

Nunavut Mining Symposium

AEM

“Nunavut in a Competitive World”

April 15, 2011



Mission Statement

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Our mission remains unchanged

***“Generate superior long-term per share returns for our shareholders,
create a great place to work for our employees
and be a leading contributor to the
well being of the communities we operate in.”***



LaRonde



Goldex



Kittila



Lapa



Pinos Altos



Meadowbank

Strategy Execution – Investor Perspective

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Our message is consistent and evolving logically

- **Increase Gold Production**
 - Continue with safety as priority one
 - Execute internal expansions
 - Conduct regional exploration
 - Identify and evaluate external growth opportunities
- **Grow Gold Reserves**
 - Conversion of existing resources
 - Regional discovery
- **Acquire Small, Think Big**
 - Develop pipeline with advanced and early to mid-stage projects, i.e. Meadowbank, Meliadine
- **Be a Low-cost Leader**
 - Cost control and management program
 - Anchor AEM in first quartile of industry cash costs
- **Maintain a solid financial profile**
 - Strong liquidity position
 - Investment grade credit rating
 - Growing, self funding business that generates net free cash flow



Strategy Execution – Basic Strategy Works

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Agnico is well positioned for continued success over the next five years

- Agnico's core competency is the management team
 - Enabling our various teams to exploit value and opportunities
 - Attract and retain key people and skills
 - Promote training & opportunities for youth
 - Be the employer of choice
- Strong positioning
 - Go where political risk is low
 - Go where we are welcomed



More Value Creation Ahead

Strategy Execution – Basic Strategy Works

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Agnico is well positioned for continued success over the next five years

- Recent challenges, tactical in nature, are being addressed
 - Have had metallurgical issues in Finland
 - Rough start up
 - Major capex over run at Meadowbank
 - Meadowbank has had operational issues
 - Design
 - Workforce
 - Start up
- Clear vision of where we want to be in 2015
 - Industry is very competitive, faced with rising costs
 - Competition for qualified labour
 - Timing, construction, permitting is very critical
 - Investors do not like risk & uncertainty

