AGNICO EAGLE MINES LTD
Form 20-F
March 28, 2008

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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, 2007
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
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_____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrants Specified in its Charter)

Not Applicable

(Translation of Registrant's Name or Organization)

Ontario, Canada

(Jurisdiction of Incorporation or Organization)

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

(Address of Principal Executive Offices)

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 registered or to be registered 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.

142,403,379 Common Shares as of December 31, 2007

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 financial statement item the registrant has elected to follow:

Item 17 o Item 18 ý

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 ("US dollars", "$", or "US$"), except where otherwise indicated. Certain information in this Form 20-F is presented in Canadian dollars ("C$"). See "Item 3. Key Information Currency Exchange Rates" for a history of exchange rates of Canadian dollars into US 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 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 "may", "will", "should", "could", "would", "expect", "anticipate", "believe", "plan", "intend", "likely" or other variations of these terms or comparable terminology. Forward-looking statements and information in this report include, but are not limited to, the following:

the Company's outlook for 2008 and future periods;

statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;

anticipated trends for prices of gold and byproducts mined 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 as to the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such development and production or decisions with respect to such development and production;

estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results;

statements regarding the outcome and anticipated timing of proposed transactions;

the anticipated timing of events with respect to the Company's mine and mine project sites; and

estimates of future costs and other liabilities for environmental remediation; and other anticipated trends with respect to the Company's capital resources and results of operations.

Statements containing forward-looking information 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 statements in this Form-20F containing forward-looking information, which may prove to be incorrect, are based on include, but are not limited to, the assumptions set out in this Form 20-F as well as: that there are no significant disruptions affecting the Company'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 development projects proceeds on a basis consistent with current expectations, and that Agnico-Eagle does not change its development plans relating to such projects; that the exchange rate between the Canadian dollar, European Union Euro, Mexican peso and the United States dollar will be approximately consistent with current levels or as set out in this Form 20-F; prices for gold, silver, zinc and copper 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 the Company's ongoing development projects; and that there are no material variations in the current tax and regulatory environment that affect the Company.

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 may 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. This information was developed to assist management with its assessment as to what resources to allocate to the construction and/or expansion of its mine and mine development projects. Investors are cautioned that this information may not be suitable for other purposes.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This document uses the terms "measured resources" and "indicated resources". Investors are advised that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (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 reserves**.

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This document uses the term "inferred resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred 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 all or any part 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 part or all of an inferred resource exists, or is economically or legally mineable**.

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This document presents certain measures, including "total cash cost per ounce" and "minesite cost 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 useful in allowing year over year comparisons. However, both of these non-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 cost per tonne for projects under development. These estimates are based upon the total cash costs per ounce and minesite cost per tonne that the Company expects to incur to mine gold at those projects and, consistent with the reconciliation provided, does 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, 2007 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,				
	2007	2006	2005	2004	2003
	(in thousands of US dollars, US GAAP basis, other than share and per share information)				
Income Statement Data					
Revenues from mining operations	432,205	464,632	241,338	188,049	126,820
Interest and sundry income	29,230	45,915	4,996	655	2,775
	461,435	510,547	246,334	188,704	129,595
Production costs	166,104	143,753	127,365	98,168	104,990
Loss on derivative financial instruments	5,829	15,148	15,396		
Exploration and corporate development	25,507	30,414	16,581	3,584	5,975
Equity loss in junior exploration company		663	2,899	2,224	1,626
Amortization	27,757	25,255	26,062	21,763	17,504
General and administrative	38,167	25,884	11,727	6,864	7,121
Provincial capital tax	3,202	3,758	1,352	423	1,240
Interest	3,294	2,902	7,813	8,205	9,180
Foreign exchange (gain) loss	32,297	2,127	1,860	1,440	72
Income (loss) before income and mining taxes (recoveries)	159,278	260,643	35,279	46,033	(18,113)
Income and mining taxes (recoveries)	19,933	99,306	(1,715)	(1,846)	(358)
Income before cumulative catch-up adjustment	139,345	161,337	36,994	47,879	(17,755)
Cumulative catch-up adjustment related to asset retirement obligations					(1,743)
Net income (loss)	139,345	161,337	36,994	47,879	(19,498)
Net income (loss) before cumulative catch-up adjustment per share basic	1.05	1.40	0.42	0.56	(0.21)

Net income (loss) per share basic	1.05	1.40	0.42	0.56	(0.23)
Net income (loss) per share diluted	1.04	1.35	0.42	0.56	(0.23)
Weighted average number of shares outstanding basic	132,768,049	115,461,046	89,029,754	85,157,476	83,889,115
Weighted average number of shares outstanding diluted	133,957,869	119,110,295	89,512,799	85,572,031	83,889,115
Dividends declared per common share	0.18	0.12	0.03	0.03	0.03

Balance Sheet Data (at end of period)					
Mining properties (net)	2,107,063	859,859	661,196	427,037	399,719
Total assets	2,735,498	1,521,488	976,069	718,164	637,101
Long-term debt			131,056	141,495	143,750
Reclamation provision and other liabilities	57,941	27,457	16,220	14,815	15,377
Net assets	2,058,934	1,252,405	655,067	470,226	400,723
Common shares	1,931,667	1,230,654	764,659	620,704	601,305
Shareholders' equity	2,058,934	1,252,405	655,067	470,226	400,723
Total common shares outstanding	142,403,379	121,025,635	97,836,954	86,072,779	84,469,804

Currency Exchange Rates

All dollar amounts in this Form 20-F are in United States dollars, except where otherwise indicated. The following tables present, in Canadian dollars, the exchange rates for the US dollar, based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). On March 14, 2008, the Noon Buying Rate was US$1.00 equals C$0.9867.

	Year Ended December 31,				
	2007	**2006**	**2005**	**2004**	**2003**
High	1.1876	1.1797	1.2703	1.3970	1.5750
Low	0.9059	1.0932	1.1507	1.1775	1.2923
End of Period	0.9881	1.1652	1.1656	1.2034	1.2923
Average	1.0734	1.1340	1.2115	1.3017	1.4012

	2008			2007			
	March (to March 14)	**February**	**January**	**December**	**November**	**October**	**September**
High	0.9975	1.0188	1.0379	1.0249	1.0019	1.0017	1.0591
Low	0.9841	0.9717	0.9842	0.9758	0.9758	0.9420	0.9915
End of Period	0.9867	0.9796	1.0018	0.9881	1.0007	0.9496	0.9959
Average	0.9901	0.9986	1.0099	0.9672	1.0021	0.9754	1.0267

Risk Factors

The Company is currently dependent upon its mining and milling operations at the LaRonde Mine and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's mining and milling operations at the LaRonde Mine currently account for all of the Company's gold production and will continue to account for all of its gold production in the future until additional properties are acquired or brought into production. Any adverse condition affecting mining or milling conditions at the LaRonde Mine could be expected to have a material adverse effect on the Company's financial performance and results of operations until such time as the condition is remedied. The Company also anticipates using revenue generated by its operations at the LaRonde Mine to finance a substantial portion of the capital expenditures required at its mine development projects. 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 or different challenges for the Company. Gold production of the LaRonde Mine above Level 245 has started to decline. While the Goldex mine project and the Kittila mine project are both expected to commence operations during 2008, production from these mines will be lower in their initial periods of operation and, if production is subject to unforeseen delays, may not occur until later years. In addition, production from these mine projects may be lower than anticipated. Unless the Company can successfully bring into production the Goldex, Kittila, Lapa, Pinos Altos or Meadowbank mine projects, the LaRonde Mine

extension, its other exploration properties, or otherwise acquire gold producing assets in 2008, the Company's results of operations will be adversely affected. Further, there can be no assurance that the Company's current exploration and development programs at the LaRonde Mine will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves at what is currently the Company's sole active mining operation.

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 precious metals (gold and silver), zinc and copper. 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. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, expectations of inflation, the relative exchange rate of the US dollar with other major currencies, global and regional demand, political and economic conditions, production costs in major gold producing regions and 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 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 its current mine development projects have been based on a market price of gold between $400 and $450 per ounce. If the market price of gold falls below this level, the mine development projects may be rendered uneconomic and the development of the mine projects may be suspended or delayed. The prices received for the Company's byproducts (zinc, silver and copper) produced at its LaRonde Mine affect the Company's ability to meet its targets for total cash operating cost per ounce of gold produced. Byproduct prices fluctuate widely and are affected by numerous factors beyond the Company's control. 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 forth, for the periods indicated, the high and low afternoon fixing prices for gold on the London Bullion Market (the "London P.M. Fix") and the average gold prices received by the Company.

	2008 (to March 14)	2007	2006	2005	2004	2003
High price ($ per ounce)	1,004	841	730	538	454	417
Low price ($ per ounce)	847	608	517	411	375	323
Average price received ($ per ounce)	920	748	622	449	418	368

On March 14, 2008, the London P.M. Fix was $1,004 per ounce of gold.

Based on 2008 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in metal prices from 2007 market average prices are as follows:

	Income per share
Gold	$ 0.09
Zinc	$ 0.07
Silver	$ 0.02
Copper	$ 0.02

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

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

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 the production hoist or the semi-autogenous grinding, or SAG, mill. In addition, production may be unexpectedly reduced if, during the course of mining, unfavourable 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 or there is increased dilution. In three of the last five 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 and increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005. Occurrences of this nature in future years may result in the Company's failure to achieve current or future production estimates.

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

The Company's operations have been expanded to include mine construction projects in Finland and northern Mexico. These operations are exposed to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's current operational base in Canada. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; corruption; changes in taxation policies; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, the Company will have to 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 right 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 no significant operating experience in Finland, Mexico or internationally. Finland and Mexico operate under significantly different laws and regulations and there exist cultural and language differences between these countries and Canada. Also, the Company will face challenges inherent in efficiently managing an increased number of employees over large geographical distances, including the challenges of staffing and managing operations in multiple 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 Quebec. There can be no assurance that difficulties associated with the Company's expanded foreign operations can be successfully managed.

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 new unsecured revolving bank credit facility to incur additional unsecured indebtedness provided that it complies with certain covenants, including, that no default under the 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 credit facility and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the credit facility. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

The Company's mine construction 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 commenced construction of the Goldex mine project in Quebec in 2005. The Company announced in June 2006 that it would initiate development of the LaRonde Mine extension, accelerate construction at the Lapa mine project in Quebec, and build the Kittila mine project in northern Finland. In April 2007, the Company acquired the development-stage Meadowbank mine project in Nunavut, Canada and in August 2007, the Company announced that it would build the Pinos Altos mine project in northern Mexico.

The Company believes that, on completion, 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 a series of new systems for the hauling of ore and materials to the surface, including a winze (or internal shaft) and 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 managing 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 Goldex, Lapa, Kittila and Pinos Altos mine projects require the construction of significant new underground mining operations. The construction of these 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. These risks may result in delays in the planned start up dates and in additional costs being incurred by the Company beyond those budgeted. Moreover, the construction activities at the LaRonde Mine extension will take place concurrently with normal mining operations at LaRonde, which may result in conflicts with, or possible delays to, existing mining operations.

The Company may experience difficulties in developing or operating its recently acquired Meadowbank mine project as a result of the project's remote location.

The Company's Meadowbank mine project is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. Though the Company has now substantially completed a 110 kilometre all-weather road from Baker Lake, which provides summer shipping access via

Hudson Bay, to the Meadowbank mine project, the Company's operations at the Meadowbank mine project will be constrained by the remoteness of the project, particularly as the port of Baker Lake is only accessible approximately 2.5 months per year. Some of the materials that the Company requires for the construction and operation of the Meadowbank mine project are currently in high demand due to the increased level of activity in the global mining industry and some of these items currently have extended order times. If the Company cannot identify and procure suitable equipment, within such timeframe as would permit transporting such equipment to the Meadowbank mine project, this may result in delays to the construction schedule of the Meadowbank mine project and may also delay the start-up of mining operations and/or increase estimated costs.

The remoteness of the Meadowbank mine project also necessitates its operation as a fly-in/fly-out camp operation which may have an impact on the Company's ability to attract and retain qualified mining personnel. If the Company is unable to attract and retain sufficient personnel or sub-contractors on a timely basis, this may have an adverse effect on the Company's future development plans and operations at the Meadowbank mine project.

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, primarily, the prices and production levels of byproduct zinc, silver and copper, the revenue from which is offset against the cost of gold production, the US dollar/Canadian dollar exchange rate, smelting and refining charges and production royalties, which are affected by all these factors and the gold price. Total cash costs per ounce from the Company's operations outside Canada will be affected by the exchange rates between the European Union Euro or the Mexican peso and the US dollar. 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 indication of such performance and useful in allowing year over year comparisons. The data also indicates 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 figures presented in the consolidated financial statements prepared in accordance with US GAAP.

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

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 reserves, primarily through exploration and development and through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. In addition, substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, 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 exploration and development programs will result in any new economically viable mining operations or yield new reserves to replace and expand current reserves.

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. Such figures have been determined based on assumed metals prices, foreign exchange rates and operating costs. For example, the Company has estimated proven and probable mineral reserves based on, among other things, a $583 per ounce gold price. While monthly average gold prices have been above $583 per ounce since April 2006, for the five years prior to that, the market price of gold was, on average, below $583 per ounce. Prolonged declines in the market price of gold (or other applicable metals prices) may render mineral reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce the Company's 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 other applicable metals 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 ore bodies 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 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 have difficulty financing its additional capital requirements for its planned mine construction, exploration and development.

The exploration and development of the Company's properties, including continuing exploration and development projects in Quebec, Nunavut, Finland, Mexico and Nevada and the construction of mining facilities and commencement of mining operations at the LaRonde Mine extension and the Goldex, Kittila, Lapa, Pinos Altos and Meadowbank mine projects will require substantial capital expenditures. In addition, the Company will have further capital requirements to the extent that it decides to expand its present operations and exploration activities or 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. Also, the Company may incur major unanticipated expenses related to exploration, development or mine construction or maintenance on its properties. 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. Historically, the Company has financed its expenditures through a combination of offerings of equity and debt securities, bank borrowing and cash flow generated from operations at the LaRonde Mine, and the Company expects to use such sources of funds to finance its anticipated expenditures. However, 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, any additional financing may involve substantial dilution to existing shareholders. 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.

If the Company fails to comply with restrictive covenants in its bank credit agreement, the Company's loan availability could be limited and the Company may be in default under other debt agreements, which could harm the Company's business.

The Company's new unsecured $300 million revolving bank credit facility limits, among other things, the Company's ability to incur additional indebtedness, 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. Further, the bank credit facility requires 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 the bank credit facility. While there are currently no amounts of principal or interest owing under the bank credit facility, the Company anticipates that it will 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 occurs, the Company would be unable to draw down on the facility, or if amounts were drawn down at the time of the default, the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due. An event of default under the bank credit facility 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 mining industry is highly competitive and the Company may not be successful in competing for new mining properties.

Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. 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. The Company may be at a competitive disadvantage in acquiring mining properties, as it must compete with these individuals and companies, many 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.

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 may elect 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 be required to 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, 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.

Under mine closure plans originally submitted to the Minister of Natural Resources in Quebec in 1996, the estimated reclamation costs for the LaRonde Mine and the adjacent Bousquet property are approximately $44 million and $3 million, respectively. Every five years mine closure plans must be amended to reflect any

changes in circumstances surrounding a property and resubmitted to the Minister of Natural Resources. These amended reclamation plans are subject to approval by the Minister of Natural Resources, and there can be no assurance that the Minister of Natural Resources will not impose additional reclamation obligations with attendant higher costs. In addition, the Minister of Natural Resources may require that the Company provide financial assurances to support such plans. At December 31, 2007, the Company had recorded an asset retirement obligation in its financial statements of $45 million, including $15.2 million allocated for the LaRonde Mine and $7.4 million allocated for the Bousquet property.

