone belt underlie the property, which is mainly covered by glacial overburden with deep-seated permafrost and is part of the Western Churchill supergroup in northern Canada. The rock layers have been folded, sheared and metamorphosed, and have been truncated by the Pyke Fault, a regional structure that extends the entire 80-kilometre length of the large property.

The Pyke Fault appears to control gold mineralization on the Meliadine property. At the southern edge of the fault is a series of oxide iron formations that host all six Meliadine deposits currently known. The deposits consist of multiple lodes of mesothermal quartz-vein stockworks, laminated veins and sulphidized iron formation mineralization with strike lengths of up to three kilometres. The Upper Oxide iron formation hosts the Tiriganiaq and Wolf North zones. The two Lower Lean iron formations contain the F Zone, Pump, Wolf Main and Wesmeg deposits, which are all within five kilometres of Tiriganiaq. The Discovery deposit is 17 kilometres east southeast of Tiriganiaq and is hosted by the Upper Oxide iron formation. Each of these deposits has mineralization within 120 metres of surface, making them potentially mineable by open pit methods. They also have deeper ore that could potentially be mined with underground methods.

Exploration

The Meliadine property has been explored for gold from 1987 through 2010 at a cost of C$166.8 million by former owners Asamera Inc., Rio Algom Limited, Comaplex, Cumberland and Western Mining International, as well as the Company and numerous reputable consultants. For many years the property was divided into two halves Meliadine East and Meliadine West which were consolidated into the Meliadine property in December 2009. A detailed history of exploration on the property is given in a technical report by the Company posted on SEDAR on March 8, 2011.

Lack of outcropping bedrock in the area resulted in the use of high-density magnetic surveying followed by diamond drilling as the most common and successful exploration strategy on the property. This has included 193,318 metres of drilling in 682 holes from 1993 through 2010, as well as geophysical surveying, prospecting and sampling. In 2007 and 2008, there was an underground exploration and bulk sample program on the Tiriganiaq deposit. This was followed by a Preliminary Assessment for the property in 2009, which indicated the potential of the project to support a mining operation.

In 2010, there were 128 exploration drill holes (32,000 metres) at Meliadine, of which 53% were drilled by the Company after acquiring the property in July 2010. Agnico-Eagle spent $10 million on exploration from July through December 2010.

The Company initiated a $62 million exploration diamond drilling program in February 2011. Approximately 200,000 metres of drilling is planned through early 2013, mainly to convert mineral resources to reserves at Tiriganiaq. Another $68 million has been budgeted through early 2013 to complete an underground bulk sample, feasibility study, permitting and the construction of an all-weather road linking the project to Rankin Inlet.

Regional Exploration Activities

During 2010, the Company continued to actively explore in Quebec, Ontario, Nunavut, Nevada, Finland, Mexico and Argentina. The Canadian exploration activities were focused on the Ellison/Bousquet and Maritime/Lapa mining camps in Quebec, as well as on the Meadowbank property in Nunavut where activities were conducted both within and outside the mining lease and the newly acquired Meliadine project, also in Nunavut. In the United States, exploration activities during 2010 were concentrated on the West Pequop project located in northeast Nevada. At the LaRonde, Goldex, Lapa, Pinos Altos and Kittila Mines, the Company continued aggressive exploration programs around the current mines. Most of the exploration budget was spent on drilling programs near the mine infrastructure, along previously recognized gold trends.

At the end of 2010, the Company's land holdings in Canada consisted of 78 projects comprised of 2,911 mineral titles covering an aggregate of 222,825 hectares. Land holdings in the United States consisted of 11 properties comprised of 3,058 mineral titles covering an aggregate of 26,176 hectares. Land holdings in Finland consisted of three groups of properties comprised of 136 mineral titles covering an aggregate of 11,949 hectares. Land holdings in Mexico consisted of three projects comprised of 43 mining concession titles covering an aggregate of 58,340 hectares. Land holdings in Argentina consisted of one project with two mineral titles covering an aggregate of 2,691 hectares.

The total amount spent on regional exploration in 2010 was $48.2 million, which included drilling 500 holes for an aggregate of approximately 125 kilometres. The budget for regional exploration expenditures in 2011 is approximately $101 million, including approximately 214 kilometres of drilling.

Mineral Reserves and Mineral Resources

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Mineral Resources

This section uses the terms "measured mineral resources" and "indicated mineral resources". Investors are advised that while these terms are recognized and required by Canadian regulations, the SEC does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into mineral reserves**.

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

This section uses the term "inferred mineral resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that any part or all of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred mineral resource exists, or is economically or legally mineable**.

The preparation of the information set forth below with respect to the mineral reserves at the LaRonde Mine (which includes mineral reserves at the LaRonde Mine extension), the Goldex, Lapa, Kittila, Pinos Altos, Meadowbank Mines and the Meliadine project has been supervised by the Company's Vice-President, Project Development, Marc Legault, P.Eng, a "qualified person" as that term is defined in NI 43-101. The Company's mineral reserves estimate was derived from internally generated data or audited reports.

The criteria set forth in NI 43-101 for reserve definitions and guidelines for classification of mineral reserve are similar to those used by Guide 7. However, the definitions in NI 43-101 differ in certain respects from those under Guide 7. Under Guide 7, among other things, a mineral reserve estimate must have a "final" or "bankable" feasibility study. Guide 7 also requires the use of commodity prices that reflect current economic conditions at the time of reserve determination which Staff of the SEC has interpreted to mean historic three-year average prices. In addition to the differences noted above, Guide 7 does not recognize mineral resources.