Fluctuations in foreign currency exchange rates in relation to the US 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 US dollar/Canadian dollar exchange rate. Exchange rate movements can have a significant impact as all of the Company's revenues are earned in US dollars but most of its operating costs and a substantial portion of its capital costs are in Canadian dollars. The US dollar/Canadian dollar exchange rate has varied significantly over the last several years. During the period from January 1, 2003 to December 31, 2007, the Noon Buying Rate fluctuated from a high of $1.5750 to a low of $0.9059. Historical fluctuations in the US dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on the Company's anticipated 2008 after-tax operating results, a 10% change in the US dollar/Canadian dollar exchange rate from the 2007 market average exchange rate would affect net income by approximately $0.11 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. See "Item 5. Operating and Financial Review and Prospects Outlook Gold Production Growth" for a description of the assumptions underlying this sensitivity and the strategies used to mitigate the effects of risks. In addition, a significant portion of the Company's expenditures at the Kittila mine project and the Pinos Altos mine project will be denominated in European Union Euros and Mexican Pesos, respectively. Each of these currencies has varied significantly against the US 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.

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. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk Derivatives".

The trading price for Agnico-Eagle shares is volatile.

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

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 the market price of the commodities the Company sells;

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 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 stock market. 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 the Sarbanes Oxley Act.

In 2007, the Company documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX"). As of December 31, 2006, SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. In addition, as of December 31, 2007, 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 successfully completed its Section 404 assessment and received the auditors' attestation as of December 31, 2007.

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 ensure that it can conclude on an ongoing basis that it has effective internal controls 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. 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 implementing appropriate internal controls 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. The majority of the Company's directors and officers and certain of 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-United States residents, or to enforce judgments in the United States against the Company or these persons which are obtained in a United States court. 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 gold producer with mining operations located in northwestern Quebec, mine construction projects in northwestern Quebec, northern Finland, Nunavut and northern Mexico and exploration activities in Canada, Finland, Mexico and the United States. The Company's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation in 1972, the Company has produced over 5.0 million ounces of gold. For definitions of certain technical terms used in the following discussion, see " Property, Plant and Equipment Mineral Reserve and Mineral Resource".

The Company believes it is currently one of the lowest total cash costs per ounce producers in the North American gold mining industry. In 2007, the Company produced 230,992 ounces of gold at a total cash costs per ounce of *minus* $365, that is, net of revenues received from the sale of silver, zinc and copper byproducts. For 2008, the Company expects total cash costs per ounce of gold produced to be approximately $48. These expected higher costs compared to 2007 are due to lower assumed prices for byproduct metals from the LaRonde Mine than those realized in 2007 and higher production costs associated with gold sourced from new mines at the Goldex mine project and the Kittila mine project, which do not contain any byproduct metals. 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's strategy is to focus on the continued exploration, development and expansion of its properties in the Abitibi region of Quebec in which the LaRonde Mine and the Goldex and Lapa mine projects are situated, with a view to increasing annual gold production and gold mineral reserves. In addition, the Company will continue exploration, development and construction at its Kittila mine project in northern Finland, Pinos Altos mine project in northern Mexico and Meadowbank mine project in Nunavut. The Company also plans to pursue opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas or Europe.

The Company operates through four regional units: the Quebec Region, the European Region, the Mexican Region and the Nunavut Region. The Quebec region includes the LaRonde Mine, the LaRonde Mine extension project and the Goldex and Lapa mine projects, each of which is held directly by the Company. The Company's operations in the European Region are conducted through its indirect subsidiary, Riddarhyttan Resources AB ("Riddarhyttan"), which indirectly owns the Kittila mine project in Finland. The Company's operations in the Mexican Region are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos mine project. The Nunavut Region is comprised of the Meadowbank mine project, which is administered from an office in Vancouver, British Columbia and is held directly by the Company. In addition, the Company has an international exploration office in Reno, Nevada.

The LaRonde Mine currently accounts for all of the Company's gold production, though production from mines at the Goldex mine project and the Kittila mine project is expected to commence in April 2008 and September 2008, respectively. Since the commissioning of the mill in 1988, the LaRonde Mine has produced over 4.0 million ounces of gold. In March 2000, the Company completed the Penna Shaft at the LaRonde Mine to a depth of 2,250 metres. Production was expanded at the LaRonde Mine to 6,350 tonnes of ore treated per day in October 2002 and the milling complex has been operating well above this level for the last four years. In May 2006, the Company initiated construction of the LaRonde Mine extension, additional infrastructure to extend the LaRonde Mine below Level 245 (previously referred to as the LaRonde II project).

The Company expects production from the LaRonde Mine extension to commence in 2011. The Company has initiated several other additional projects anticipated to begin production over the next three years. In July 2005, the Company began construction at the Goldex mine project, where initial production is expected to commence in April 2008. In June 2006, the Company initiated construction of the Kittila mine project and announced on June 5, 2006 that it would accelerate construction of the Lapa mine project, with the Kittila mine project expected to commence production in September 2008 and the Lapa mine project in 2009. In April 2007,

the Company acquired Cumberland Resources Ltd. ("Cumberland"), which owned the development-stage Meadowbank mine project, which is expected to commence production in 2010. In March 2006, the Company acquired the Pinos Altos property in northern Mexico and in August 2007, the construction of a mine at Pinos Altos was approved. Production from the Pinos Altos mine project is expected to begin in 2009.

The Company's exploration program focuses primarily on the identification of new mineral reserve, mineral resource and development opportunities in proven gold producing regions. Current exploration activities are concentrated in northwestern Quebec, Nunavut, northern Finland, northern Mexico and Nevada. Several other projects were evaluated during the year in different 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 several projects which it owns or has an interest in. Currently, the Company manages exploration on 80 properties in central and eastern Canada, seven properties in Nevada and Idaho in the United States, two properties in Finland, and two properties in Mexico. In 2006, the Company opened administrative offices in Chihuahua, Mexico and in Helsinki and Kittila, Finland and, in 2007, in Vancouver, Canada.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. In the second quarter of 2004, the Company acquired an approximate 14% ownership interest in 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 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. Riddarhyttan, through its wholly-owned subsidiary, Agnico-Eagle AB, is the 100% owner of the Kittila mine project, located approximately 900 kilometres north of Helsinki near the town of Kittila in Finnish Lapland.

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 project 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 the option and the Company 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 shares of the Company.

In February 2007, the Company announced that it and its wholly-owned subsidiary, Agnico-Eagle Acquisition Corporation ("Agnico Acquisition") had signed an agreement with Cumberland, a pre-production development stage company listed on the Toronto Stock Exchange (the "TSX") and American Stock Exchange, under which the Company and Agnico Acquisition agreed to make an exchange offer (the "Cumberland Offer") for all of the outstanding shares of Cumberland not already owned by the Company. In May 2007, the Company announced that it had acquired over 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 shares and paid $8.6 million cash as consideration to Cumberland shareholders in connection with the Cumberland Offer.

In 2007, the Company's capital expenditures were $511 million. The 2007 capital expenditures included $87 million at the LaRonde Mine (which was comprised of $34 million of sustaining capital expenditure and $53 million comprised mostly of expenditures on the LaRonde Mine extension and the ramp below Level 215), $105 million at the Goldex mine project, $29 million at the Lapa mine project, $82 million at the Kittila mine project and $170 million at the Meadowbank mine project. In addition, the Company spent $26 million on exploration activities at the Company's grassroots exploration properties. Budgeted 2008 exploration and capital expenditures of $591 million include $68 million at the LaRonde Mine (including $33 million on sustaining capital expenditures and $35 million on the LaRonde Mine extension), $25 million at the Goldex mine project, $78 million at the Lapa mine project, $96 million at the Kittila mine project, $184 million at the Meadowbank mine project and $140 million at the Pinos Altos project. In addition, the Company plans exploration expenditures on grassroots exploration projects of approximately $29 million. The financing for these

expenditures 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 new bank credit facility. 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 preproduction.

Capital expenditures by the Company in 2006 and 2005 were $149 million and $70 million, respectively. In 2006, these capital expenditures included $47 million at the LaRonde Mine (including the LaRonde Mine extension), $62 million at the Goldex mine project and $14 million at the Lapa mine project. Capital expenditures in 2005 were comprised of $43 million at the LaRonde Mine (including the LaRonde Mine extension), $14 million at the Goldex mine project and $13 million at the Lapa mine project.

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, pursuant to 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 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 Acquisition, 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.

The Company has an approximately 13.1% interest in Stornoway Diamond Corporation ("Stornoway"), a public company listed on the TSX under the symbol "SWY". Stornoway is a diamond exploration company with an extensive property portfolio in northern Canada and Botswana. Stornoway is incorporated under the laws of the Province of British Columbia. The Company acquired a portion of its interest in Stornoway in connection with a share exchange take-over bid made by Stornoway for Contact Diamond Corporation ("Contact"), which was at the time a TSX-listed exploration and development company with diamond properties in Ontario, Quebec and the Northwest Territories. The Company acquired 4,968,747 common shares of Stornoway through the tender of its entire interest (approximately 31%) in Contact to this offer. The rest of the Company's interest in Stornoway was obtained through the purchase of subscription receipts of Stornoway for $22.5 million through which the Company acquired an additional 17,629,084 common shares of Stornoway on September 19, 2006, pursuant to a note assignment agreement dated February 12, 2007 between the Company, Stornoway and Contact whereby the C$4,009,825 debt owed to the Company was satisfied by the issuance to the Company of 3,207,861 common shares of Stornoway and the remainder were issued to the Company in satisfaction of interest payment obligations of Stornoway under convertible debentures held by the Company. On January 17, 2007, Stornoway completed its acquisition of Contact by way of a compulsory acquisition.

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 5470 Louie Lane, Suite 102, Reno, Nevada 89511.

Business Overview

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

First, 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 areas that are supportive of the mining industry. The Company's current mine and three of its construction projects are located in northwestern Quebec, one of North America's principal gold-producing regions. The Company's Meadowbank mine project in Nunavut, Kittila mine project in northern Finland and Pinos Altos mine project in northern Mexico are each located in regions which the Company believes are also supportive of the mining industry.

Second, the Company believes that it is one of the lowest total cash costs per ounce producers in the North American gold mining industry, with total cash costs per ounce of gold produced of *minus* $365 in 2007. The Company has achieved significant improvements in this measure through the strength of its byproduct revenue, the economies of scale afforded by its large single shaft mine and its dedication to cost-efficient mining operations. 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.

Third, the Company's existing operations at the LaRonde Mine provide a strong economic 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 projects in Nunavut, Finland and Mexico. The experience gained through building and operating the LaRonde Mine is expected to assist with the Company's development of its other mine projects. In addition, the extensive infrastructure associated with the LaRonde Mine is expected to support the mine construction projects at the nearby Goldex and Lapa properties, and the construction of the LaRonde Mine extension.

Fourth, the Company's senior management team has an average of approximately 20 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. The geological knowledge that management has gained through its years of experience in mining and developing the LaRonde Mine is expected to benefit the Company's current expansion program in Quebec, Nunavut, Finland and Mexico.

The Company believes it can benefit not only from the existing infrastructure at its mine, but also from 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. The Company's goal is to apply the proven operating principles of the LaRonde Mine to each of its existing and future properties.

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. In 2005, the Company initiated construction of the Goldex mine project. In 2006, the Company accelerated construction of the Lapa mine project and initiated construction of the LaRonde Mine extension and the Kittila mine project in northern Finland. In 2007, the Company began construction of the Pinos Altos mine project in northern Mexico and acquired the Meadowbank mine project in Nunavut.

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 early-stage exploration companies and primary exploration activities. By investing in early-stage exploration companies, the Company believes that it has been able to acquire control of exploration properties at favourable prices. The Company's approach to property acquisition has evolved to include joint ventures and partnerships and the acquisition of development and producing properties.

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 is 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, the provision of financial guarantees and the long-term management of closed mines.

Quebec

In Quebec, mining rights are governed by the *Mining Act* (Quebec). A 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, 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). The amount of exploration work (and bi-annual rental fee) required bi-annually currently ranges from C$48 to C$3,600 per claim depending on its location, area and period of validity (the rate is fixed by Quebec Government regulations). In 1966, the mining concession system set out for lands containing mineralized zones by the *Mining Act* (Quebec) was replaced by a system of mining leases but the mining concessions sold prior to such replacement remained in force. A mining lease entitles its holder to mine and remove valuable mineral substances from the subject land, providing it pays the annual rental set by Quebec government regulations, which currently range from C$19 (on land privately held) to C$39 (on land within the domain of the State) per hectare. Leases are granted initially for a term of 20 years and are renewable up to three times, each for a duration of 10 years. After the third renewal, the Minister of Natural Resources and Wildlife may grant an extension thereof on the conditions, for the rental and for the term he determines.

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 ("IOL") include areas with high mineral potential. Further, as a result of other rights granted to the Inuit in the Land Claims Agreement, managerial responsibility with respect to natural resources and environment in the Nunavut Territory is shared between the federal government 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 also 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"), an Inuit birthright corporation.

Future production from Nunavut Tunngavik-administered mineral claims is subject to production leases which includes 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.

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. Such a proposal is subject to KIA approval 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 will require 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 will be 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 reformed. The reform is still in its early stages, and the eventual draft for a Government proposal will be circulated widely for comment before being passed on to the Parliament. In Finland, any individual, corporation, or foundation 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.

The Ministry of Employment and the Economy ("MEE") is primarily responsible for mining legislation and administration as well as granting concessions. If there are no impediments to granting a claim, the MEE is obliged to grant the applicant a prospecting licence. The MEE has no power of discretion as to the material merits of the mining operation. A prospecting licence, which is in force for one to five years, depending on the scope of the search for mineable minerals, gives the holder the right to examine the area in order to determine the size and scope of the deposit. In order to obtain the rights to the mineable minerals located on the claim, the claimant must apply to the MEE for the appropriation of a mining patent. When the mining patent procedure has become final (i.e., unappealable) 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.

Mining operations must be carried out in accordance with a number of laws and regulations concerning conservation and environmental protection issues. Under the *Environmental Protection Act*, mining activities require an environmental permit which is issued either for a definite, or for an indefinite, period of time. The Act is based on the principles of prevention and minimising 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 property resulting from pollution of water, air or soil, noise, vibration, radiation, light, heat or smell, or other similar nuisance caused by an activity carried out at a fixed location. This Act is based on the principle of strict liability, that is liability without fault if the causal relation between the activity and the damage can be established.

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

According to the *Land Use and Building Act*, the buildings and constructions required in mining will require building permits. Furthermore, according to the *Act on Environmental Impact Assessment Procedure*, certain projects always 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 them pursuant to mining concessions granted by the executive branch of the Mexican Federal Government, as a general rule to whoever first claims them. While the *Mining Law* touches briefly upon labour, occupational or worker health and safety standards, these are primarily dealt with by the *Federal Labour Law*, also a federal statute. 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 as concerns the use of explosives.

Concessions are for 50 years, renewable once. The main obligations to keep them 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 production of ore.

Organizational Structure

The Company's significant subsidiaries (all of which are wholly owned, unless otherwise indicated) include Riddarhyttan, 1715495 Ontario Inc., which owns all of the shares of Agnico-Eagle Sweden AB, Agnico-Eagle Sweden AB, a Swedish company through which the Company holds its interest in Riddarhyttan, and Agnico-Eagle AB, a Swedish company through which Riddarhyttan holds its interest in the Kittila mine project. In addition, the Company's interest in the Pinos Altos mine project in northern Mexico is held through its wholly-owned Mexican subsidiary, Agnico Eagle Mexico S.A. de C.V., which is owned, in part, by 1641315 Ontario Inc. The Company's only other significant subsidiaries are Agnico-Eagle (Delaware) LLC, Agnico-Eagle (Delaware) II LLC and Agnico-Eagle (Delaware) III LLC, each a limited liability company organized under the laws of Delaware. The LaRonde Mine (including the LaRonde Mine extension), the Goldex mine project, the Lapa mine project and the Meadowbank mine project are each owned directly by the Company.

The Company's wholly-owned subsidiaries Servicios Agnico Eagle Mexico, S.A. de C.V. and Servicios Pinos Altos, S.A. de C.V. provide services in connection with the Company's operations in Mexico. Riddarhyttan Resources Oy provides services in connection with the Company's operations at the Kittila mine project in Finland. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

In addition, the Company has an approximate 13.1% interest in Stornoway, a TSX listed diamond exploration company, organized under the laws of British Columbia. See " History and Development of the Company".

The following chart sets out the corporate structure of the Company together with the jurisdiction of incorporation of each of the Company's subsidiaries as at March 14, 2008:

Agnico-Eagle Organizational Chart

Property, Plant and Equipment

Quebec Region

The LaRonde Mine and the Goldex and Lapa mine projects and the Bousquet and Ellison properties are located in the Abitibi region of northwestern Quebec. The Abitibi region is characterized by an availability of experienced mining personnel. The climate of the region is continental and the average annual rainfall is 64 centimetres and the average annual snowfall is 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.

Location Map of Abitibi Properties

LaRonde Mine

The LaRonde Mine is situated approximately 60 kilometres west of the City of Val d'Or in northwestern Quebec (approximately 650 kilometres northwest of Montreal, Canada) in the municipalities of Preissac and Cadillac. At December 31, 2007, the LaRonde Mine was estimated to contain proven mineral reserves of approximately 416,000 ounces of gold comprised of 4.7 million tonnes of ore grading 2.77 grams per tonne and probable mineral reserves of 4.5 million ounces of gold comprised of 30.2 million tonnes of ore grading 4.67 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 from either Val d'Or in the east or 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 elevation is 337 metres above sea level. 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 Lac Preissac and is transported approximately four kilometres to the mine site through a surface pipeline.

The LaRonde Mine operates under mining leases obtained from the Quebec Ministry of Natural Resources and under certificates of approval granted by the Quebec Ministry of the Environment. The LaRonde property consists of 35 contiguous mining claims and one provincial mining lease and covers in total approximately 884.1 hectares. The El Coco property consists of 22 contiguous mining claims and a provincial mining lease and covers in total approximately 356.7 hectares. The Terrex property consists of 20 mining claims that cover in total approximately 408.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2008 and 2021, respectively, and are automatically renewable for three further ten-year terms on payment of a small fee. The LaRonde leases are expected to be renewed in early 2008. The Company also has two surface rights leases covering approximately 122.3 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.

The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, treatment plant, secondary crusher building and related facilities. The El Coco property was acquired from Barrick Gold Corporation ("Barrick") in June 1999 and is subject to a 50% net profits interest 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 2008. In 2003, exploration work started to extend outside of the LaRonde property on to the Terrex property where a down plunge extension of the 20 North gold zone was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc., a 1% net smelter return royalty to Breakwater Resources Ltd. and a 2% net smelter return royalty to Barrick. In addition, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property.

Mining and Milling Facilities

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 the 25th Level of Shaft #1 and then continues down to Level 242 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 down 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 the 6th Level (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, 7 and 6. As part of the LaRonde Mine extension, the Company is currently sinking an 835 metre internal shaft from Level 215 to access the ore below Level 245. At December 31, 2007, this internal shaft extended 20 metres below Level 215 and will eventually reach a total depth of 2,865 metres below surface.

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 2007, two mining methods were used: longitudinal retreat with cemented backfill and transverse open stoping with both cemented 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. 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 from the paste backfill plant completed in 2000 and located on the surface at the processing facility. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or cemented paste backfill.

Surface facilities at the LaRonde Mine include a processing plant with a daily capacity of 6,350 tonnes of ore, which has been expanded four times from the original 1,630 tonnes of ore treated per day rate. The expansion to 6,350 tonnes per day was completed in October 2002 and the milling complex has been operating well above this level for the past four years. This expansion consisted of additions to the grinding and precious metals circuits and modifications to the copper and zinc flotation circuits. An ore handling system was completed at the end of 1999. It included a truck dump linked by a new conveyor gallery to a coarse ore bin with a capacity of 4,500 tonnes. The coarse ore bin feeds a SAG mill that was installed at the end of 1999. Ore from the Penna Shaft is transported to the ore handling facility by 32 tonne trucks.

The milling complex consists of a grinding, copper flotation, zinc flotation, and a precious metals recovery circuit and refinery. A copper concentrate containing approximately 73% of the gold plus byproduct silver and copper is recovered. The zinc flotation circuit produces a zinc concentrate containing approximately 5% of the gold. The remaining 14% is recovered by the precious metals circuit, including a refinery using the Merrill Crowe process, and it is shipped as dore bars. Both the zinc and copper flotation circuits consist of a series of column and mechanical cells that sequentially increase the zinc concentrate and copper concentrate quality. In 2007, zinc recoveries averaged 87% and zinc concentrate quality averaged 54% zinc. In 2007, copper recoveries averaged 86% and copper concentrate quality averaged 11% for the year.

Since 1991, gold recoveries have averaged 93%. During 2007, gold recoveries averaged approximately 91% and silver recoveries averaged 88%. During 2007, the mill processed approximately 2.67 million tonnes of ore, averaging approximately 7,324 tonnes of ore treated per day and operating at 93% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.67 million tonnes of ore extracted by the Company at the LaRonde Mine in 2007.

	Head Grades	Copper Concentrate (74,887 tonnes produced)		Zinc Concentrate (155,886 tonnes produced)		Dore Produced	Overall Metal Recoveries	Payable Production
		Grade	Recovery	Grade	Recovery			
Gold	2.95 g/t	77.2 g/t	72.7%	2.6 g/t	5.1%	34,871 oz	91.21%	230,992 oz
Silver	75.4 g/t	1,678 g/t	62.4%	167 g/t	13.2%	643,936 oz	87.51%	4,919,427 oz
Zinc	3.63%	7.7%		53.6%	86.8%		86.80%	71,577 t
Copper	0.36%	10.8%	86.2%				86.20%	7,482 t

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 (Inco). The tailings entering the tailings pond are first decanted and the clear water subjected to natural cyanide degradation. This water is then transferred to tailings pond #1 to undergo a secondary treatment at a plant located between tailings ponds #1 and #2 that uses a peroxy-silica process to destroy cyanide. As the LaRonde ore contains a lot of sulphur and that the process water was recirculated at more than 80% rate, a thiocyanate build-up in pond #2 resulted in a toxicity problem in the late 1990s. Thiocyanate is a very difficult compound to oxidise and, in 2000, the Company decided to operate at a 100% water recirculation rate while a solution to the toxicity problem was being developed. The Company determined that a biological treatment process was optimal. A biological treatment plant was placed in service in January 2004. Operation of the tailings pond with zero effluent in the interim period required raising the dykes in 2002 and again in 2004 because of the rising water levels. Prior to dyke raising in 2004, the Company advised the Quebec Ministry of the Environment that some water had to be released to permit dyke raising using the upstream method. The Quebec Ministry of the Environment sent a notice of infraction in respect of this release of slightly toxic water in March 2005. The Federal government permitted the release under a transitional discharge permit. However, the operation of the tailings pond at 100% water recirculation rates continued to increase the thiocyanate concentration and a second phase to the biological treatment plant was placed in service in December 2004 to increase the treatment capacity. The higher contaminant concentration of the biological treatment plant feed made the treatment process more susceptible to disturbances and, in June 2005, the effluent failed the toxicity test for daphnia for one week and the suspended solids exceeded the monthly average limit. The Quebec Ministry of the Environment issued a notice of infraction related to these issues in September 2005, but indicated that the infractions would not lead to any fines or sanctions. The Company engaged consultants to assist the LaRonde staff in process optimisation. The process is now more stable and the effluent remained non-toxic for 2006 and 2007. A Certificate of Authorization was granted by the Quebec Ministry of the Environment in 2006 to carry out an ammonia stripping operation of an effluent partially treated by the biological treatment plant. This allowed an increase in treatment flowrate, while keeping the final effluent toxicity free. The Certificate of Authorization was renewed in 2007 for an indefinite period.

In addition to the above-mentioned process water treatment, 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.

The tailings pond occupies an area of about 120 hectares and waste rock that is not used underground for backfill is brought up to surface and stored in close proximity to the tailings pond to be used for dyke raising. A waste rock pile containing approximately 1.5 million cubic metres of waste and occupying about nine hectares is located west of the mill.

Development

In 2007, a total of 10,667 metres of lateral development was completed. Development was focused on stope preparation of mining blocks for production in 2007 and 2008, especially the preparation of the new lower mine production horizon, Level 233. A total of 1,200 metres of development work was completed for the LaRonde Mine extension mainly on Levels 170, 194, 215 and 233 for ventilation infrastructure. This development work also included construction work on a ramp from Level 215 to Level 218 for the new internal shaft.

A total of 11,000 metres of lateral development is planned for 2008. The main focus of development work continues to be stope preparation. The Company plans to develop down to Level 245 and prepare the access to Zone 20 South on three levels, Level 203, Level 206 and Level 209. Finally, the Company will continue construction of a ramp up from Level 94 to Level 92. There are 400 metres of exploration drift development planned in 2008 on the Level 215 exploration drift. This new area will be used to test the new target west of the Zone 20 North below the Bousquet II shaft. For LaRonde, a total of 420 metres of development is planned mainly to complete infrastructure around the new shaft and for the future ventilation infrastructure for the LaRonde Mine extension. A total of 464 metres of shaft sinking is planned for 2008.

Geology and Diamond Drilling

Geologically, the LaRonde Mine property is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake fault zone (the "CLL Fault Zone") marking the contact between the Abitibi and the Pontiac sub-provinces, 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 southward facing regional lithological units (geological Groups). The units are, from north to south: (i) 400 metres 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 which hosts all the known economic mineralisation 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 alterations, which enclose massive to disseminated sulphide mineralization (in which gold, silver, copper and zinc are mined at the LaRonde Mine), follow steeply dipping, east-west trending, anastomosing shear zone structures within the Blake River Group volcanic units from east to west across the property. These shear zones comprise a larger structure, the Doyon-Dumagami Structural Zone, which hosts several important gold occurrences (including the Doyon gold mine and the former Bousquet mines) and has been traced for over 10 kilometres within the Blake River Group from the LaRonde Mine westward to the Mouska gold mine.

The gold bearing zones at the LaRonde Mine are lenses of disseminated, stringer 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 cross-cut by tightly spaced north-south fractures.

These historical relationships 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 cross-cutting north-south fractures also occurs within the LaRonde Mine. Predominant base metal sulphides within the LaRonde Mine are chalcopyrite (copper) and sphalerite (zinc).

The combined tonnage of proven and probable mineral reserves at the LaRonde Mine for year-end 2007 is 34.9 million tonnes which only represents a 2% decrease in the amount compared to year-end 2006. This 34.9 million tonnes of mineral reserves includes the replacement of 2.6 million tonnes that were mined in 2007. The Company's ability to sustain its level of proven and probable mineral reserves was primarily due to continued successful exploration results at depth.

The LaRonde Mine 2007 exploration program was a continuation of the diamond drilling from the Level 215 exploration drift, approximately 2,150 metres below the surface. This drift, completed in 2005 west of the Penna Shaft, provides access for deep drilling along 2,000 metres of the Bousquet-LaRonde stratigraphy. Much of the 2007 drilling was undertaken to define the western limit of the deposit below Level 245, consequently the western and eastern edges of the reserves below Level 245 are now known; however, the deposit remains open at depth. Another important focus of the drilling was to continue exploration below and down plunge of the Bousquet II deposit at 2,000 to 3,000 metres below surface. Systematic drilling along the

Bousquet stratigraphy has been successful in the past, notably the discovery of the LaRonde deposit. Finally, some in-fill drilling was also completed within selected areas of the resource envelope below Level 245 to confirm continuity. In addition, some definition and delineation drilling was completed to assist in final mining stope design mainly of Zone 20 North.

A summary of the diamond drilling completed on the LaRonde Mine property is set out below:

	Number of Holes Drilled		Length Drilled (m)	
LaRonde Target for Diamond Drilling	**2007**	**2006**	**2007**	**2006**
Production Stope Delineation	136	136	8,587	7,631
Definition	27	50	6,052	10,614
Deep Exploration (below Level 245, Zone 20 North)	32	38	20,680	22,135
TOTAL	195	224	35,319	40,380

Expenditure on diamond drilling at the LaRonde Mine during 2007 was approximately $2.8 million including $0.9 million in definition and delineation drilling expenses charged to operating costs at the LaRonde Mine. Expenditures on exploration in 2007 were $1.9 million and are expected to be $2.9 million in 2008.

Zone 20 North was the main focus of the drilling completed in 2007. 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. The following table summarizes Zone 20 North's contribution to the LaRonde Mine's mineral reserve:

	Proven and Probable Mineral Reserves
Total LaRonde Property	34,896,734 tonnes
Zone 20 North	33,479,342 tonnes

The following table summarizes Zone 20 North's contribution to the LaRonde Mine's mineral resources (see "Note to Investors Concerning Estimates of Mineral Resources"):

	Measured and Indicated Mineral Resources
Total LaRonde Property	5,642,935 tonnes
Zone 20 North	4,351,418 tonnes

	Inferred Mineral Resources
Total LaRonde Property	4,722,901 tonnes
Zone 20 North	4,484,903 tonnes

Zone 20 North initially occurs at a depth of 700 metres below surface and has been traced down to a depth of 3,100 metres below surface. With increased access on the lower levels of the mine (i.e., Levels 170, 194, 215 and 224), the transformation from a "zinc/silver" ore body to a "gold/copper" deposit continued during 2007.

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 600 metres, with thicknesses varying from three metres to 30 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. This is the same historical relationship noted at Shaft #1's Main Zone. At depth, the massive sulphide lens becomes richer in gold and copper. During 2007, 2.5 million tonnes of ore grading 2.97 grams of gold per tonne, 79.6 grams of silver per tonne, 0.40% copper and 4.30% zinc were mined from Zone 20 North.

The results of 2007 in-fill drilling in Zone 20 North below Level 245 combined with the higher metal prices used for the 2007 year-end reserve and resource estimate contributed to an increase of probable mineral reserves by 185,645 ounces of gold (1.1 million tonnes of ore grading 5.3 grams of gold per tonne) below Level 245. The table below shows the most significant results encountered in 2007 in the resource-reserve envelope below Level 245 at the LaRonde Mine.

		Interval (m)					
Drill Hole	True Thickness (m)	From:	To:	Gold (g/t) (Cut 41.43 g/t)	Silver (g/t)	Copper (%)	Zinc (%)
3215-114B	6.2	1064.7	1073.5	10.45	9.57	0.01	0.02
3215-117A	22.2	905.0	931.8	12.06	26.01	0.16	0.01
3215-146D	10.0	966.8	977.8	9.93	1.86	0.01	0.02

Step-out drilling west of the known resource-reserve envelope below Level 245 has intersected anomalous results along the Zone 20 North horizon underneath and down plunge from the Bousquet II deposit. These results from late 2007 remain untested, open at depth and towards the west and are potentially part of a significant mineralized horizon. In 2008, the Company plans to extend the Level 215 exploration drift by approximately 240 metres to provide access for the continuation of exploration drilling further west of the current reserves below Level 245. The table below shows the most significant results from this area encountered in 2007.

		Interval (m)					
Drill Hole	True Thickness (m)	From:	To:	Gold (g/t) (Cut 41.43 g/t)	Silver (g/t)	Copper (%)	Zinc (%)
3215-141	3.5	526.2	530.9	3.86	8.12	0.05	0.22
3215-147C	2.8	904.2	908.2	0.88	1.08	0.02	0.02

Historically, increased drill hole density has improved initial mineral reserve and mineral resource estimates based on widely spaced drill holes usually drilled from the shaft stations. Ultimately, development within the ore zones has confirmed the original estimates.

Zone 20 South is located approximately 150 metres south of Zone 20 North. It consists of at least two known disseminated to massive sulphide gold/copper/zinc-bearing lenses made up of 80% to 90% pyrite, 5% to 10% sphalerite and 1% to 3% chalcopyrite. The Zone 20 South horizon has been traced over a vertical distance of 1,615 metres and a horizontal distance of up to 255 metres, with a mineralized thickness varying from three metres to 12 metres. The El Coco property contains the eastern extension of Zone 20 South. The current mineral reserve position on Zone 20 South on the LaRonde property is 117,000 ounces of probable mineral reserves (1.0 million tonnes grading 3.5 grams of gold per tonne); there are no mineral reserves on the El Coco property. In 2007, approximately 346 tonnes grading 2.4 grams of gold per tonne were mined from Zone 20 South on the LaRonde property.