The assumptions used for the 2010 mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2010 of $1,024 per ounce gold, $16.62 per ounce silver, $0.86 per pound zinc, $2.97 per pound copper, $0.90 per pound lead and exchange rates of C$1.08 per $1.00, 12.43 Mexican pesos per $1.00 and $1.40 per €1.00. The assumptions used for the 2009 mineral reserves and resources estimate used by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2009 of $848 per ounce gold, $14.35 per ounce silver, $1.03 per pound zinc, $3.15 per pound copper, $0.97 per pound lead and exchange rates of C$1.09 per $1.00, 11.00 Mexican pesos per $1.00 and $1.37 per €1.00. The assumptions used for the 2008 mineral reserves and resources estimate reported by the Company in this Form 20-F were based on three-year average prices for the period ending December 31, 2008 of $725 per ounce gold, $13.32 per ounce silver, $1.27 per pound zinc, $3.15 per pound copper and exchange rates of C$1.09 per $1.00, 11.00 Mexican pesos per $1.00 and $1.37 per €1.00. Other assumptions used for estimating 2009 and 2008 mineral reserve and resource information may be found in the Company's annual filings in respect of the years ended December 31, 2009 and

December 31, 2008, respectively. Set out below are the reserve estimates as calculated in accordance with NI 43-101 and Guide 7, respectively (tonnages and contained gold quantities are rounded to the nearest thousand):

	National Instrument 43-101			Industry Guide No. 7		
Property	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**
Proven Reserves						
LaRonde (underground)	4,838,000	2.36	366,000	4,838,000	2.36	366,000
Goldex (underground)	14,804,000	1.87	890,000	14,804,000	1.87	890,000
Kittila (open pit)	395,000	4.19	53,000	395,000	4.19	53,000
Kittila (underground)	8,000	6.00	2,000	8,000	6.00	2,000
Kittila total proven	403,000	4.23	55,000	403,000	4.23	55,000
Lapa (underground)	1,122,000	7.24	261,000	1,122,000	7.24	261,000
Pinos Altos (open pit)	1,078,000	0.89	31,000	1,078,000	0.89	31,000
Pinos Altos (underground)	1,786,000	2.52	144,000	1,786,000	2.52	144,000
Pinos Altos total proven	2,864,000	1.90	175,000	2,864,000	1.90	175,000
Meadowbank (open pit)	839,000	3.13	85,000	839,000	3.13	85,000
Total Proven Reserves	**24,870,000**	**2.29**	**1,832,000**	**24,870,000**	**2.29**	**1,832,000**
Probable Reserves						
LaRonde (underground)	29,892,000	4.63	4,452,000	29,892,000	4.63	4,452,000
Goldex (underground)	12,990,000	1.62	676,000	12,990,000	1.62	676,000
Kittila (open pit)	1,657,000	5.28	281,000	1,657,000	5.28	281,000
Kittila (underground)	30,672,000	4.61	4,544,000	30,672,000	4.61	4,544,000
Kittila total probable	32,329,000	4.64	4,825,000	32,329,000	4.64	4,825,000
Lapa (underground)	1,709,000	7.56	416,000	1,709,000	7.56	416,000
Meliadine (open pit)	4,287,000	6.91	953,000	4,287,000	6.91	953,000

Meliadine (underground)	5,180,000	9.89	1,647,000	5,180,000	9.89	1,647,000
Meliadine total probable	9,467,000	8.54	2,600,000	9,467,000	8.54	2,600,000
Pinos Altos (open pit)	16,987,000	1.98	1,083,000	16,987,000	1.98	1,083,000
Pinos Altos (underground)	24,311,000	2.58	2,013,000	24,311,000	2.58	2,013,000
Pinos Altos total probable	41,298,000	2.33	3,096,000	41,298,000	2.33	3,096,000
Meadowbank (open pit)	33,259,000	3.18	3,402,000	33,259,000	3.18	3,402,000
Total Probable Reserves	**160,944,000**	**3.76**	**19,467,000**	**160,944,000**	**3.76**	**19,467,000**
Total Proven and Probable Reserves	**185,814,000**	**3.57**	**21,299,000**	**185,814,000**	**3.57**	**21,299,000**

In the following tables setting out mineral reserve information about the Company's mineral projects, tonnage information is rounded to the nearest thousand tonnes, the total contained gold ounces stated do not include equivalent gold ounces for byproduct metals contained in the mineral reserve and the reported metal grades in the estimates represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve and mineral resource figures presented in this Form 20-F are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

LaRonde Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves tonnes	3,200,000	2,700,000	2,300,000
Average grade gold grams per tonne	3.07	3.37	3.95
Probable mineral reserves tonnes	27,900,000	26,500,000	26,500,000
Average grade gold grams per tonne	4.90	5.16	5.23
Zinc			
Proven mineral reserves tonnes	1,600,000	2,100,000	1,800,000
Average grade gold grams per tonne	0.95	1.03	1.19
Probable tonnes	2,000,000	3,100,000	5,200,000
Average grade gold grams per tonne	1.01	0.99	0.94
Total proven and probable mineral reserves tonnes	**34,700,000**	**34,400,000**	**35,800,000**
Average grade gold grams per tonne	**4.32**	**4.39**	**4.32**
Total contained gold ounces	**4,818,000**	**4,849,000**	**4,974,000**

Notes:

(1) The 2010 proven and probable mineral reserves set forth in the table above are based on a net smelter return cut-off value of the ore that varies between C$71.00 per tonne and C$80.00 per tonne depending on the deposit. The Company's historical metallurgical recovery rates at the LaRonde Mine from January 1, 2004 to December 31, 2010 averaged 90.0% for gold, 88.2% for silver, 81.1% for zinc, 88.6% for copper and 21.8% for lead. The Company estimates that a 10% change in the gold price would result in an approximate 0.5% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the LaRonde Mine contained indicated mineral resources of 6.9 million tonnes grading 1.89 grams of gold per tonne and inferred mineral resources of 11.5 million tonnes grading 3.72 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the LaRonde

Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	Probable	Total
December 31, 2009	4,755	29,625	34,380
Mined in 2010	2,592	0	2,592
Revision	2,675	267	2,942
December 31, 2010	**4,838**	**29,892**	**34,729**

(4)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the LaRonde Mine may be found in the Technical Report on the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR on March 23, 2005.