Mineralization of Zone 20 South in this lower area of the Penna Shaft appears to be very similar to what was initially encountered in Zone 20 South near Level 146 where the mineralization is narrow, high-grade but more difficult to define. Additional high-grade gold mineralization at depth could have a significant impact on the long-term mine plan. High grade mineralization just above Level 215 has not yet been factored into the long-term mine plan.

The significance of Zone 20 South production can be summarized as follows:

Zone 20 South is characterized by higher-grade mineralization frequently accompanied by coarse visible gold.

Reserves on the El Coco property were substantially depleted as at December 31, 2003 and production since then has come from royalty-free areas of Zone 20 South lens production.

Unlike the typical LaRonde massive sulphide model, higher gold grades are frequently accompanied by higher-grade silver/zinc mineralization. In the LaRonde geological model, higher-grade gold mineralization is normally accompanied by corresponding higher copper values.

Mineralization is continuous down to Level 154 (1,540 metres below surface). Economic mineralization reoccurs at the Level 170 horizon (1,700 metres below surface) and is open at depth. Mineralization has been traced to a depth of 2,377 metres.

Some delineation drilling was conducted in a small part of Zone 20 South in 2007 from the Level 212 access drift. The results were generally lower than the initial holes and the reserve grade of Level 209 to Level 215 blocks decreased but were still economic at the 2007 year-end metal prices. This zone will require significantly more delineation drilling with tighter spacing. Ore development is also planned for 2008 on Level 209 and Level 212.

Capital Projects and Expansion

In May 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. Construction of the LaRonde Mine extension is currently underway with production from this part of the LaRonde Mine expected to commence in 2011. Once commenced, production is estimated to be approximately 340,000 ounces per year at total cash costs per ounce of approximately $150, with an estimated mine life of nine years. The Company has commenced sinking a new 835 metre internal shaft starting from Level 206, to a total depth of approximately 2,865 metres, to access the deposit. An 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 and, as of December 31, 2007, the shaft has been sunk to a depth of 20 metres below Level 215.

Capital expenditures at the LaRonde Mine during 2007 were approximately $87 million, which included $34 million on sustaining capital expenditure and $53 million comprised mostly of expenditures on the LaRonde Mine extension and ramp development below Level 215. Budgeted 2008 capital expenditures at the LaRonde Mine are $68 million, including $33 million on sustaining capital expenditures and $35 million on the LaRonde Mine extension, which will consist mostly of shaft sinking and upgrades to the ventilation system. Total capital cost of construction of the LaRonde Mine extension is estimated to be $293 million, of which the Company had incurred $43 million at the end of 2007.

Lapa Mine Project

The Lapa mine project is a pre-production stage development property located approximately 11 kilometres east of the LaRonde Mine near Cadillac, Quebec and is accessible by provincial highway. At December 31, 2007, the Lapa mine project was estimated to contain probable mineral reserves of 1.1 million ounces of gold comprised of 3.8 million tonnes of ore grading 8.86 grams per tonne and approximately 1,000 ounces of proven gold reserves from 2,800 tonnes of ore grading 10.65 grams per tonne. The Lapa property is made up of the Tonawanda property, which consists of 43 mining claims covering an aggregate of approximately 705.8 hectares and the Zulapa property, which consists of one mining concession of approximately 93.5 hectares. 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 $8.925 million, and a 1% net smelter return royalty on the Tonawanda property and a 0.5% net smelter return royalty on the Zulapa property. 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 (the "Additional Lapa Claim") was added to the Company's holdings at the Lapa mine project. The Additional Lapa Claim is not subject to any royalty interests. An additional $1.0 million is payable to Breakwater if the published inferred mineral resource at the Lapa property reaches 2.0 million ounces of gold. Of the total potential cash consideration of $9.925 million, $2 million may be used by the Company as a credit to offset net smelter return royalties payable.

In July 2004, the Company initiated sinking an 825 metre deep production shaft at the Lapa property. On June 5, 2006, the Company announced that on the basis of the recent drilling results and a revised feasibility study, it would accelerate construction of the Lapa mine project. This construction included the extension of the 4.9 metre diameter concrete lined shaft to a depth of approximately 1,370 metres which was completed in

October 2007. Lateral mine development on three horizons began in November 2007 and over 400 metres was completed by December 31, 2007. Infrastructure on the property includes the former LaRonde shaft #1 headframe and shafthouse, which were both refurbished, a service building housing the hoist and compressors, temporary offices and settling ponds for waste water. A services building houses engineering and operations staff along with dry facilities. An ore bin and a diesel reservoir have been completed at the site and a new mine access road was opened during the summer of 2007. The Lapa cement plant is currently under construction. In 2006, an application for a mining lease covering 69.9 hectares was submitted to the Ministry of Natural Resources. Land surveying activities in respect of the property were completed in 2007 and the application is currently under review. The certificates of authorization to proceed with mine production and with mill construction were issued by the Quebec Ministry of the Environment respectively in October and December 2007. The Lapa site will host the underground mining operation and the ore will be trucked to the processing facility at the LaRonde Mine, which will be modified to treat, recover the gold and store the residues. An application for a certificate of authorization for the deposition of tailings from the Lapa mine project in the tailings pond at the LaRonde Mine is expected to be submitted to the Quebec Ministry of the Environment in 2008.

Capital costs at the Lapa mine project are $165 million, of which the Company incurred approximately $29 million in 2007 and expects to incur approximately $78 million in 2008. Based on current estimates of mineral reserves and resources and grade, the Company anticipates a seven-year mine life, with full production levels of 125,000 ounces of gold annually by early 2010 at total cash costs per ounce of approximately $300.

Geology and Diamond Drilling

Geologically, the Lapa property is similar to LaRonde and is also located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the CLL Fault Zone marking the contact between the Abitibi and the Pontiac sub-provinces, which passes through the property from west to east. The CLL Fault Zone is marked by schists and mafic to ultramafic volcanic flows that comprise the Piché Group (up to approximately 300 metres in thickness in the mine area). The CLL Fault Zone is generally east-west trending but on the Lapa property, it curves southward abruptly before returning to its normal trend; the flexure defines a "Z" shaped fold to which all of the lithological groups in the region conform. Feldspathic dykes cut the Piché Group (more often in the sector of the fold). To the north of the Piché Group lies the Cadillac Group sedimentary group, which consists of approximately 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 thickness) that occur to the south of the Piché Group are similar to the Cadillac Group but do not contain conglomerate nor iron formation. Minor Protorozoic age (2.0 billion years) diabase dykes cut all of the rocks in a northwest direction.

All of the known gold mineralization along the CLL Fault Zone is epigenetic (late) vein type and mineralization is controlled by structure; mineralization is associated with the fault zone and occurs all or immediately adjacent to the Piché Group rocks. Although gold mineralization also occurs throughout the Piché Group at Lapa, except for the Contact and the satellite zones, it is generally discontinuous and has low economic potential.

The Lapa deposit is comprised of the Contact Zone and five satellite zones. The ore zones are made up of multiple quartz veins and veinlets, often smokey and anastomosing, within a sheared and altered envelope (with minor sulphides and visible gold). The Contact Zone is generally located at the contact between the Piché Group and the Cadillac Group sediments. The satellite zones are located within the Piché Group at a distance varying from 10 to 50 metres from the north contact with the sediments except for the Contact North zone which is located approximately 10 metres north of the Contact Zone within the sediment unit. The ore envelope is not always in the same volcanic unit since the Piché/Cadillac contact is discordant. The sheared envelope consists of millimetre-thick foliation bands of biotite or sericite with silica (depending on the rock type that hosts the alteration). Sericitization predominates when the zone is in sedimentary rocks while biotization and silicification predominates when the envelope affects the Piché Group volcanics. Quartz veins and millimetre-sized veinlets that are parallel to the foliation (structural fabric) 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 sulphide is, in order of decreasing importance, arsenopyrite, pyrite, pyrrhotite and stibnite. Graphite is also rarely observed as inclusions in smokey quartz veins.

The Contact Zone (and the satellite zones) is a tabular shaped mineralized envelope that is oriented east-west and dips very steeply (-87 degrees) to the north, turning south at depth. The economic portion of the zone has been traced from roughly 450 metres below surface to below 1,500 metres depth, has an average strike length of 300 metres and varies in thickness between 2.8 to 5.0 metres and is open at depth. Locally some thicker intervals have been intercepted but their continuity have not been demonstrated. This zone accounts for approximately 65% of the reserves.

The satellite zones (North, FW, Center, South 1 and South 2) are also steeply dipping and are oriented sub-parallel or slightly oblique to the Contact Zone. The thicknesses are similar to the Contact Zone.

Drilling in 2007 concentrated on confirming and expanding the known ore bodies (Contact Zone and the other satellite zones). The results are incorporated in the December 31, 2007 reserve/resource estimate set out under " Mineral Reserve and Mineral Resource" below.

Goldex Mine Project

The Goldex mine project is a pre-production stage development property located in the municipality of Val d'Or, Quebec, approximately 60 kilometres east of the LaRonde Mine. At December 31, 2007, the Goldex mine project was estimated to contain proven mineral reserves of approximately 18,000 ounces comprised of 0.3 million tonnes of ore grading 2.23 grams per tonne and probable mineral reserves of 1.6 million ounces of gold comprised of 22.8 million tonnes of ore grading 2.20 grams per tonne.

The Goldex mine project is held under 22 claims, covering an aggregate of approximately 267.78 hectares. The claims are renewable every second year upon payment of a small fee. The Company has a 100% working interest in the Goldex property. The Goldex property is made of three claim blocks: the Probe block (ten claims, 122.38 hectares); the Dalton block (one claim, 10.4 hectares); and the Goldex Extension block (11 claims, 135.0 hectares). The Goldex Extension Zone, which is the gold deposit on which the Company is currently focusing its exploration and development efforts, was discovered in 1989 on the Goldex Extension claim block (although a small portion of the deposit is interpreted to occur on both the Dalton and Probe claim blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe claim block. Should commercial production commence on the Goldex mine project, 18,000 shares of the Company will be issued to the estate of John Michael Dalton Jr.

The Goldex mine project is accessible by provincial highway. The elevation is approximately 302 metres above sea level. All of the Goldex mine project'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 project will be sourced directly by aqueduct from the Thompson River immediately adjacent to the project.

In 1997, the Company completed a mining study that showed that the deposit was not economically viable to mine at the then prevailing gold price using the mining approach chosen and drill-hole indicated grade, the property was placed on a care and maintenance basis and the workings were allowed to flood. Throughout 2003, the Company re-evaluated the Goldex project reviewing mining methods and grade estimation methods. In February 2004, based on a new reserve and resource estimate for the Goldex Extension Zone and revised feasibility study the Company decided to undertake a $4.7 million underground bulk sampling program to provide additional geological and sampling information to increase the level of confidence in the gold grade. The bulk sample was processed during the first quarter of 2005 and returned a grade of 2.78 grams of gold per tonne, nearly 10% higher than the bulk sample processed in 1997.

In February 2005, a new reserve and resource estimate was completed for the Goldex Extension Zone which, coupled with a revised feasibility study, led to a probable 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 Goldex Extension Zone resource model was revised and in March 2005, the Company approved a revised feasibility study and the construction of the Goldex mine. Annual gold production is expected to average 170,000 ounces over a 10-year mine life commencing in April 2008.

At the time the Company determined to initiate construction of the Goldex mine project, the surface facilities at the Goldex mine project 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, which provides access to underground workings. At the end of 2007, the new surface facilities on the new construction site included an electrical sub-station, a compressor building, a service building for administration and changing rooms, a warehouse building, a concrete headframe above Shaft #2 and a sinking hoist room. Also, the processing plant building was 75% enclosed. A sedimentation pond for mine water treatment and sewage facilities has also been built. Environmental permits for the construction and operation of an ore extracting infrastructure at the Goldex project were received from the Quebec Ministry of the Environment in October 2005 and in the same month work started on the production shaft collar and surface facilities at the new construction site. The sinking of the new production shaft was completed by the end of 2007. This new 5.5 metre diameter concrete lined shaft reached a final depth of 865 metres. Underground development and construction commenced in August 2005, with access provided by underground workings from the existing 790-metre shaft. During 2007, approximately 5,800 metres lateral and vertical development were completed.

Plant construction at the Goldex mine project commenced in the second quarter of 2006 and was completed in the first quarter of 2008. The Company anticipates that grinding at the Goldex mill will be done through a two-stage circuit comprising of a SAG mill and a ball mill. It is estimated that two-thirds of the gold will be recovered through a gravity circuit, passed over a shaking table and smelted on site. The target size for grinding will be 80% of a diameter of 106 microns or less, before the remainder of the gold and pyrite are recovered by a flotation process. The concentrate will then be thickened and trucked to the mill at the LaRonde Mine where it will be further treated by cyanidation. The treated concentrate will then be processed through the existing Merrill-Crowe circuit at the LaRonde mill and gold recovered with be consolidated with precious metals from the LaRonde Mine. The Company is targeting an average gold recovery of 93.6%. In November 2006, the Company and the Quebec government signed an agreement regarding the disposition of the Goldex tailings at the Manitou mine site, a tailings site formerly used by an unrelated third party and abandoned to the Quebec government. There is acid drainage from the Manitou mine site and the proposed construction of tailings facilities by the Company is hoped to help remedy the negative effects of the existing environmental damage. Under the agreement, the Company manages the construction of the tailings facilities and the government pays all additional cost above the Goldex budget set out in the Goldex mine project feasibility study. The Quebec government has retained responsibility for all environmental contamination at the Manitou tailings site and for final closure of the facility. In addition, the Company has built a separate tailings deposition area (auxiliary tailings pound) near the mine. Environmental permits for the construction and operation of the auxiliary tailings pond of the Goldex project were received in March 2007.

Estimated capital costs to bring Goldex into production are $183 million, of which $105 million was spent in 2007. Approximately $95 million was budgeted for the new shaft, underground development and construction and mining equipment while an additional $60 million was budgeted for the processing plant and tailings facility. The remainder has been budgeted for the surface plant and working capital. At the end of 2007, a total of $160 million had been spent on the project. The Company expects capital expenditures at Goldex in 2008 to be approximately $23 million, most of which will be used for the completion of the mill and construction of the underground crushing and hoisting facility.

Geology and Diamond Drilling

Geologically, the Goldex property is similar to Lapa and LaRonde and is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province, a typical granite-greenstone terrane located within the Superior Province of the Canadian Shield. The southern contact of the Abitibi Sub-Province with the Pontiac Sub-Province 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 oriented generally west-northwest (and because the stratigraphic tops are to the South) and are geologically overturned steeply to the North (75 to 85 degrees).

Gold mineralization at Goldex corresponds to the quartz-tourmaline vein deposit type. The Goldex gold-bearing quartz-tourmaline-pyrite veins and veinlets are the result of a strong structural control; the most

significant structure directly related to mineralization is a discreet shear zone, the Goldex Mylonite, that is up to five metres in thickness and occurs within the Goldex Granodiorite, just south of the Goldex Extension Zone (which hosts all of the current mineral reserves) and other gold occurrences. Oriented west-northwest and also dipping 65 to 75 degrees North (and to a lesser extent 60 to 80 degrees South), minor fracture zones (that display reverse movement, North to South) that are developed parallel but to the North of the Goldex Mylonite, control the quartz-tourmaline-pyrite vein mineralization. Three vein sets (all oriented west northwest but with different dips) are developed within the Goldex Extension Zone. The most important vein set are extensional-shear veins that dip 30 degrees South and are usually less than 10 centimetres in thickness; synchronous and conjugate with the latter veins are less abundant extensional-shear veins (also generally less than 10 centimetres in thickness) that dip 30 to 45 degrees to the North. The third vein set is made up of shear zone veins up to a metre in thickness that occasionally occur within the steep North dipping fracture zones. The vein sets (and alteration associated with them) combine to form stacked envelopes up to 30 metres thick that also dip approximately 30 degrees South (parallel to the main vein orientation) but which always conform to the orientation (75 degree North dip) of the Goldex Granodiorite and the main fracture zones.