Goldex Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves tonnes	14,804,000	5,217,000	434,000
Average grade gold grams per tonne	1.87	2.02	1.95
Probable mineral reserves tonnes	12,990,000	19,524,000	23,391,000
Average grade gold grams per tonne	1.62	2.06	2.05
Total proven and probable mineral reserves tonnes	**27,794,000**	**24,741,000**	**23,825,000**
Average grade gold grams per tonne	**1.75**	**2.05**	**2.05**
Total contained gold ounces	**1,566,000**	**1,630,000**	**1,571,000**

Notes:

(1) The 2010 proven and probable mineral reserves were estimated using an assumed metallurgical gold recovery of 92.2%. Mining costs were estimated to be C$20.21 per tonne. The cut-off grade used for mineral reserves was between 0.7 grams of gold per tonne and 0.9 grams of gold per tonne, depending on the zone. The Company estimates that a 10% change in the gold price would result in no change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Goldex Mine contained indicated mineral resources of 8.3 million tonnes grading 1.77 grams of gold per tonne and inferred mineral resources of 25.8 million tonnes grading 1.67 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Goldex Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	5,217	19,524	24,741

Mined in 2010	824	1,958	2,782
Revision	10,411	(4,576)	5,835
December 31, 2010	**14,804**	**12,990**	**27,794**

(4)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Goldex Mine may be found in the Technical Report on the Estimation of Mineral Resource and Reserves for the Goldex Extension Zone filed with the Canadian securities regulatory authorities on SEDAR on October 27, 2005.

Kittila Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves tonnes	403,000	257,000	199,000
Average grade gold grams per tonne	4.23	3.71	4.84
Probable mineral reserves tonnes	32,329,000	25,704,000	21,171,000
Average grade gold grams per tonne	4.64	4.83	4.69
Total proven and probable mineral reserves tonnes	**32,732,000**	**25,961,000**	**21,370,000**
Average grade gold grams per tonne	**4.64**	**4.82**	**4.69**
Total contained gold ounces	**4,880,000**	**4,025,000**	**3,225,000**

Notes:

(1)

The 2010 proven and probable mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 89.3%. Gold cut-off grades used were 1.85 grams per tonne, undiluted (1.65 grams per tonne, diluted) for open pit reserves and between 2.97 grams per tonne and 3.24 grams per tonne, undiluted (between 2.52 grams per tonne and 2.79 grams per tonne, diluted), depending on the deposit, for underground reserves. The open pit operating cost is estimated to be €33.99 per tonne, while the underground operating cost is estimated to vary between €52.06 per tonne and €57.65 per tonne, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 5% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2010, the Kittila Mine contained indicated mineral resources of 15.3 million tonnes grading 2.41 grams of gold per tonne and inferred mineral resources of 8.3 million tonnes grading 2.50 grams of gold per tonne.

(3)

The breakdown of proven and probable mineral reserves between planned open pit operations and underground operations at the Kittila Mine (with tonnage and contained ounces rounded to the nearest thousand) is:

Category	**Mining Method**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**

Proven mineral reserve	Open pit	395,000	4.19	53,000
Proven mineral reserve	Underground	8,000	6.00	2,000
Total proven mineral reserve		**403,000**	**4.23**	**55,000**
Probable mineral reserve	Open pit	1,657,000	5.28	281,000
Probable mineral reserve	Underground	30,672,000	4.61	4,544,000
Total probable mineral reserve		**32,329,000**	**4.64**	**4,826,000**

(4)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Kittila Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	257	25,704	25,961
Mined in 2010	960	0	960
Revision	1,106	6,625	7,731
December 31, 2010	**403**	**32,329**	**32,732**

(5)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Kittila Mine may be found in the Technical Report on the December 31, 2009, Mineral Resource and Mineral Reserve Estimate and the Suuri Extension Project, Kittila Mine, Finland, filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010.

Lapa Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves tonnes	1,122,000	897,000	23,000
Average grade gold grams per tonne	7.24	8.33	7.53
Probable mineral reserves tonnes	1,709,000	2,319,000	3,730,000
Average grade gold grams per tonne	7.56	8.09	8.80
Total proven and probable mineral reserves tonnes	**2,831,000**	**3,216,000**	**3,753,000**
Average grade gold grams per tonne	**7.43**	**8.16**	**8.79**
Total contained gold ounces	**677,000**	**843,000**	**1,061,000**

Notes:

(1) The 2010 mineral reserve and mineral resource estimates were calculated using an assumed metallurgical gold recovery of 80% and a cut-off grade of 4.1 grams of gold per tonne. The operating cost per tonne estimate for the Lapa Mine was C$115.86. The Company estimates that a 10% change in the gold price would result in an approximate 7% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Lapa Mine contained indicated mineral resources of 1.8 million tonnes grading 4.10 grams of gold per tonne and inferred mineral resources of 0.5 million tonnes grading 8.27 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Lapa Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	897	2,319	3,216

Mined in 2010	519	0	519
Revision	744	(610)	134
December 31, 2010	**1,122**	**1,709**	**2,831**

(4)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Lapa Mine may be found in the Technical Report on the Lapa Gold Project, Cadillac Township, Quebec, Canada filed with Canadian securities regulatory authorities on SEDAR on June 8, 2006.

Pinos Altos Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold and Silver			
Proven mineral reserves tonnes	2,864,000	880,000	97,000
Average gold grade grams per tonne	1.90	1.51	1.35
Average silver grade grams per tonne	54.06	26.53	19.08
Probable mineral reserves tonnes	41,298,000	41,080,000	41,669,000
Average gold grade grams per tonne	2.33	2.54	2.68
Average silver grade grams per tonne	65.53	70.31	74.61
Total proven and probable mineral reserves tonnes	**44,162,000**	**41,960,000**	**41,766,000**
Average gold grade grams per tonne	**2.30**	**2.52**	**2.68**
Average silver grade grams per tonne	**64.78**	**69.39**	**74.48**
Total contained gold ounces	**3,271,000**	**3,396,000**	**3,593,000**
Total contained silver ounces	**91,982,000**	**93,613,000**	**100,010,000**

Notes:

(1)

The 2010 proven and probable mineral reserve estimate is based on a net smelter return cut-off value of the open pit ore between $5.81 per tonne and $22.08 per tonne, depending on the deposit, and a net smelter return cut-off value of the underground ore of $43.30 per tonne. The metallurgical gold recovery used in the reserve estimate varied between 59% and 96.5%, depending on the deposit. The metallurgical silver recovery used in the reserve estimate varied between 11% and 52.0%, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 2% change in mineral reserves.

(2)

In addition to the mineral reserves set out above, at December 31, 2010, the Pinos Altos Mine contained indicated mineral resources of 25.6 million tonnes grading 1.02 grams of gold per tonne and 21.34 grams of silver per tonne and inferred mineral resources of 25.7 million tonnes grading 1.09 grams of gold per tonne and 23.46 grams of silver per tonne.

(3)

The proven and probable mineral reserves of the Pinos Altos Mine set forth in the table above include stockpiled proven mineral reserves from the Creston Mascota deposit of 0.4 million tonnes grading

1.01 grams of gold per tonne and 3.23 grams of silver per tonne and probable mineral reserves from the Creston Mascota deposit of 7.2 million tonnes grading 1.52 grams of gold per tonne and 15.82 grams of silver per tonne. The indicated mineral resource at the Pinos Altos Mine also includes indicated mineral resources from the Creston Mascota deposit of 5.3 million tonnes grading 0.72 grams of gold per tonne and 6.78 grams of silver per tonne. The inferred mineral resource at the Pinos Altos Mine also includes inferred mineral resources from the Creston Mascota deposit of 2.5 million tonnes grading 0.88 grams of gold per tonne and 8.16 grams of silver per tonne.

(4)

The breakdown of mineral reserves between planned open pit operations and underground operations at the Pinos Altos Mine (with tonnage and contained ounces rounded to the nearest thousand) is:

Category	Mining Method	Tonnes	Gold Grade (g/t)	Silver Grade (g/t)	Contained Gold (oz)	Contained Silver (oz)
Proven mineral reserve	Open pit stock pile	1,078,000	0.89	13.26	31,000	460,000
Proven mineral reserve	Underground	1,786,000	2.52	78.68	144,000	4,518,000
Total proven mineral reserve		**2,864,000**	**1.90**	**54.06**	**175,000**	**4,977,400**
Probable mineral reserve	Open pit	16,987,000	1.98	45.34	1,083,000	24,761,000
Probable mineral reserve	Underground	24,311,000	2.58	79.64	2,013,000	62,243,000
Total probable mineral reserve		**41,298,000**	**2.33**	**65.53**	**3,096,000**	**87,004,000**

(5)

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Pinos Altos Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	Probable	Total
December 31, 2009	880	41,080	41,960
Mined in 2010	2,437	0	2,437
Revision	4,421	218	4,639
December 31, 2010	**2,864**	**41,298**	**44,162**

(6)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Pinos Altos Mine may be found in the Pinos Altos Gold-Silver Mining Project, Chihuahua State, Mexico, Technical Report on the Mineral Resources and Reserves as of December 31, 2008 filed with the Canadian securities regulatory authorities on SEDAR on March 25, 2009.

Meadowbank Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves tonnes	839,000	600,000	
Average grade gold grams per tonne	3.13	4.57	
Probable mineral reserves tonnes	33,259,000	31,600,000	32,773,000
Average grade gold grams per tonne	3.18	3.51	3.45
Total proven and probable mineral reserves tonnes	**34,098,000**	**32,200,000**	**32,773,000**
Average grade gold grams per tonne	**3.18**	**3.53**	**3.45**

Total contained gold ounces	**3,486,000**	**3,655,000**	**3,638,000**

Notes:

(1) The 2010 mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 93.1%. The cut-off grade used to determine the open pit reserves varied from 1.27 grams of gold per tonne to 1.30 grams of gold per tonne, depending on the deposit. The estimated operating cost used for the 2010 mineral reserve estimate varied between C$41.99 per tonne and C$42.90 per tonne, depending on the deposit. The Company estimates that a 10% change in the gold price would result in an approximate 2% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Meadowbank Mine contained indicated mineral resources of 25.8 million tonnes grading 1.67 grams of gold per tonne and inferred mineral resources of 10.2 million tonnes of ore grading 2.15 grams of gold per tonne.