The Goldex Extension Zone 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 assays rather than by individual veins. The zone is almost egg-shaped (flattened in the orientation of the sill) and elongated almost horizontally (also parallel to the west-northwest trending sill and fracture zones); 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 results have essentially delimited the Goldex Extension Zone both at its summit and at its base but is not well defined at either point (the mineralization is inferred to extend above the reserve limit for approximately 50 metres and below 800 metres depth where inferred mineralization may extend down an additional 50 metres). Inferred mineralization in the eastern portion of the property extends the Goldex Extension Zone 175 meters east and 125 meters below the current envelope of probable reserves. The Goldex Extension Zone is open above Level 73 to the east-southeast for approximately 300 metres.

Strong albite-sericite alteration of the quartz-diorite (giving it a pale "granodiorite" look) 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 no veining or gold) are found within the Goldex Extension Zone (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 in the pyrite) that occurs in the quartz-tourmaline veins and in narrow fractures in the sericite-albite altered quartz diorite (but generally immediately adjacent to the veins); less than 1.5% of the gold occurs as Calaverite (a gold telluride).

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde Mine and consists of two mining leases covering 73.09 hectares and 31 claims covering 384.85 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. The Ellison property is located immediately west of the Bousquet property and consists of eight claims covering 101.10 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, Yorbeau Resources Inc. will receive an additional C$0.5 million in cash.

In 2007, the Company recovered 77,629 tonnes of ore grading 5.67 grams per tonne from two small ore blocks at Bousquet. The mining of these areas was completed in 2007.

The 2007 indicated mineral resource at the Bousquet property is approximately 1.7 million tonnes grading 5.63 grams of gold per tonne. The inferred mineral resource is 1.7 million tonnes grading 7.45 grams of gold per tonne. The December 31, 2007 indicated mineral resource at Ellison is 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.

Kittila Mine Project

The Kittila mine project is located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittila, in northern Finland. At December 31, 2007, the Kittila mine project was estimated to contain probable mineral reserves of 3.0 million ounces comprised of 18.2 million tonnes of ore grading 5.12 grams per tonne. The Kittila mine project is accessible by paved road to 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 10 kilometres north of the village of Kiistala, accessible via a good quality all-weather gravel road. The project is subject to a 2.0% net smelter return royalty payable to the Republic of Finland after commencement of commercial exploitation. The property is close to infrastructure, including hydro power, an airport, the town of Kittila, and mining and construction contractors. The project also has access to a qualified labour force.

Location Map of Kittila Mine Project

The Kittila mine project is comprised of 103 individual tenements covering an aggregate area of approximately 8,341 hectares and one mining licence covering approximately 847 hectares. The mineral titles form three distinct blocks. The main block comprises the Suurikuusikko mining licence and 84 contiguous tenements. The centroid of this block is located at 25.4110 degrees longitude East and 67.9683 degrees latitude North. It excludes three small circular areas 0.78 hectares in size and six narrow linear strips covering roads. Other tenements form isolated blocks comprising four to 16 contiguous tenements located in the vicinity of the main Suurikuusikko block. The boundary of the mine 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 project are registered in the name of Agnico-Eagle AB, an indirect, wholly-owned subsidiary of the Company. According to the Finnish Government land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from May 2008 to May 2012. Tenements are valid between three and five years, providing

a small annual fee is paid to maintain title and extensions can be granted for three years or more. Applications for extensions to tenements that expired in October 2006 (17 tenements totalling 1,486 hectares) were lodged on October 3, 2006. Only three of these applications for extensions were granted in 2007, however the Company expects the remainder to be granted in 2008.

The project area is scarcely populated and is situated between 200 and 245 metres elevation 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 project will be sourced from the nearby Seurujoki River, recirculation of water from pit dewatering and tailings pond water. Unemployment in the area is high. Municipal leaders are currently supportive of future mining operations.

The project 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 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 brief periods of 24-hour darkness around the winter solstice. Conversely, summer days are very long with a 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.

The Company acquired its interest in the Kittila mine project through a tender offer for all of the shares of Riddarhyttan that it did not own that was completed in November 2005. See " History and Development of the Company". The Company, through wholly-owned subsidiaries, owns all of the issued and outstanding shares of Riddarhyttan. At the time of the tender offer, Riddarhyttan was an exploration stage mining company focussed on exploration and development of what is now the Kittila mine project at the Suurikuusikko property. Riddarhyttan was established under Swedish corporate law in 1996 and commenced operations in 1997 when it was listed on the Stockholm Stock Exchange. In 1998, Riddarhyttan won the public international tender conducted by the Finnish Government for the Suurikuusikko project (now referred to as the Kittila mine project).

In June 2006, on the basis of an independently reviewed feasibility study, the Company approved construction of the Kittila mine and mine construction began immediately. The Kittila mine project will initially be an open pit mining operation followed by underground mining via ramp access, feeding a 3,000 tonne per day surface processing plant. Annual gold production is currently expected to average 150,000 ounces over a 14-year mine life at total cash costs of $250 per ounce, with initial gold production anticipated to commence in September 2008.

Current estimated capital costs of construction of the Kittila mine project are $190 million, of which a total of $100 million had been incurred by the end of 2007 and $90 million are expected to be incurred in 2008. Anticipated sustaining capital expenditures at the Kittila mine project are estimated to be approximately $5 million annually.

As of December 2007, construction had progressed according to schedule for commencement of open pit mining operations in the third quarter of 2008. Waste rock mining, construction and site infrastructure work had been completed in the area of the main Suurikuusikko deposit. To prepare for the open pit mining, 263,000 cubic metres of overburden and approximately 2.6 million tonnes of waste rock has been removed and excavated, respectively. Work on the ramp to access the underground reserves has started and total underground development to date is about 3,000 metres. The construction of the tailings dam is well advanced with the tailings dam completed in October 2007 and installation of a waterproof bottom layer now in progress. A high voltage power line connects the site to the main Finnish power grid. The office service buildings have been completed. The process plant building frame is completed, as well as concrete floors and structures for heavy plant equipment inside the building. Work on mill offices, control room and HVAC is ongoing. Concrete foundation structures for the ore crusher, conveyor and ore bin are ongoing, or near completion. Work on the foundations for the tank farm and oxygen plant commenced in June 2007.

The Company currently holds a mining licence and an environmental permit in respect of the Kittila mine project. The Company has submitted an application to Finnish authorities for an amendment to the environmental permit to allow the change from a biological oxidization process to a pressure oxidation process, which will allow the Company to use significantly smaller quantities of cyanide. The application for the amendment is currently being processed by the Finnish regulatory authorities and the Company understands from the authorities that the amendment is likely to be granted in the first half of 2008.

Geology, Deposit Type and Mineralization

The Kittila mine project is situated within the Lapland Greenstone belt. The geology and metallogeny of this area is very similar to that of the Canadian Shield. In this portion of northern Finland, bedrock is typically covered by a thin but uniform blanket of unconsolidated glacial till. Bedrock exposures are scarce and irregularly distributed.

The project area is underlain by late Proterozoic mafic volcanic and sedimentary rocks metamorphosed to greenschists assemblages (chlorite-carbonate) and ascribed to the Kittila Greenstone belt. The major rock units trend north to north-northeast and are near vertical. Volcanic rocks were further sub-divided into iron-rich (Kautoselka Formation) and magnesium-rich (Vesmajarvi Formation) tholeiites, respectively located to the west and to the east. The contact between the Kautoselka and Vesmajarvi formations consists of a transitional zone (Porkenen Formation) comprising mafic tuffs, graphitic metasedimentary rocks, black chert and banded iron formations. It varies in thickness between 10 and 50 metres and is characterized by strong heterogeneous penetrative strain, narrow shear zones, breccia zones and intense hydrothermal alteration (carbonate-albite-sulphide) and gold mineralization. The Porkenen Formation defines what is referred to as the Suurikuusikko Trend and is the major host for the gold mineralization. Its internal geometry is very complex and exhibits features consistent with that observed in major brittle-ductile deformation suggesting that this rock unit represents a significant structural discontinuity. This shear zone represents the principal metallogenic target at the Kittila mine project.

The known gold mineralization on the Suurikuusikko Trend is associated with strong sulphide mineralization (principally arsenopyrite and lesser pyrite) and associated hydrothermal alteration and is hosted in the extensive brittle-ductile shear zone. The gold at the Kittila mine project is almost exclusively refractory. Gold particles are locked inside fine-grained arsenopyrite (approximately 73%) or pyrite (approximately 23%). What remains is "free gold", which is manifested as extremely small grains in pyrite. Most of the free gold is found in the outer, oxidized or eroded sections of the ore. Small amounts of copper pyrite, pyrrhotite, sphalerite, galena, gersdorffite, tetrahedrite, jamesonite, bornite, gudmundite and rutile are also present. The gold deposit is intersected at several locations by small massive bands containing the antimony mineral stibnite. The characteristics of the known gold mineralization are similar to a class of hydrothermal gold deposits referred to as "orogenic" gold deposits, which typically exhibit a strong relationship with regional arrays of major shear zones.

The Suurikuusikko deposit is hosted by a north-south oriented shear zone (the Suurikuusikko Trend) containing multiple mineralized lenses, which have been traced over a strike length of over 15 kilometres. Most of the exploration work has been focused on the 4.5 kilometres which host the known gold reserves and resources.

History and 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 poorly exposed area. Low-altitude airborne geophysical surveys (magnetic, electromagnetic, radiometric), ground geophysical surveys and various soil and till sampling programs were carried out over a wide area encompassing the original bedrock gold discovery.

By 1987, well-defined geochemical anomalies around the Suurikuusikko area presented obvious targets that were tested by a reconnaissance drilling program, confirming the existence of gold mineralization in bedrock. Between 1989 and 1991, GTK drilled a total of 72 diamond drill holes (9,031 metres in length) and five reverse

circulation bore holes (approximately 288 metres in length) to investigate soil anomalies and delineate the gold mineralization uncovered. Exploration resumed in 1998 under Riddarhyttan management. Between 1999 and 2005, 462 core boreholes (more than 136,278 metres) were drilled by Riddarhyttan over a strike length of 5.5 kilometres to investigate the main auriferous structure. Mineralogical, petrographic and structural studies were completed on unoriented and limited oriented drill core to further the understanding of the geological and structural setting of the gold mineralization. In conjunction with the drilling, ground geophysical surveys were carried out to improve the imaging of the host rocks and structural patterns. Throughout this period, Riddarhyttan continued to investigate the metallurgical properties of the refractory gold mineralization with the objective of demonstrating its recoverability and assessing suitable processing scenarios. Riddarhyttan initiated engineering and environmental studies to investigate other aspects and assess the feasibility of a mining project.

In 2006, the Company performed pilot-plant testing based on a pressure oxidation process for gold extraction. In June 2006, the Company approved a feasibility study and the construction of the Kittila mine project. The study was based on an open pit mining scenario followed by underground mining via ramp access and mining of one million tonnes of ore per annum to be processed in a surface plant.

The Company continued in-fill and exploration drilling throughout 2006 on the mining licence area to test the deeper portions of the main zones and to explore extensions to other zones. Exploration outside of the mining licence area was initiated with encouraging preliminary results. The results indicated two new gold zones to the north of the mine construction site, the Rimminvuoma South and the Hakokodanmaa areas, located one kilometre and four kilometres north of the main Suurikuusikko area, respectively. Systematic geochemical sampling and drilling of old geochemical anomalies to the north of the mining licence area were carried out and a high-quality, low altitude airborne survey covering the entire Suurikuusikko structure was completed. In total, the Company completed 190 diamond drill holes totalling 53,000 metres on the Kittila mine project.

The 2007 diamond drilling program on the mining licence area focused on in-fill drilling, resource conversion and deep exploration below the main Suurikuusikko zones. Results from the deep exploration were very encouraging as they indicated that the Suurikuusikko zones may extend at least down to 1,000 metres below the surface. In total, 158 diamond drill holes totalling 31,995 metres were completed on the mining licence area in 2007. Systematic geochemical sampling also continued outside of the mining licence area 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 10 kilometres north of the mine construction site. A total of 113 diamond drill holes totalling 26,806 metres were drilled on exploration targets outside of the mining licence area.

Exploration and Drilling

The deposit at the Kittila mine project is hosted by a north-south oriented shear zone containing multiple mineralized lenses, which have been traced over a strike length of 15 kilometres. Most of the work has been focused on the 4.5 kilometres which host the known gold reserves and resources. From north to south, the zones are Rimminvuoma, North Rouravaara ("Roura-N"), Central Rouravaara ("Roura-C"), Suurikuusikko ("Suuri"), North Suurikuusikko ("Suuri-N"), Etela and Ketola. The Suuri and Suuri-N zones include three parallel zones that have previously been named Main East, Main Central and Main West. The Suuri zone hosts approximately 53%, Suuri-N about 24%, Roura-C about 16% and Roura-N about 3% of the probable gold reserve estimate on contained gold basis. Most of the recent work has focused on the Suuri and Rouravaara zones. Up to the end of December 2007, a total of 891 drill holes, comprising 237,519 metres, have been completed on the property. Since the beginning of 2007, between two and five drills have been in operation on the property: one to three drills on in-fill drilling; one or two drills on exploration; and one or two drills on resource conversion drilling.

The Suuri Zone

Some of the highlights from the 2007 drilling are set out below:

Drill Hole	True Thickness (m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 110 g/t)
SUBH 06032	9.8	425.0	439.0	11.9
SUBH 06091	12.6	132.0	150.0	9.2
SUBH 06044	20.6	77.4	106.8	9.0
SUBH 07003	15.1	1054.4	1075.9	8.3
SUBH 07007	19.9	62.0	90.4	10.0
SUBH 07004	23.3	117.0	150.3	15.6

The Suuri and Suuri-N zones extend 1,300 metres horizontally and down to a vertical depth of approximately 800 metres below surface and are known to contain two to six parallel, gold bearing lenses. The thickness of the lenses varies generally between five and ten metres. Current drilling in the Suuri and Suuri-N zones is focused on resource to reserve conversion drilling in the area between 400 metres and 800 metres below surface and exploration drilling in the area between 800 metres and 1,100 metres below surface to test the extension of the deposit at depth.

Of the probable reserves of approximately 3.0 million ounces at the Kittila mine project, about 20% are located in the Suuri and Suuri-N open pit areas and 57% in the Suuri and Suuri-N underground area.

The Roura-C and Roura-N Zones

The Roura-C and Roura-N zones extend 1,200 metres horizontally and to a vertical depth of approximately 650 metres below surface. About 19% of the mineral reserves are located within the Roura-C and Roura-N zones. These zones contain one to three parallel, gold bearing lenses. The thickness of these lenses is generally between 10 and 40 metres. Current drilling in these zones is focused on resource to reserve conversion drilling in the area between 400 metres and 600 metres below surface and exploration drilling below 700 metres below surface to test the extension of the deposit at depth.

Meadowbank Mine Project

The Meadowbank mine project is a pre-production stage development property located in the Third Portage Lake area in the Kivalliq District of the Nunavut Territory of northern Canada, approximately 70 kilometres north of Baker Lake. At December 31, 2007, the Meadowbank mine project was estimated to contain probable mineral reserves of 3.5 million ounces of gold comprised of 29.2 million tonnes of ore grading 3.67 grams of gold per tonne.

Location Map of Meadowbank Mine Project

The Meadowbank mine project is held under ten Crown mining leases (the "Meadowbank Leases"), three exploration concessions (the "Meadowbank Concessions") and a Crown claim (the "Meadowbank Claim"). The Meadowbank Leases, which include the Portage, Goose Island, Goose South and Cannu deposits, are administered under federal legislation. There are no annual work commitments in respect of these leases, however annual rent of C$18,272 must be paid. The Meadowbank Leases cover approximately 7,400 hectares and each of the leases expires in either 2016 or 2019. Production from areas covered by the Meadowbank Leases is subject to a royalty of up to 14% of adjusted net profits, as defined in the Territorial Mining Regulations. In order to conduct exploration work on the Inuit owned lands, the Company is required to submit a proposal of work annually that must be approved by the KIA, the body that holds the surface rights in the Kivalliq District, and various boards that administer land use, including the Nunavut Water Board, which will provide a recommendation to the Ministry of Indian Affairs and Northern Development (Canada) whether to grant the construction and operating licences. The licence is expected in mid-2008. In order to construct a mine at the Meadowbank mine project the Company must obtain additional approvals and licences, as described below in " Environmental Permitting & Inuit Impact Benefit Agreement".

The Meadowbank Concessions cover approximately 23,000 hectares and are granted by Nunavut Tunngavik, an Inuit birthright corporation responsible for administering subsurface mineral rights on Inuit owned lands in Nunavut Territory. The Meadowbank Concessions, which include the Vault deposit, are explored under an agreement with Nunavut Tunngavik. For 2008, the Meadowbank Concessions require the Company to pay C$58,000 for land fees and incur exploration expenses of approximately C$416,000. During the exploration phase, lands within the Meadowbank Concessions can be held for up to 20 years and the concessions can be converted into a production lease with an annual fee of C$1.00 per hectare and no requirements for further exploration expenditure. Production from the Meadowbank Concessions is subject to a 12% net profits interest royalty from which annual deductions are limited to 85% of gross revenue. The Meadowbank Claim covers approximately 8,400 hectares and, for 2008, requires the Company to pay fees of approximately C$2,000 and incur expenditure of approximately C$83,000.

The Kivalliq region in which the Meadowbank mining project is located has an arid arctic climate. The Meadowbank mine project site is at 134 metre elevation in low lying topography with numerous lakes. Water

requirements for the Meadowbank mine project will be sourced from Third Portage Lake. Operations at the Meadowbank mine project 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 project is accessible from Baker Lake, located 70 kilometres to the south, over a substantially completed 110 kilometre all-weather road. Baker Lake provides 2.5 months of summer shipping access via Hudson Bay and year-round airport facilities. The Meadowbank mine project also has a 1,100 metre long gravel airstrip, permitting access by air. The Company anticipates that it 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 in mid-July of each year. Fuel and supplies will be transported to the site from Baker Lake by conventional tractor trailer units. Transportation for personnel and air cargo will be provided on scheduled or chartered flights. The permanent base for employees from which to service the Meadowbank mine project has not been determined yet.

The existing exploration camp at the Meadowbank mine project consists of a wood framed office/kitchen/dry facility and all-weather structures and tents that can accommodate up to 60 people. Plant site facilities to be constructed include a mill building with an attached maintenance facility, separate office and dry facilities, assay lab and heavy vehicle maintenance shop. A separate crusher structure will flank the main process complex. Power will be supplied by an 26.4 MW diesel electric power generation plant with heat recovery and an on site fuel storage and distribution system. A pre-fabricated modular type accommodation complex for 344 persons will be supported with a sewage treatment, solid waste disposal and potable water plant. The mill-service-power complex will be connected to the accommodation complex with enclosed corridors. In addition, the Company will build peripheral infrastructure including tailings and waste impoundment areas and a 7 kilometre haul road to the Vault open pit.

Facilities to be constructed at Baker Lake include a barge landing site located several kilometres east of the community. A storage compound consisting of open storage area, a cold storage building and a fuel storage and distribution complex with a 40 million litre capacity will be constructed next to the barge landing facility. The all-weather conventional access road linking the Baker Lake storage facilities to the mine site is now substantially completed.

Environmental Permitting and Inuit Impact & Benefit Agreement

The development of the Meadowbank mine project was subject to an extensive environmental review process under the Nunavut Land Claims Agreement administered by the Nunavut Impact Review Board ("NIRB"). This was a multi-year assessment involving both federal and territorial regulatory agencies, the Inuit landowners, as represented by the KIA and Nunavut Tunngavik, and the local communities of the Kivalliq Region. A production decision regarding the Meadowbank project was made by Cumberland in September 2006. The NIRB recommended to the Minister of Indian Affairs and Northern Development (Canada) that the project could be constructed without resulting in significant adverse environmental impact considering the proposed mitigation measures and that the project should be allowed to proceed to the permitting phase. In November 2006 the Federal Minister of Indian Affairs and Northern Development accepted the positive NIRB recommendation.

On December 30, 2006, Cumberland received the Project Certificate from the NIRB. The issuance of the Project Certificate, which includes the terms and conditions to ensure the integrity of the development process, is the final stage of the NIRB review process for the environmental assessment of the Meadowbank mine project. Following receipt of the Project Certificate, Cumberland obtained land access and quarry permits in January and February 2007 from the Government of Nunavut, the Department of Indian Affairs and Northern Development and the KIA to commence and advance road construction to Meadowbank. Additional licences were received from Natural Resources Canada and other Territorial departments to commence construction. On February 22, 2007, Cumberland announced it had received a Water Licence Type B from the Nunavut Water Board, the final licence required for road construction to the Meadowbank mine project.

In February 2007, a subsidiary of Cumberland and the Nunavut government signed a Development Partnership Agreement ("DPA") with respect to the Meadowbank mine project. 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 project to Nunavut.

During 2005, Cumberland commenced formal discussions and negotiations with the KIA relating to the Inuit Impact Benefit Agreement ("IIBA") for the Meadowbank mine project, which Cumberland and the KIA ultimately signed in March 2006. The IIBA will ensure 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 will provide for Inuit regarding traditional, social and cultural matters. In December 2007, the Company provided the KIA with a production notice under the IIBA.

The Company currently holds an exploration lease from the KIA (exploration lease KVCL303H305) that expires December 31, 2010. The Company is currently negotiating with the KIA to convert this lease into a commercial production lease and to arrange for either a separate regional exploration lease or to incorporate the regional exploration activity into the commercial production lease. Agreement has been reached on the commercial production lease payment amounts and schedule and a final commercial production lease is expected to be in place before mid-2008.

In January 2008, the Company and KIA reached agreement on a water compensation agreement for the Meadowbank mine project addressing Inuit rights under the Land Claims Agreement respecting compensation for water use and water impacts associated with the project. The agreement was ratified by the KIA Board of Directors in February 2008. In addition, the Company has now reached agreement with the KIA regarding the land lease.

There are a number of further permits and authorizations required to allow for the construction, operation and ultimate reclamation of the Meadowbank mine project. The key items are set out below:

- a Type A Water Licence from the Nunavut Water Board;
- listing the proposed tailings impoundment on Schedule 2 of the Metal Mining Effluent Regulation under the *Fisheries Act* (Canada);
- authorization from the Department of Fisheries and Oceans (Canada) regarding the alteration of fish habitat and the tailings impoundment system;
- approval from Transport Canada under the *Navigable Waters Protection Act* (Canada) covering construction of the dewatering dykes and the tailings impoundment; and
- a permit from the Department of Natural Resources (Canada) relating to the mixing of open pit explosives on site in a designated explosives plant.

The Company submitted an application in respect of the Type A Water Licence in September 2007 and a final public hearing in respect of the application is scheduled for April 2008. The Company has initiated procedures to have the proposed tailings impoundment listed on Schedule 2 to the *Metal Mining Effluent Regulation*, and the proposed regulation amendment has been published. In November 2007, the Company submitted a proposed compensation plan to the Department of Fisheries and Oceans (Canada) to offset the fish habitat affected by the project through creation of new habitat in Second Portage Lake and an agreement in principle has been reached. Once the Schedule 2 amendment and the compensation plan are completed, the Department of Fisheries and Oceans (Canada) will be in a position to issue the required habitat alteration authorizations for the Meadowbank mine project and the required authorizations relating to the tailings impoundment.

In November 2007, the Company submitted applications to Transport Canada for the required approvals under the *Navigable Waters Protection Act* (Canada). Application to Department of Natural Resources (Canada) for the required explosives permits is being undertaken by the explosives supply contractor on the Company's behalf.

History and Exploration

In the 1980s, regional grassroots exploration programs outlined gold-bearing Archean greenstone belts in the Baker Lake area. In 1985, a joint venture was established between Asamera Minerals Inc. ("Asamera") (60%) and Comaplex Minerals Corp. ("Comaplex") (40%) and commenced evaluating several targets in the area through diamond drilling and other studies. In 1987, the Third Portage deposit was discovered the first of the five gold deposits currently known at the Meadowbank mine project. In 1994, Cumberland acquired Asamera's 60% interest in the joint venture, and continued drilling and geophysical programs through to 1997. This work further delineated the Third Portage deposit and outlined the Goose Island deposit. The North Portage deposit was also discovered and delineated during this period. In 1997, Cumberland acquired Comaplex's 40% interest and became the 100% owner of the project.

In 1999, extensive surface trenching at the Third Portage deposit was completed and the Company acquired three Nunavut Tunngavik exploration concessions on land contiguous with the existing mining leases. Also in 1999, Cumberland commissioned an independent pre-feasibility study on the Bay Zone, Goose Island, North Portage and Third Portage deposits. The work involved a mineral resource estimate and a preliminary mine plan with a combination of open pit and underground mining.

Exploration work on the newly acquired exploration concessions resulted in the discovery of the Vault deposit in 2000. The 2001 exploration program also focussed on the Vault deposit. In November 2001, Cumberland commissioned an independent mineral resource estimate on the Vault deposit.

Additional drilling was completed at Vault in 2002 to improve confidence levels in preparation for a feasibility study to be completed on the Meadowbank property and which also identified a new zone of mineralization, the PDF deposit. In 2003, further infill drilling was completed in all of the deposits to improve confidence levels for future resource estimates. In 2005, Cumberland's drilling program expanded the size of the Goose Island deposit, intersected encouraging mineralization in the Goose Island South area, and resulted in the discovery of the new Cannu zone, which is the northward extension of the mineralization delineated in the proposed Portage open pit.

During 2006, Cumberland drilled approximately 2,270 metres in 12 holes at the Goose South zone and approximately 5,940 metres in 46 holes at the Cannu zone. During 2007, the Company drilled approximately 2,173 metres in seven holes at the Goose South zone and approximately 688 metres in six holes at the Cannu zone.

In 2007, exploration expenditure of $8.1 million was budgeted for drilling at the Meadowbank mine project. The main purpose of the drilling program was to convert mineral resource into mineral reserves within or immediately adjacent to the Meadowbank open pit zones and also to identify extensions of the Goose Island and Portage deposits. A portion of the summer exploration program was conducted on the large property along the prospective horizons; a regional airborne magnetic survey was also completed over the entire project area. Up to three drills operated throughout the exploration season from March to October. In 2007, a total of 117 drill holes were completed for a total of 18,183 metres.

Goose South

Early in the 2007 drilling season, seven drill holes (for a total of 2,173 metres) successfully linked the mineralization at moderate to shallow depth from the Goose South discovery northward for almost 300 metres to the Goose Island deposit. A section of continuous mineralization almost 1.2 kilometres long was also defined from the Goose Island deposit south to Goose South zone. Some of the more significant results are set out below.

			Interval (m)		
Drill Hole	**Zone**	**True Width (m)**	**From:**	**To:**	**Gold (g/t) (Cut 100 g/t)**
G07-675	Goose South	11.3	236.96	261.87	11.84
and	Goose South	2.5	302.57	307.86	8.26
G07-685	Goose South	5.0	213.25	220.00	8.87
and	Goose South	12.0	260.50	278.80	6.40

Goose Island

Seventeen drill holes, totalling 4,652 metres, were completed in 2007 on the Goose Island deposit in order to convert mineral resource to mineral reserve and explore for extensions of the deposit at depth. Some of the more significant gold results are set out in the table below and include 19.5 grams of gold per tonne over 12.0 metres in hole G07-683 that tested resource within the proposed open pit outline. In addition, approximately 100 metres below the previously planned pit, hole G07-692 returned 5.5 grams of gold per tonne over 9.5 metres.

			Interval (m)		
Drill Hole	**Zone**	**True Width (m)**	**From:**	**To:**	**Gold (g/t) (Cut 100 g/t)**
G07-676	Goose Island	18.5	164.0	185.0	5.84
including	Goose Island	4.8	164.0	170.0	9.16
including	Goose Island	5.0	179.11	185.0	10.12
G07-679	Goose Island	8.0	152.52	161.84	15.25
G07-683	Goose Island	12.0	76.0	90.0	19.45
including	Goose Island	6.0	77.0	84.0	31.7
G07-692	Goose Island	9.5	258.0	269.60	5.49

Portage

The majority of the 2007 drilling campaign at the Meadowbank mine project, with 59 holes totalling 5,887 metres, targeted the main Portage deposit and its northern and southern extensions, Cannu and Bay zones, respectively. Already 2.5 kilometres in length, exploration success at Portage, especially at the Bay zone suggests the potential for the Portage deposit to possibly connect with the Goose Island deposit 400 metres to the south. Continuous mineralization potentially could be traced for over 3.5 kilometres spanning Portage, Goose Island and Goose South. Some of the more significant results are set out below.

			Interval (m)		
Drill Hole	**Zone**	**True Width (m)**	**From:**	**To:**	**Gold (g/t) (Cut 100 g/t)**
TP07-694	Bay Zone	5.0	84.0	90.0	8.98
and	Bay Zone	9.0	97.0	108.0	22.98
including	Bay Zone	5.7	101.0	108.0	34.60
TP07-695	Bay Zone	7.5	108.55	120.60	13.76
including	Bay Zone	3.2	115.50	120.60	20.11
TP07-704	Bay Zone	3.0	16.30	19.80	31.76
and	Bay Zone	2.8	27.50	30.50	12.81
TP07-706	Portage	4.6	68.4	73.0	4.34
TP07-726	Portage	4.5	73.0	77.5	4.42
NP07-721	Portage	6.0	77.0	83.0	3.72
and	Portage	1.0	89.0	90.0	100.0
NP07-731	Portage	5.1	78.0	83.1	4.98
NP07-734	Portage	7.4	95.2	102.6	10.18

The focus of exploration in 2008 will be to extend the Portage and Goose Island zones to the south, the Cannu zone to the north and the Goose South zone at depth. Exploration expenditure of $10 million is planned on these zones for 2008. The Vault deposit, approximately seven kilometres to the north will also be tested. Additionally, surface regional programs will be executed to follow up recently identified gold and base metal showings on the property.

Geology and Mineralization

Meadowbank comprises a series of Archean-aged gold deposits hosted within polydeformed rocks of the Woodburn Lake Group, part of a series of Archean supracrustal assemblages forming the Western Churchill supergroup in northern Canada. Three of the four known gold deposits are currently planned to be mined. The

Goose Island and Portage deposits are hosted by highly deformed magnetite rich iron formation rocks while intermediate volcanic rock assemblages host the majority of the mineralization at the more northerly Vault deposit. In all deposits, gold mineralization is commonly associated with intense quartz flooding, and the presence of iron sulphide minerals (pyrite and/or pyrrhotite). Arsenopyrite is typically absent.

Defined over a 1.85 kilometre strike length and across lateral extents ranging from 100 metres to 230 metres, the geometry of the Portage gold deposit consists of a north north-west striking recumbent fold with limbs that extend to the west. 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 similar in setting to the Portage deposit, but exhibits different geometry, with a north 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 ten metres to 12 metres (reaching up to 20 metres locally).

The Vault Deposit is a planar and shallow dipping with a defined strike of 1,100 metres. It remains open down-dip to the northeast; but has been defined for at least 700 metres, down dip. 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 (based on one gram per tonne shell) of eight metres to 12 metres, reaching as high as 18 metres locally. The hanging wall lenses are typically three metres to five metres, and up to seven metres, in true thickness.

Mining and Metallurgy

Mining at the Meadowbank mine project will be done by trucks and excavators and has been projected over an eight plus year mine life. Ore will be extracted conventionally using drilling and blasting with truck haulage to a primary gyratory crusher located adjacent to the mill. Waste rock will be hauled to one of two waste storage areas on the property or used for dyke construction, 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 will be stockpiled close to the primary crusher. During year one, all of the ore material is scheduled to come from the Portage pit. Waste material will be used to complete the construction of the Goose Island dykes, with the remaining waste hauled to the primary dump north of the Second Portage Lake.