(3) The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Meadowbank Mine by category at December 31, 2010 with those at December 31, 2009. Revision means additional mineral reserves converted from mineral resources or other categories of mineral reserves and mineral reserves added from exploration activities during 2010.

	Proven	**Probable**	**Total**
December 31, 2009	600	31,600	32,200
Mined in 2010	2,570	0	2,570
Revision	2,809	1,659	4,468
December 31, 2010	**839**	**33,259**	**34,098**

(4) Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Meadowbank Mine may be found in the Technical Report on the Mineral Resources and Mineral Reserves dated September 30, 2008, Meadowbank Gold Project, Nunavut, Canada filed with Canadian securities regulatory authorities on SEDAR on December 15, 2008.

Meliadine Mineral Reserves and Mineral Resources

	As at December 31,		
	2010	**2009**	**2008**
Gold			
Proven mineral reserves tonnes	0		
Average grade gold grams per tonne			
Probable mineral reserves tonnes	9,467,000		
Average grade gold grams per tonne	8.54		
Total proven and probable mineral reserves tonnes	**9,467,000**		
Average grade gold grams per tonne	**8.54**		
Total contained gold ounces	**2,600,000**		

Notes:

(1) The 2010 mineral reserve and mineral resource estimates were calculated using a metallurgical gold recovery of 95.6%. The cut-off grade used to determine the open pit reserves was 2.33 grams of gold per tonne, undiluted (2.03 grams of gold per tonne, diluted), and the cut-off grade used to determine the underground reserves was 6.3 grams of gold per tonne, undiluted (4.88 grams of gold per tonne, diluted). The estimated operating cost used for the 2010 mineral reserve estimate was C$103.14 per tonne for open pit and C$165.65 per tonne for underground. The Company estimates that a 10% change in the gold price would result in an approximate 2% change in mineral reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2010, the Meliadine project contained indicated mineral resources of 8.8 million tonnes grading 5.21 grams of gold per tonne and inferred mineral resources of 11.8 million tonnes of ore grading 6.94 grams of gold per tonne.

(3) The breakdown of mineral reserves between planned open pit operations and underground operations at the Meliadine project (with tonnage and contained ounces rounded to the nearest thousand) is:

Category	**Mining Method**	**Tonnes**	**Gold Grade (g/t)**	**Contained Gold (oz)**
Probable mineral reserve	Open pit	4,287,000	6.91	953,000

Probable mineral reserve	Underground	5,180,000	9.89	1,647,000
Total probable mineral reserve		**9,467,000**	**8.54**	**2,600,000**

(4)

Complete information on the verification procedures, the quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in this Form 20-F relating to the Meliadine project may be found in the Technical Report on the December 31, 2010 Mineral Resource and Mineral Reserve Estimate, Meliadine Gold Project, Nunavut, Canada, dated February 16, 2011, filed with the Canadian securities regulatory authorities on SEDAR on March 8, 2011.

Risk Mitigation

The Company mitigates the likelihood and potential severity of the various risks it encounters in its day-to-day operations through the application of high standards in the planning, construction and operation of mining facilities. In addition, emphasis is placed on hiring and retaining competent personnel and developing their skills through training in safety and loss control. The Company's operating and technical personnel have a solid track record of developing and operating precious metal mines and several of the Company's mines have been recognized for excellence in this regard with various safety and development awards. Nevertheless, the Company and its employees continue with a focused effort to improve workplace safety and the Company has placed additional emphasis on safety procedure training for both mining and supervisory employees.

The Company also mitigates some of the Company's normal business risk through the purchase of insurance coverage. An Insurable Risk Management Policy, approved by the Board, governs the purchase of insurance coverage and only permits the purchase of coverage from insurance companies of the highest credit quality. For a more complete list of the risk factors affecting the Company, please see "Item 3 Key Information Risk Factors".

Glossary of Selected Mining Terms

"alteration"	Any physical or chemical change in a rock or mineral subsequent to formation. Milder and more localized than metamorphism.
"anastomosing"	A network of branching and rejoining fault or vein surfaces or surface traces.
"andesite"	A dark-coloured igneous, calc-alkaline volcanic rock, of intermediate composition (containing between 52-63% silica).
"assay"	An analysis to determine the presence, absence or concentration of one or more chemical components.
"bedrock"	The solid rock underlying surface deposits.
"breccia"	Said of rock formations consisting mostly of angular fragments hosted by a fine-grained matrix.
"brittle"	Of minerals, proneness to fracture under low stress. A quality affecting behaviour during comminution of ore, whereby one species fractures more readily than others in the material being crushed.
"bulk mining"	A mining method in which large quantities of low-grade ore are mined without an attempt to segregate the high-grade portions.
"byproduct metal"	A secondary or additional metal recovered from the processing of rock.
"carbon-in-leach process"	A process step in which granular activated carbon particles much larger than the ground ore particles are introduced into the ore pulp. Cyanide leaching and precious metal adsorption onto the activated carbon occur simultaneously. The loaded activated carbon is mechanically screened to separate it from the barren ore pulp and processed to remove the precious metals and prepare it for reuse.
"carbon-in-pulp (CIP) circuit"	A process by which soluble gold within a finely ground slurry is recovered by adsorption onto coarser activated carbon. A CIP circuit comprises a series of tanks through which leached slurry flows. Gold is captured onto captive activated carbon that will periodically be moved counter-currently from tank to tank. Head tank carbon is extracted periodically to further recover adsorbed gold before being returned to the circuit tails tank.
"clast"	A fragment of mineral, rock or organic structure that has been moved individually from its place of origin.
"concentrate"	The clean product recovered in froth flotation.
"conglomerate"	A sedimentary rock consisting of rounded, water-worn pebbles or boulders cemented into a solid mass.
"counter-current decantation"	Clarifying wash water and concentrating tailings by use of several thickeners in series. The water flows in the opposite direction from the solids. The final products are slurry that is removed as fluid mud and clear water that is reused in the circuit.
"crosscut"	A horizontal opening driven from a shaft at or near right angles to the strike of a vein or other orebody.
"cut-off grade"	(A) In respect of mineral resources, the lowest grade below which the mineralized rock currently cannot reasonably be expected to be economically extracted.