With the completion of the Goose Island dyke, the Goose Island pit will be brought into production and will augment the ore flow from the Portage pit. The Company anticipates that these two pits will operate concurrently for a period of four years, from years two through five. Waste stripping is scheduled to commence in the Vault pit in year four, with the start of ore mining anticipated year four as the Goose pit comes to a close. During the last two and half years of the project life, mining will be exclusively from the Vault pit.

Equipment at the site for the project includes blasthole drills, mass excavators, hydrolic shovels, front end loaders, haulage trucks, tracked dozers and graders.

The recovery of gold from ore within the Portage, Goose and Vault open pit designs is based on detailed metallurgical test work of the materials from the Meadowbank mine project over the course of three years. The sampling of the deposits was extensive and test work was completed using only drill core from ore zones which fall within the proposed mining plan. The sample materials were selected by qualified persons, and the materials best represent geological materials planned to be mined. The metallurgical test program was completed in 2003 and 2004, with gold recovery studies by SGS Lakefield Research Ltd.

The process design is based on a conventional gold plant flowsheet consisting of primary gyratory crushing, grinding, gravity concentration, cyanide leaching and gold recovery in a carbon-in-pulp ("CIP") circuit. The mill will be designed to operate 365 days per year with a design capacity of 3.1 million tonnes of ore per year

(8,500 tonnes per day). The overall gold recovery is projected to be approximately 93.2%, based on projections from metallurgical test work, with about 40% typically recovered in the gravity circuit.

The crushed ore is fed to a coarse ore stockpile and then reclaimed to a SAG mill operating in closed circuit with a pebble crusher. The SAG mill operates together with a ball mill to reduce the ore to about 80% passing 60-90 microns, depending on the ore type and its hardness. The ball mill operates in closed circuit with cyclones. The grinding circuit incorporates a gravity process to recover free gold and the free gold concentrate will be leached in an intensive cyanide leach-direct electrowinning recovery process.

The cyclone overflow is thickened prior to pre-aeration with air and leaching in agitated tanks. The leached slurry is directed to a six-tank CIP system for gold recovery. Gold in solution from the leaching circuit is recovered on carbon and subsequently stripped and then recovered from the strip solution by electrowinning, followed by smelting and the production of a dore bar.

The CIP tailings will be treated for the destruction of cyanide using the standard sulphur-dioxide-air process. The detoxified tailings will be 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 for the project.

Current facilities on the Meadowbank mine project consist of the original Cumberland exploration camp with capacity for 65 employees. During 2007, most of the work was on the 110 kilometre all-weather road between Baker Lake and the Meadowbank mine project site. Construction of the road has essentially been completed with 1.5 kilometres remaining to be completed. Transport of material on to the site started in December 2007 using a temporary ice road for the last 8.0 kilometres. Currently, construction of the permanent 350 person camp is nearing completion.

A total of $173 million has been budgeted to be spent at the Meadowbank mine project in 2008, including over $56 million on process plant construction and process equipment and $42 million on mining preproduction and the mining fleet. Approximately 25% of the mining equipment has already been delivered to Baker Lake. Mining preproduction will include the rock work associated with the construction of the perimeter dykes around the Portage open pit. In addition, $18 million has been budgeted for power plant construction and $13 million for site infrastructure including the camp, service facilities and fuel storage.

The mine is expected to start production in early 2010. Current estimated capital costs of construction of the Meadowbank mine project are approximately $390 million, of which a total of $160 million had been incurred by the end of 2007 and $173 million are expected to be incurred in 2008.

Pinos Altos Mine Project

The Pinos Altos mine project 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, 2007, the Pinos Altos mine project was estimated to contain probable mineral reserves of 2.5 million ounces of gold and 73.1 million ounces of silver comprised of 24.7 million tonnes of ore grading 3.21 grams of gold per tonne and 92.21 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).

The Madrono Concessions (which cover approximately 74% of the current mineral resource) 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 resource) is subject to a 2.5% net smelter return royalty payable to the Consejo de Recursos Minerales, a Mexican Federal Government agency; after 20 years, this portion of the property will also be subject to a 3.5% net smelter return royalty payable to Madrono. In 2007, advance payments of $0.14 million were paid to Madrono. The assets comprising the Pinos Altos mine project acquired by the Company are 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, sole ownership of the Parrena Concessions, possession rights under Mexican law to a 13.3 hectare parcel of land and rights to an environmental impact statement authorization issued by Mexican environmental authorities.

Water requirements for the Pinos Altos mine project will be obtained from ground water sources intercepted by the mine workings.

The Pinos Altos property is characterized by moderate to rough terrain with mixed forest (pine and oak) and altitude that varies from 1,770 metres to 2,490 metres above sea level. The climate is sub-humid, with about two-thirds of its average annual precipitation of approximately one metre occurring during the period from June through September. The average annual temperature is 18.3 degrees Celsius. The minimum monthly average temperature is 11.4 degrees Celsius in January and the maximum monthly average temperature is 25.5 degrees Celsius in June. Exploration and mining work can be carried out year round. The Pinos Altos mine project is located in an important mining area of northern Mexico and the Company anticipates skilled workers may be recruited from the local area and from the larger centers located near the region. The property is directly accessible by paved highway and within 10 kilometres of an extension of the state power grid.

Over 90% of the Pinos Altos mine project's mineral resource is located in the Santo Nino vein, along a regional fault zone that holds a number of other known deposits in the area. This Santo Nino vein zone has thicknesses of up to 40 metres over a length of 2.5 kilometres and a vertical extent that can reach 600 metres or more. It remains open to the west and at depth. Penoles', the previous owner of the project, work also included metallurgical testing and initial work on the permitting for a potential mining operation.

During 2006, the Company embarked upon a program to acquire surface rights, in addition to the underlying mineral rights which are already held by the Company, for approximately 7,215 hectares of land surrounding the Pinos Altos mine project.

As at the end of 2006, the Company had successfully concluded negotiations with communal land owners (ejidos) and others for the purchase of 5,745 hectares of land as follows:

Ejido Jesus del Monte	800 hectares
Ejido Gasachi	1,450 hectares
Ejido Basacheachi	1,250 hectares
Ejido Yepachi	1,480 hectares
Anexo El Portrero	765 hectares

In addition to the land purchases listed above, a temporary occupation agreement with a 30-year term was successfully negotiated with ejido Jesus del Monte in 2006 for an additional 1,470 hectares of land. Activity during 2007 was limited to the completion of agreed phased payments for the purchases referred to above. The acquisition of surface rights for the prospective lands within the district surrounding the Pinos Altos project will facilitate future exploration activity and any potential future mining development in these areas. The Company believes its land position is sufficient for construction of tailings facilities.

In August 2007, on the basis of an independently reviewed feasibility study, the Company approved construction of a mine at Pinos Altos. Annual gold production is expected to average 190,000 ounces of gold at total cash costs of $210 per ounce, with initial gold production occurring in the third quarter of 2009. The life of mine plan for Pinos Altos is based on a gold price of $566 per ounce and exchange rate of C$1.15 for each $1.00 and anticipates sustaining capital expenditures of approximately $5 million per year. Estimated capital costs of construction of the Pinos Altos mine project are $230 million, of which $126 million are expected to be incurred in 2008.

In August 2007, the project received the necessary permit authorizations for construction and operation of a mine at Pinos Altos, including the Cambio de Uso de Suelo and Manifesto de los Impactos Ambientales approvals from the Mexican environmental agency ("SEMARNAT"). As of the end of 2007, the project was operating under these permits, and minor modifications to allow for future expansion of facilities were under review by SEMARNAT.

Initial development of the underground mine was underway by December 2007, including more than 1,000 meters of lateral development. Purchase orders for the ball mill and SAG mill and mining equipment had been placed as at the end of 2007 and basic engineering for the project was nearly complete. During 2008, the major project activity is expected to include the detailed engineering, procurement, further pre-production

development of the underground mine, pre-production development of the surface mine, and civil and structural works related to the project and commencement of earthworks and construction of surface facilities.

Location Map of Pinos Altos Mine Project

Geology

The Pinos Altos mine project is in the north part of the Sierra Madre geologic province. The stratigraphic column for the region and project is as follows:

Series	Unit	Lithology	Age
Upper Volcanic Series	Buenavista Ignimbrite	570m-Pale brown grey, beige rhyodacite crystal lithic tuffs, and lapilli	<38Ma
	Frijolar andesite	420m-Brown, purple andesite lithic flow tuffs	
	Victoria Ignimbrite	400m-Buff, brownish-grey rhyolite and dacite crystal lithic ash flow tuffs	
Lower Volcanic Series	El Madrono Volcanics	250-750m-Interbedded greenish-grey andesite and rhyolite flows and volcanoclastics	<45Ma

Navosaigame Conglomerate	420m-Mostly purple conglomerates, sandstones, shales

Rhyolite and andesite dykes are emplaced along faults that cut the above series. There is a classic exposure of a rhyolite dome in the northwest edge of the Pinos Altos mine project. Future study may show a genetic relationship of the rhyolite dome to mineralization in the district. Structure in the Pinos Altos mine project is dominated by a ten kilometre by three kilometre horst, a fault-uplifted block structure, oriented west-northwest

that is bounded on the south by the Santo Nino fault dipping south and on the north by the Reyna de Plata fault dipping north. Quartz-gold vein deposits are emplaced along these faults and along transfer faults that splay northwest from the Santo Nino fault.

The Pinos Altos property is host to volcanic rocks belonging to both the Upper volcanic supergroup and the Lower volcanic complex. The drilling undertaken by the Company in 2005 intersected units belonging to the Upper volcanics. Units not seen in drill holes were briefly visited on outcrops.

The Lower volcanic complex is represented on the property by the Navosaigame conglomerates and the El Madrono volcanics. These units represent episodes of erosion and andesite dominated volcanism. The Navosaigame conglomerate is made up of thinly bedded sandstone intercalated with siltstones and conglomerates. Clasts consist of andesite, limestone, granitoids and quartzofeldspathic gneisses. Some sandstone horizons also contain pumice fragments. The El Madrono volcanics consist of felsic tuffs and lavas intercalated with rhyolitic tuffs and sandy volcanoclastic and sediments. The andesitic tuffs are greenish grey. Feldspar and biotite phenocrysts are common as are lithic andesite and pumice fragments. The andesitic flows consist of intercalated horizons of agglomerates and massive porphyritic layers. Plagioclase and ferromagnesian oxides occur as phenocrysts in a light green aphanitic matrix. Intercalated within these flows are at least two rhyolitic tuff horizons, which can reach up to 50 metres in thickness. Theses horizons are commonly argillite altered and weakly oxidized. Thinly laminated medium to coarse grained sandstone horizons of less than 10 metres in thickness are also noted.

The Upper volcanic supergroup discordantly overlies rocks of the Lower volcanic sequence. The Upper volcanic group is made up of the Victoria ignimbrites, the Frijolar andesites, and the Buenavista ignimbrites. Intermediate and felsic dykes as well as rhyolitic domes intrude all of these units. Lacustrine deposits are also locally recognized. The Victoria ignimbrites represent an explosive felsic volcanic event. Layers within this unit present numerous textural, compositional, and colour variations. Rocks within this unit include vitrocyrtalline and lithic tuffs of rhyolitic to dacitic composition, aphanitic vitric tuffs, pyroclastic lithic tuffs ranging up to lapilli tuffs with fragments of variable composition, and volcanic breccias. The Frijolar andesite are massive to flow banded, porphyritic, consisting of 70% plagioclase and hornblend phenocrysts in a brownish to purple aphanitic groundmass locally hosting pyrite and hematite. The Buenavista ignimbrite consists of a series of dacitic to rhyolitic pyroclastics. This unit was intersected in all of the Agnico-Eagle drill holes. From top to bottom, the layers encountered are: (1) Basaltic flows (blackish coloured, aphanitic and amygdaloidal), (2) Dacitic flows (purple to maroon in colour and for the most part aphanitic), (3) Lapilli and sandy tuffs, (4) Vitrocrystalline lithic welded tuffs (beige to pinkish beige colour, with quartz, feldspar and biotite phenocrysts and 10 to 25% lithic and pumice fragments), and (5) Rhyodacitic vitrocrystalline tuffs (beige to purple in colour, with quartz, feldspar, plagioclase and biotite phenocrysts). For the most part, massive breccias with fragments of equal composition as the matrix are developed near the base of the unit.

The Lacustrine deposits consist of layers of finely laminated fine grained, grey to black, silica rich beds intercalated with volcanic and limey layers.

The intrusive rocks are represented by the rhyolite and Santo Nino andesite units. The rhyolites are present as dykes and small domes. These units intrude the Victoria and Buenavista ignimbrites close to the Santo Nino and Reyna de Plata fault zones as well as close to other minor structures. The unit is pale white to reddish beige, aphanitic to porphyritic and with well developed flow banding. Pyrite, as fine grained disseminations, is commonly associated to these rhyolites. The Santo Nino andesite is a dyke which intrudes along the Santo Nino fault zone. It is of purple to greenish mauve colour, fine to medium grained and with plagioclase and hornblend phenocrysts.

Structure

The Pinos Altos property is centered on a horst structure striking at an azimuth of roughly 120 degrees. The horst is defined by the Reyna de Plata fault to the north and the Santo Nino fault to the south. Within this context, the principal veins and faults are grouped as follows:

1) West-northwest ("WNW"), pre-mineralization, numerous re-activation episodes;

2) North to northeast ("NNE"), pre- and post-mineralization;

3) North to north-northwest pre- and post-mineralization, low angle fault, seen only at the Carola fault; and

4) North to north-northwest post-mineralization, basin and range type structures.

The mineralization is controlled by the WNW and the NNE system. The Santo Nino and Reyna de Plata faults represent the WNW system. These faults run sub-parallel to each other and can be traced for up to seven kilometres. The principal gold occurrences on the property are hosted by the Santo Nino fault zone. Numerous episodes of movements are interpreted, including a pre-mineralization sinistral to normal movement during a north-northwest to south-southeast extension period and a post-mineralization dextral movement during a northeast to east-northeast extensional period. The north to northeast faults were also important to the emplacement of gold on the property. It is at the intersection of two structures, the Victoria and the El Comedero faults with the Santo Nino fault zone, that are respectively located in the Santo Nino and the Oberon de Weber ore shoots.

Deposit Type and Mineralization

Gold and silver mineralization at the Pinos Altos mine project consists of low sulphidation epithermal type hydrothermal veins and breccias. The Santo Nino 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 Nino structure consist of discontinuous quartz rich lenses named from east to west: El Apache, Oberon de Weber, Santo Nino, and Cerro Colorado. All four mineralized sectors share a similar multi-episodic history. From oldest to most recent:

1) Intrusion of Santo Nino andesite dykes within the Santo Nino fault zone.

2) Formation of vuggy cockade textured breccias containing variable amounts of andesitic (Santo Nino) and rhyolitic (Victoria) fragments.

3) Formation of quartz-sericitic breccias. These breccias are usually strongly oxidized along fractures and are marked by fine pyrite disseminations (less than 1%). Visible gold is sometimes noted within these breccias. The quartz is host to andesitic and rhyolitic lithic fragments.

4) Formation of green quartz breccias. The quartz-adularia matrix is host to strongly silicified wallrock fragments from the Santo Nino andesites and the Victoria ignimbrites. The matrix consists of banded coloform and crustiform, locally drusitic green quartz. Traces of visible gold and pyrite are noted. Native silver and electrum were noted in higher grade sectors.

5) A late breccia event consisting of grey to yellowish green quartz with local amethyst. This quartz cements fragments of all units described above. Grey to blackish grey calcite is also associated to this event.

6) Late brittle fault gouges along the Santo Nino fault within which mineralized rock fragments are sporadically noted.

The El Apache 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 showing is 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 Nino 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 Nino andesite is massive and only weakly altered. Gold grades found are systematically associated with green quartz brecciated andestite.

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 Nino fault zone is not clearly defined. Two deeper holes done by Agnico-Eagle during this campaign suggest better grade continuity at depth.

The San Eligio zone is located approximately 250 metres north of Santo Nino. 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 at 850 metres depth. 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.