(B) In respect of mineral reserves, the lowest grade below which the mineralized rock currently cannot be economically extracted as demonstrated by either a preliminary feasibility study or a feasibility study.

Cut-off grades vary between deposits depending upon the amenability of ore to gold extraction and upon costs of production and metal prices.

"deposit"	A mineralized body that has been physically delineated by sufficient drilling, trenching and/or underground work and found to be of sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable orebody or as containing mineral reserves, until final legal, technical and economic factors have been resolved.
"development"	The preparation of a mining property or area so that an orebody can be analyzed and its tonnage and quality estimated. Development is an intermediate stage between exploration and mining.
"diamond drill hole"	A borehole drilled using a bit inset with diamonds as the rock-cutting tool. The bit cuts a circular channel around a core of rock that can be recovered to provide a more-or-less continuous and complete columnar sample of the rock penetrated.
"dilution"	The effect of waste rock or low-grade ore being included in mined ore, increasing tonnage mined and lowering the overall ore grade.
"dip"	The angle at which a surface is inclined from the horizontal.
"discordant"	Said of a contact between an igneous intrusion and the country rock that is not parallel to the foliation or the bedding planes of the latter.
"disseminated"	Said of a mineral deposit (especially of metals) in which the desired minerals occur as scattered particles in the rock, but in sufficient quantity to make the deposit an ore. Some disseminated deposits are very large.
"drift"	A horizontal underground opening that follows along the length of a vein or rock formation, as opposed to a crosscut that crosses the rock formation.
"ductile"	Of rock, able to sustain, under a given set of conditions, 5% to 10% deformation before fracturing or faulting.
"dyke"	An earthen embankment, as around a drill sump or tank, or to impound a body of water or mill tailings. Also, a tabular body of igneous rock that cuts across the structure of adjacent rocks.
"electrowinning"	An electrochemical process in which a metal dissolved within an electrolyte is plated onto an electrode. Used to recover metals such as copper and gold from solution in the leaching of concentrates, etc.
"envelope"	1. The outer or covering part of a fold, especially of a folded structure that includes some sort of structural break. 2. A metamorphic rock surrounding an igneous intrusion. 3. In a mineral, an outer part different in origin from an inner part.
"epigenetic"	An orebody formed by hydrothermal fluids and gases that were introduced into the host rocks from elsewhere, filling cavities in the host rock.
"epithermal"	A hydrothermal mineral deposit formed within one kilometre of the Earth's surface and in the temperature range of 50 to 200 degrees Celsius, occurring mainly as veins. Also, said of that depositional environment.
"extensional-shear vein"	A vein put in place in an extension fracture caused by the deformation of a rock.
"fault"	A fracture or a fracture zone in crustal rocks along which there has been displacement of the two sides relative to one another parallel to the fracture. The displacement may be a few inches or many kilometres long.

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"feasibility study"	A comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution about whether to finance the development of the deposit for mineral production. A "**preliminary feasibility study**" or "**pre-feasibility study**" is a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method (in the case of underground mining) or the pit configuration (in the case of an open pit) has been established, and an effective method of mineral processing has been determined. It includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social and environmental factors and the evaluation of other relevant factors that are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
"flotation"	A process for concentrating minerals based on the selective adhesion of certain minerals to air bubbles in a mixture of water and ground ore. When the right chemicals are added to a frothy water bath of ore that has been ground to the consistency of talcum powder, the minerals will float to the surface. The metal-rich flotation concentrate is then skimmed off the surface.
"foliation"	A general term for a planar arrangement of textural or structural features in any type of rock, especially the planar structure that results from flattening of the constituent grains of a metamorphic rock.
"fracture"	A general term for any break in a rock, whether or not it causes displacement, due to mechanical failure by stress. Fractures include cracks, joints and faults.
"free gold"	Gold not combined with other substances.
"glacial till"	Dominantly unsorted and unstratified drift, generally unconsolidated, deposited directly by and underneath a glacier without subsequent reworking by meltwater, and consisting of a heterogeneous mixture of clay, silt, sand, gravel and boulders ranging widely in size and shape. Also referred to as "till" and ice-laid drift.
"grade"	The relative quality of the percentage of metal content in a mineralized body, i.e., grams of gold per tonne of rock.
"head grade"	The average grade of ore fed into a mill.
"hectare"	A metric measurement of area. 1 hectare = 10,000 square meters = 2.47 acres.
"horst"	An up-faulted block of rock.
"hydrothermal alteration"	Alteration of rocks or minerals by reaction with hydrothermal fluids.
"indicated mineral resource"	The part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters and to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. Mineral resources that are not mineral reserves do not have demonstrated economic viability. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. **Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves.**