Mineralogy

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 center of acanthite indicates that the deposit was probably formed under oxidative conditions.

One sample from the hole PA-05-03 was submitted for a petrographic description. Ore minerals observed under the petrographic microscope were native silver, acanthite and native gold. The gangue included quartz, kaolinite, hematite and minor apatite and chrysocolla. Acanthite forms fill between quartz grains and crystals. Silver occurs as replacement rims on the acanthite. Gold occurs as small, sub-millimetre grains either as floaters in quartz matrix or rarely associated directly with silver minerals. Hematite and chrysocolla form by oxide replacement of early sulphide phases, hematite from pyrite and chrysocolla, presumably from stromeyerite or chalcopyrite.

Exploration Program

Based on the positive drilling results and growing precious metals resources, in 2007 the Company accelerated its work on the property and initiated a $23 million exploration program. The objectives of the exploration program included: converting resources to reserves, expanding the resource by drilling in under-explored sectors along the strike and at depth, completing the feasibility study and developing an underground ramp to provide a deeper drilling platform and to expose the mineralization sampling. In 2007, 84 holes were drilled on the property for a total length of 38,191 metres. And at the end of 2007, five drills are operating on the property, focused largely on resource conversion at relatively shallow depths (less than 300 metres generally). The program has confirmed the open pit and the underground potential of both the Santo Nino and Oberon de Weber structures. The work to date has also confirmed that the Santo Nino and Cerro Colorado structures remain open along strike and at depth.

The exploration works focused on three known ore shoots, the Santo Nino, Oberon de Weber and Cerro Colorado Structures. The total strike length of the known mineralization is approximately eight kilometres. A summary of the best results from the recent drilling on the main Santo Nino zone is set out in the following table. These results have increased confidence that the overall gold and silver resource around Cerro Colorado and Santo Nino is likely to grow. One of the most significant results was in the hole PA-05-81 that returned 5.8 grams of gold per tonne and 42.0 grams of silver per tonne over 2.5 metres at a depth of approximately 625 metres. This hole is approximately midway between the Santo Nino and Cerro Colorado zones. This intersection suggests that these two zones may join at depth. Also significant are the intersections returned in hole PA-06-83 (16.2 grams of gold per tonne and 116.0 grams of silver per tonne over 3.2 metres) that confirms the depth potential along the steep east plunge of Santo Nino, and also in hole PA-06-111 (6.3 grams of gold per tonne and 105.0 grams of silver per tonne over 39.0 metres) that supports the open pit potential of Santo Nino.

Some of the most notable drill holes encountered in 2007 are set out below:

Pinos Altos

Drill Hole	True Thickness (m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 41 g/t)	Silver (g/t) (Cut 1500 g/t)	Horizontal Width
PA-06-113	7.3	282.2	290.2	5.83	196.6	7.9
PA-06-117	28.4	220.0	250.2	2.31	95.0	30.6
PA-06-122	52.3	244.5	311.0	2.91	103.0	56.4
PA-06-127	37.7	223.5	275.0	4.45	155.3	40.7
PA-06-132	0.6	17.3	33.5	6.79	102.9	0.0
PA-06-134	26.0	31.0	62.0	3.24	81.1	28.0
PA-06-146	37.6	586.7	629.0	4.47	129.2	40.6
PA-06-146	13.9	607.4	623.0	9.05	144.8	15.0
PA-06-147	40.0	457.3	501.9	6.15	138.0	43.1
PA-06-147	14.3	463.0	479.0	11.74	212.5	15.5
PA-06-147	11.6	488.9	501.9	5.91	176.5	12.6
PA-06-149	7.7	306.1	315.0	15.48	411.1	8.3
PA-06-151	20.8	293.9	317.6	3.70	162.6	22.5
PA-07-175	7.1	570.0	580.0	5.47	68.9	7.7

Exploration and resource conversion diamond drilling will now be focused at depths below 300 metres along the Santo Nino and Cerro Colorado zones and also along the San Eligio gold structure. San Eligio is located approximately 250 metres north of Santo Nino, where surface mapping and prospecting has suggested good potential for additional mineralization on strike and at depths below 150 metres. Assays from the initial round of drilling are expected to be completed shortly. Visual inspection of the drill core resulted in sightings of visible gold. The mineralization is very similar to that of Santo Nino geologically.

Creston/Mascota

A recent discovery was made in the Creston/Mascota area in the northwest quadrant of the Pinos Altos property, approximately seven kilometres from the main Santo Nino deposit. In the fall of 2006, surface mapping, sampling and trenching identified gold associated with at least two, shallowly-dipping zones of brecciated quartz vein and quartz stock work near surface. The mineralization of the two zones, Mascota and Creston-Colorado is similar to Santo Nino except in their orientation (generally north-south with a shallow west dip).

A north-south oriented almost vertical fault appears to separate the Creston Colorado and the Mascota zones. Drilling began in December 2006 and two drills are currently operating at the Creston Colorado zone.

The gold mineralization in this zone is now known to be approximately 900 metres long (north-south) with widths ranging between 50 metres and 200 metres (east-west) and thicknesses ranging between 10 metres and 60 metres. Some of the most notable drill holes encountered in 2006-2007 are set out in the table below. An

inferred resource was estimated at the end of 2007 to be 7.7 million tonnes grading 1.4 grams per tonne gold and 16.2 grams per tonne silver.

Drill Hole	True Thickness (m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 41 g/t)	Silver (g/t) (Cut 1500 g/t)	Vertical Thickness (m)
CM-06-001	10.9	0.0	11.0	2.43	57.8	14.2
CM-07-010	18.4	5.5	24.0	2.14	7.8	24.1
CM-07-010A	10.0	0.0	10.0	5.14	21.9	13.0
CM-07-010B	14.2	0.0	18.7	3.38	22.5	18.5
CM-07-011	39.0	15.6	54.9	2.33	15.0	50.9
CM-07-012	64.4	38.2	103.5	3.81	35.7	84.0
CM-07-031	66.7	61.5	128.5	1.92	25.4	87.1
CM-07-033	48.6	70.0	119.0	3.48	17.6	63.5
CM-07-034	28.5	162.7	191.3	1.67	12.0	37.2

Future Work

The 2008 work program will include building an exploration ramp which will be developed on the footwall of Santo Nino and Cerro Colorado to permit additional drilling at depth in the area of the Cerro Colorado and Santo Nino structures where there are suggestions that the two structures may join at depth. The main objectives of the program will be to convert the present inferred resource estimates along Cerro Colorado, San Eligio and El Apache and along the depth extension of the Santo Nino Zones, and test the potential target around the Pinos Altos area. A program of geotechnical drilling was also started in December 2006, in order to collect some technical data to design the future open pits. Exploration in 2008 at Creston/Mascota will test the zones further north for one kilometre and to the west. A scoping study will be initiated to evaluate the potential of the Creston/Mascota zone. Budgeted exploration expenditure for 2008 at the Pinos Altos mine project is $10.3 million.

Construction at the Pinos Altos mine project will include the development of underground and open pit mines, installation of shops, warehouses, and other surface facilities; and installation of a process plant capable of processing approximately 1.5 million tonnes of ore per year. The surface mine will use traditional open pit mining techniques with bench heights of seven meters. The underground mine will utilize the long hole sublevel stoping method. The process plant will utilize single stage crushing followed by a conventional SAG/ball mill circuit with gravity separation. Ore will be ground to 80% passing 75 microns followed by cyanide leaching, counter-current decantation and Merrill Crowe recovery. Tailings will be detoxified and used for paste backfill in the underground mine or deposited as dry tailings in an engineered impoundment area.

Agnico-Eagle has opened a regional office in Chihuahua to develop and construct the Pinos Altos mine, to carry out further exploration at and around Pinos Altos, and to evaluate other opportunities in Mexico. Environmental reviews have been completed and applications for all major construction and applications for operating permits have been submitted to, or received from, the appropriate Mexican review agencies.

Agnico-Eagle has also engaged the local communities in the project area to ensure that the project provides long-term benefits to the residents living and working in the region. The Company received distinction as an "Empresa Socialmente Responsable 2008" (socially responsible company) by the Mexican non-governmental agency CEMEFI for these efforts in the community.

Exploration Activities

Agnico-Eagle continued to actively explore in Quebec, Ontario, Nunavut, Newfoundland, Nevada, Finland and Chihuahua, Mexico. At the end of December 2007, the land holdings of Agnico-Eagle in Canada consisted of 80 projects comprised of 2,928 mineral titles (claims, mining leases, etc.) covering an aggregate of 125,398 hectares. Land holdings in the United States consisted of seven properties covering 14,911 hectares. Land holdings in Finland consisted of two properties covering an aggregate of 9,360 hectares and 27 reservations covering 24,012 hectares. In Mexico, the holdings consisted of one property covering a total of 26,477 hectares and the Pinos Altos property, which covers 11,107 hectares. During 2007, the Company's Canadian exploration

activities were focused on the CLL Fault Zone between the Bousquet and Lapa areas in the Abitibi region of Quebec. The Company is conducting exploration activities in other parts of the Abitibi region, in Ontario and in Newfoundland and Labrador. The Company also has exploration property in northwestern Ontario. In Nevada, exploration activities during 2007 were concentrated on the Cortez-Battle Mountain trend and northeastern region of the State. With the acquisitions of the Pinos Altos and Kittila mine projects in Mexico and Finland, respectively, the Company began an aggressive exploration program at Pinos Altos in 2007 both within the Pinos Altos mine project area and also in the Creston/Mascota area in the northwest sector of the property. In Finland, exploration including diamond drilling continued along the Surrikuusikko Trend both to the north and south of the Kittila mining lease.

Mineral Reserve and Mineral Resource

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This section uses the terms "measured resources" and "indicated resources". We advise investors 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 reserves**.

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This section uses the term "inferred resources". We advise investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred 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 all or any part 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 part or all of an inferred resource exists, or is economically or legally mineable**.

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 Lapa, Goldex, Meadowbank, Kittila and Pinos Altos mine projects, and the Bousquet and Ellison properties has been prepared by the qualified people set out below in accordance with the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("National Instrument 43-101"). The Company's Vice President, Project Development, Marc Legault, P.Eng, a "qualified person" under National Instrument 43-101, has supervised the preparation of and verified the information that forms the basis for the scientific and technical information in this Form 20-F. The Company's mineral reserve estimate was derived from internally generated data or audited reports.

Property	Qualified person responsible for mineral reserve estimates
LaRonde Mine	Francois Blanchet, Ing., Superintendent of Geology, LaRonde Mine
Goldex	Dyane Duquette, P. Geo., Assistant Superintendent, Technical Services, Goldex mine project
Lapa	Normand Bédard, P. Geo., Geology Superintendent, Lapa mine project
Meadowbank	Daniel Doucet, Ing., Principal Engineer, Technical Services Group
Kittila	Marc Legault, P. Eng., Vice President, Project Development
Pinos Altos	Daniel Douchet, Ing., Principal Engineer, Technical Services Group
Bousquet and Ellison	Francois Blanchet, Ing., Superintendent of Geology, LaRonde Mine

The criteria set forth in National Instrument 43-101 for reserve definitions and guidelines for classification of mineral reserve are similar to those used by the SEC Industry Guide No. 7, as interpreted by Staff of the SEC ("Guide 7"). However, the definitions in National Instrument 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 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 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, 2007 of $583 per ounce gold, $10.77 per ounce silver, $1.19 per pound zinc, $2.65 per pound copper and exchange rates of C$1.14 per $1.00, 10.91 Mexican pesos per $1.00 and $1.29 per €1.00. The assumptions for the mineral reserves and resources estimates reported by the Company for the period ending December 31, 2006 were $486 per ounce gold, $8.69 per ounce silver, $0.89 per pound zinc, $1.99 per pound copper and exchange rates of C$1.21 per $1.00, 11.02 Mexican pesos per $1.00 and $1.25 per €1.00. Set out below are the reserve estimates as calculated in accordance with National Instrument 43-101 and Guide 7, respectively (tonnages and contained gold quantities are rounded to the nearest thousand):

	National Instrument 43-101			Industry Guide 7		
Property	**Tonnes**	**Grade (g/t)**	**Contained Gold (oz)**	**Tonnes**	**Grade (g/t)**	**Contained Gold (oz)**
Proven Reserve						
Goldex	250,000	2.23	18,000	250,000	2.23	18,000
Lapa	3,000	10.63	1,000	3,000	10.63	1,000
LaRonde	4,672,000	2.77	416,000	4,672,000	2.77	416,000
Total Proven Reserve	**4,924,000**		**435,000**	**4,924,000**		**435,000**
Probable Reserve						
Goldex	22,849,000	2.20	1,616,000	22,849,000	2.20	1,616,000
Lapa	3,756,000	8.86	1,070,000	3,756,000	8.86	1,070,000
LaRonde	30,225,000	4.67	4,542,000	30,225,000	4.67	4,542,000
Kittila	18,206,000	5.12	2,996,000	18,206,000	5.12	2,996,000
Meadowbank	29,261,000	3.67	3,453,000	29,261,000	3.67	3,453,000
Pinos Altos	24,657,000	3.21	2,547,000	24,657,000	3.21	2,547,000
Total Probable Reserve	**128,952,000**		**16,224,000**	**128,952,000**		**16,224,000**
Total Proven and Probable Reserve	**133,877,000**		**16,659,000**	**133,877,000**		**16,659,000**

National Instrument 43-101 Definitions

National Instrument 43-101 requires mining companies to disclose reserves and resources using the subcategories of proven reserves, probable reserves, measured resources, indicated resources and inferred resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

A "**mineral reserve**" is the economically mineable part of a measured or indicated resource demonstrated by at least a preliminary 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 can be justified. A mineral reserve includes diluting materials and allows for losses that may occur when the material is mined. A "**proven mineral reserve**" is the economically mineable part of a measured 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, to support production planning and evaluation of the economic viability of the deposit. A "**probable mineral reserve**" is the economically mineable part of an indicated 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, to support mine planning and evaluation of the economic viability of the deposit.

A "**mineral resource**" is a concentration or occurrence of natural, solid, inorganic or 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. A "**measured mineral resource**" is that 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, 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. An "**indicated mineral resource**" is that 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, 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. An "**inferred mineral resource**" is that 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.

A "**feasibility study**" is 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 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 which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which 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. "**Cut-off grade**" means (a) in respect of mineral resources, the lowest grade below which the mineralized rock currently cannot reasonably be expected to be economically extracted, and (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.

In the following tables setting out reserve information about the Company's mineral projects, tonnage information is rounded to the nearest 100,000 tonnes, 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 Mine Mineral Reserve and Resource

	As at December 31,		
	2007	**2006**	**2005**
Gold			
Proven tonnes	2,800,000	3,400,000	3,800,000
Average grade gold grams per tonne	3.98	3.91	4.21
Probable tonnes	25,600,000	25,800,000	26,100,000
Average grade gold grams per tonne	5.37	5.46	5.45
Zinc			
Proven tonnes	1,900,000	2,400,000	2,900,000
Average grade gold grams per tonne	1.06	1.15	1.27
Probable tonnes	4,600,000	4,100,000	3,800,000
Average grade gold grams per tonne	0.80	0.87	0.82
Total mineral reserve tonnes	34,900,000	35,600,000	36,700,000
Total contained gold ounces	**4,958,000**	**5,151,000**	**5,307,000**

Notes:

(1) The proven and probable mineral reserves set forth in the table above are based on net smelter return cut-off value of the ore that varies between C$61.00 per tonne and C$73.00 per tonne depending on the deposit. The Company's historical metallurgical recovery rates at the LaRonde Mine from January 1, 2002 to December 31, 2007 were 91.6% for gold, 85.4% for silver, 79.8% for copper and 83.4% for zinc. For every 10% change in the gold price, there would be an estimated 1% change in proven and probable reserves.

(2) In addition to the mineral reserves set out above, at December 31, 2007, the LaRonde Mine had 5.6 million tonnes of indicated mineral resource grading 2.14 grams of gold per tonne and an inferred mineral resource of 4.7 million tonnes grading 6.26 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, 2007 with those at December 31, 2006.

	Proven