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"inferred mineral resource"	The part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. **Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves. Investors are cautioned not to assume that part of or all of an inferred mineral resource exists, or is economically or legally mineable.**
"infill drilling"	Drilling within a defined mineralized area to improve the definition of known mineralization.
"intrusive"	A body of igneous rock formed by the consolidation of magma intruded below surface into other rocks, in contrast to lavas, which are extruded upon the Earth's surface.
"iron formation"	A chemical sedimentary rock, typically thin-bedded or finely laminated, containing at least 15% iron of sedimentary origin and commonly containing layers of chert.
"kilometre"	A metric measurement of distance. 1.0 kilometre = 0.62 miles.
"lens"	Generally used to describe a body of ore that is thick in the middle and tapers towards the ends, resembling a convex lens.
"lithologic groups"	Geological groups.
"lode"	A mineral deposit consisting of a zone of veins, veinlets or disseminations.
"longitudinal retreat"	An underground mining method where the ore is excavated in horizontal slices along the orebody and the stoping starts below and advances upwards. The ore is recovered underneath in the stope.
"massive"	Said of a mineral deposit, especially of sulphides, characterized by a great concentration of ore in one place, as opposed to a disseminated or vein-like deposit. Said of any rock that has a homogeneous texture or fabric over a large area, with an absence of layering or any similar directional structure.
"matrix"	The non-valuable minerals in an ore, i.e., gangue.
"measured mineral resource"	The part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters and to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. While this term is recognized and required by Canadian regulations, the SEC does not recognize it. **Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into mineral reserves.**
"Merrill-Crowe process"	A separation technique for removing gold from a cyanide solution. The solution is separated from the ore by methods such as filtration and counter-current decantation, and then the gold is precipitated onto zinc dust. Silver and copper may also precipitate. The precipitate is filtered to capture the gold slimes, which are further refined, e.g., by smelting, to remove the zinc and by treating with nitric acid to

dissolve the silver.

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"mesothermal deposit"	A mineral deposit formed at moderate temperature and pressure by deposition from hydrothermal fluids along a fissure or other opening in rock at an intermediate depth.
"metallurgical properties"	Properties characterizing metals and minerals behaviour under various processing techniques.
"metamorphism"	The process by which the form or structure of sedimentary or igneous rocks is changed by heat and pressure.
"mill"	A mineral treatment plant in which crushing, wet grinding and further treatment of ore is conducted.
"mineral reserve"	The economically mineable part of a mineral resource. The economics of the mineral reserve should be demonstrated by a feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
"mineral resource"	A concentration or occurrence of natural solid inorganic material or natural solid fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
"muck"	Finely blasted rock (ore or waste) underground.
"net smelter return royalty"	A phrase used to describe a royalty payment made by a producer of metals based on gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.
"ounce"	A measurement of mass. 1 troy ounce = 31.1035 grams.
"outcrop"	An exposure of bedrock at the surface.
"oxidation"	A chemical reaction caused by exposure to oxygen, which results in a change in the chemical composition of a mineral.
"oxidative"	Descriptive of an oxidation reaction.
"phenocryst"	A term for large crystals or mineral grains occurring in the matrix or groundmass of a porphyry.
"plunge"	The inclination of a fold axis or other linear structure from a horizontal plane, measured in the vertical plane.
"polydeformed"	A rock that has been subjected to more than one instance of folding, faulting, shearing, compression or extension as a result of various tectonic forces.
"porphyritic"	Rock texture in which one or more minerals has a larger grain size than the accompanying minerals.
"porphyry"	Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.
"pressure oxidation process"	A process by which sulphide minerals are oxidized in order to expose gold that is encapsulated in the mineral lattice. The main component of a pressure oxidation circuit consists of one or more pressurized vessels (autoclaves). Oxygen level, process temperature and acidity are the primary control parameters of such units.

"probable mineral reserve"	The economically mineable part of an indicated mineral resource demonstrated by a feasibility study.

"proven mineral reserve"	The economically mineable part of a measured mineral resource demonstrated by a feasibility study.
"pyroclastic"	Produced by explosive or aerial ejection of ash, fragments and glassy material from a volcanic vent. Term applicable to the rocks and rock layers as well as to the textures so formed.
"recovery"	A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore before processing.
"reverse circulation drilling"	A type of drilling into rock using a solid bit to produce a hole and deliver rock chips (rather than core) to surface for analysis. Less expensive and faster than diamond drilling but not as accurate.
"run-of-mine ore"	The mined ore as it is delivered, prior to sorting, stockpiling or treatment.
"schist"	A strongly foliated crystalline rock that can be readily split into think flakes or slabs due to the well developed parallelism of more than 50% of the minerals present in it.
"scrubber"	A device for separating particulate material from a waste gas stream.
"semi-autogenous grinding" or **"SAG"**	A method of grinding rock whereby larger chunks of the rock itself and steel balls form the grinding media.
"shear" or **"shearing"**	The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.
"sill"	An intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock.
"slurry"	Fine rock particles in circulating water.
"stope development"	Driving subsidiary openings to prepare blocks of ore for extraction by stoping.
"strike"	The bearing of the outcrop of an inclined bed, vein or fault plane on a horizontal surface; the direction of a horizontal line perpendicular to the direction of the dip.
"stringers"	Mineral veinlets or filaments occurring in a discontinuous subparallel pattern in a host rock.
"sublevel retreat"	An underground mining method in which the ore is excavated in horizontal slices along the orebody, starting below and advancing upwards. The ore is recovered underneath in the stope.
"tabular"	Said of a feature having two dimensions that are much larger or longer than the third, such as a dyke.
"tailings"	Material rejected from the mill after most of the recoverable valuable minerals have been extracted.
"tailings dam"	A natural or man-made confined area suitable for depositing tailings.
"tailings pond"	A low-lying depression used to confine tailings, the prime function of which is to allow enough time for metals to settle out or for cyanide to be naturally destroyed before the water is discharged into the local watershed.

"tenement"	A synonym of mineral title.
"thickness"	The distance at right angles between the hanging wall and the footwall of a lode or lens.
"tonne"	A metric measurement of mass. 1 tonne = 1,000 kilograms = 2,204.6 pounds.

"transfer fault"	A structure that can accommodate lateral variations of deformation and strain.
"transverse open stoping"	An underground mining method in which the ore is excavated in horizontal slices perpendicular to the orebody length and the stoping starts below and advances upwards. The ore is recovered underneath the stope through a drawpoint system.
"twinned drill hole"	A borehole drilled very close to an original hole in the same direction and dip in order to verify the results from the original drill hole.
"vein"	Minerals filling a fissure, fault or crack in rock.
"wacke"	A "dirty" sandstone that consists of a mixture of poorly sorted mineral and rock fragments in an abundant matrix of clay and fine silt.
"winze"	An internal mine shaft.
"Zadra elution circuit"	The process in this part of a gold mill strips gold and silver from carbon granules and puts them into solution.
"zone"	An area of distinct mineralization, i.e., a deposit.

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ITEM 4A UNRESOLVED STAFF COMMENTS

None.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Results of Operations

Revenues from Mining Operations

In 2010, revenue from mining operations increased 132% to $1,423 million from $614 million in 2009. The increase in revenue was mainly driven by the increase in gold production from the Company's Goldex, Kittila, Lapa, Pinos Altos and Meadowbank mines. In addition, higher sales prices were realized on gold, silver, zinc and copper.

In 2010, sales of precious metals accounted for 93% of revenues, up from 87% in 2009 and 78% in 2008. The increase in the percentage of revenues from precious metals when compared to 2009 is largely due to the increase in gold production and prices. Revenue from mining operations are accounted for net of related smelting, refining, transportation and other charges. The table below sets out net revenue, production volumes and sales volumes by metal:

	2010	2009	2008
		(thousands)	
Revenues from mining operations:			
Gold	$ 1,216,249	$ 474,875	$ 227,576
Silver	104,544	59,155	59,398
Zinc	77,544	57,034	54,364
Copper	22,219	22,571	27,600
Lead	1,965	127	
	$ 1,422,521	$ 613,762	$ 368,938
Production volumes:			
Gold (ounces)	987,609	492,972	276,762
Silver (000s ounces)	5,305	4,035	4,079
Zinc (tonnes)	62,544	56,186	65,755
Copper (tonnes)	4,224	6,671	6,922
Sales volumes:			
Gold (ounces)	973,057	463,660	258,601

Silver (000s ounces)	4,722	3,871	4,023
Zinc (tonnes)	59,566	58,391	62,653
Copper (tonnes)	4,223	6,689	6,913

Revenue from gold sales increased by $741.4 million, or 156%, in 2010. Gold production increased to 987,609 ounces in 2010, up 100% from 492,972 ounces in 2009. This increase is attributable to the full year of commercial production at the Kittila, Lapa and Pinos Altos Mines during 2010 and the commencement of production at the Meadowbank Mine during March 2010. Realized gold prices increased 22% in 2010 to $1,250 per ounce from $1,024 per ounce in 2009.

Silver revenue increased by $45.4 million, or 77%, in 2010 when compared to 2009 due to an increase in the realized sales price and increased production. Revenue from zinc sales increased by $20.5 million, or 36%, in 2010 when compared to 2009. The increase in zinc revenue was mainly due to an increase in realized zinc sales prices. Revenue from

copper sales was relatively constant when compared to the previous year. However, the realized sales prices for copper in 2010 were 33% higher than 2009, which was offset by lower copper production.

Interest and Sundry Income

Interest and sundry income consists mainly of interest on cash balances and premiums on call options written on available-for-sale securities held by the Company. Interest and sundry income was $10.3 million in 2010 compared to $12.6 million in 2009.

Available-for-sale Securities

From time to time, the Company takes minority equity positions in other mining and exploration companies. As part of the Company's procedures to assess whether the value of its available-for-sale securities portfolio was reasonable for accounting purposes, it was determined (in accordance with the requirements of ASC 320 Investments Debt and Equity Securities, prior authoritative literature: FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities") that a non-cash write-down was required in 2008. These write-downs do not necessarily reflect management's long-term outlook on the value of the securities, but rather an "other-than-temporary" impairment as defined in ASC 320. In 2010 and 2009, this determination resulted in no write-downs relating to its various investments as compared to $74.8 million of write-downs in 2008.

In 2010, the sale of various available-for-sale securities resulted in a gain before taxes of $19.5 million compared to $10.1 million in 2009. Also during 2010, there was a net gain on the acquisition of Comaplex, of $57.5 million. The gain was driven by the mark-to-market gain on the shares of Comaplex purchased prior to the announcement of the acquisition that were accumulated within other comprehensive income and have now reversed through the Consolidated Statements of Income and Comprehensive Income, partially offset by the costs of acquisition.

Production Costs

In 2010, total production costs were $677.5 million compared to $306.3 million in 2009. This increase is due to significantly higher (100%) production with the full year of production at the Kittila, Lapa and Pinos Altos Mines and ten months of production at the Meadowbank Mine which achieved commercial production during March 2010. The table below sets out the components of production costs:

	2010	**2009**	**2008**
		(thousands)	
Production Costs			
LaRonde	$ 189,146	$ 164,221	$ 166,496
Goldex	61,561	54,342	20,366
Kittila	87,740	42,464	
Lapa	66,199	33,472	
Pinos Altos	90,293	11,819	
Meadowbank	182,533		