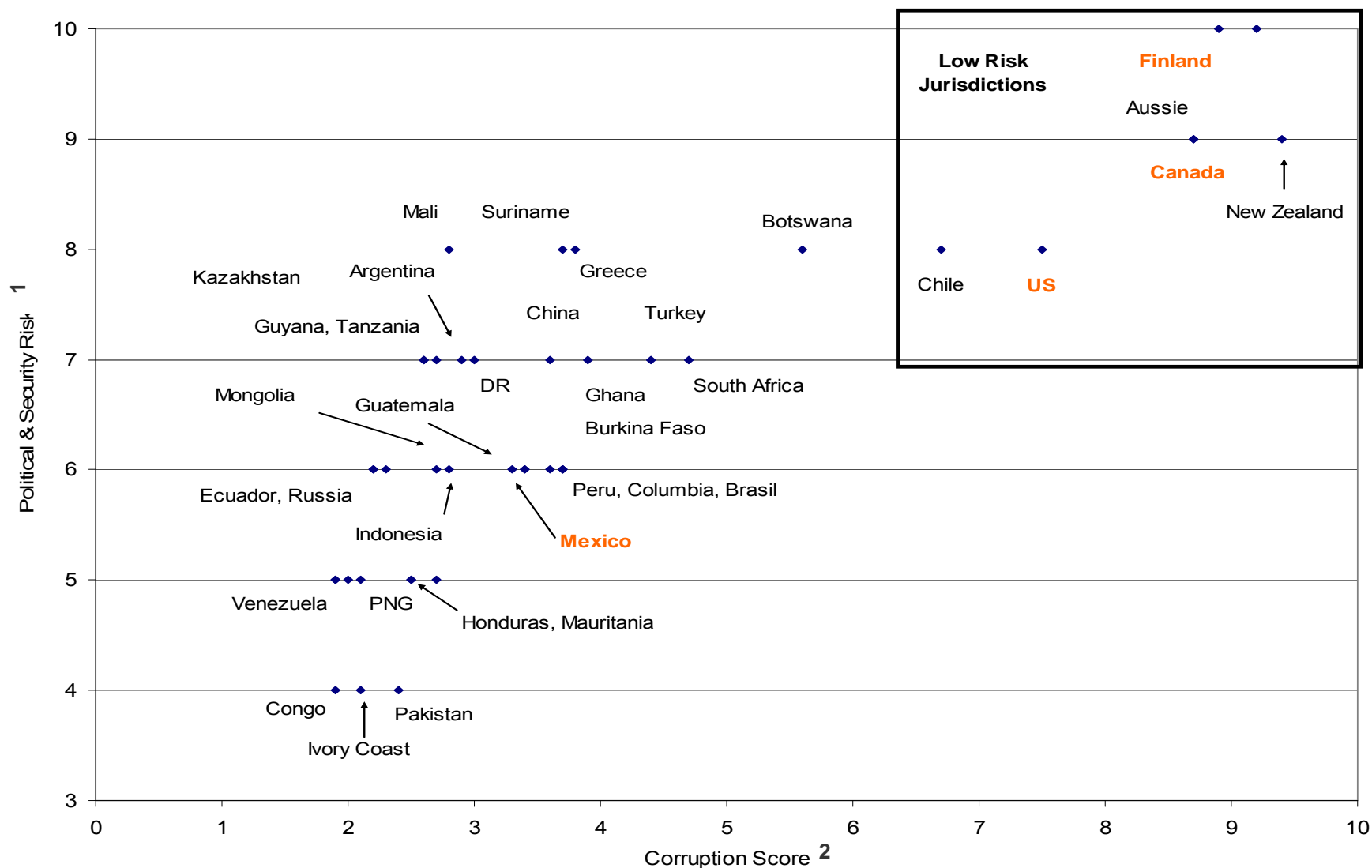


More Value Creation Ahead

Competitive Positioning - Political Risk Comparison

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AEM mines are in low risk areas



Source: 1 Fraser Institute 2009, 2 Transparency International 2010 -- higher score means less risk and corruption

Objectives for 2015 – Our History

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Since 2005 many investor concerns have been addressed, but there are new challenges

2005

■ Strengths

- **Low cost**
- Significant growth pipeline
- Strong balance sheet / access to capital
- Liquid stock / long history / name recognition

■ Challenges

- Managing international growth
- Concentrated risk for now
- Funding to build five new mines
- Mining camp diversification

■ Street Criticism

- Over-promised and under-delivered in recent quarters
- Too concentrated with one challenging mine
- Afraid to do deals
- Every adv staged exploration project has warts
- Too much zinc

2010

■ Strengths

- Experienced management
- Quality mining assets with superior growth
- Technical expertise
- Strong financial position
- Market and investor support – high valuation multiple

■ Challenges

- Managing and controlling growing organization
- Residual commissioning risks
- Controlling costs

■ Street Criticism

- Not hitting targets
- “If your growth slows, your multiple will fall”
- “Your mines don’t work”
- Too expensive
- Concerns over capex / opex creep

The Transformation - Physical

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AEM 2002 vs 2010; a dramatic strengthening of our business...

	<u>2002</u>	<u>2010</u>
No. of Operating Mines	1	6
Production, Moz	0.26	1.0
Earnings per Share, \$/sh	0.06	0.63
Cash Flow per Share, \$/sh	0.28	1.01
Cash Costs, US\$/oz	185	425
Financial Liquidity, C\$B	0.28	1.2
No. of Shares Outstanding, M	72	184
Share Price, C\$	24	70
Market Capitalization, C\$B	1.2	10.9
Total Resources, Moz	10	35
No. of Employees	~500	~5,000

¹Source: AEM internal

What Miners are Saying

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- *We are working in Nunavut trying to permit an underground gold mine that took seven years and more than \$20 million in permitting related costs*
 - **Producer company with more than US\$50M revenue, Company president**
- *The Northwest Territories has too much federal government involvement and a water board that is just totally inefficient and cannot approve anything in a reasonable timeframe*
 - **Exploration company, Manager**
- I think investments in South America and in particular in Brazil may increase considering all the mineral potential still in early stages of knowledge
 - **Exploration company, Partner**



“The competition for investors is fierce”

What Miners are Saying

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- *I think that the minerals industry has a very strong outlook and that jurisdictions that seek to help nurture this will be rewarded and those that appear hostile to it will either be forced to change by their citizens or miss out on prosperity*
 - **Exploration company, Company President**
- *Nevada's STATE regulations are comprehensive and fully protective of the environment, while resulting in a predictable schedule and outcome once a technically complete permit application has been submitted*
 - **Consulting company, Consultant**
- *Unfortunately Quebec is destroying what was a well functioning exploration and mining system for base political reasons – very sad for our industry and the residents of Quebec*
 - **Exploration company, Company President**



What Miners are Saying

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- *Mexico has very clear rules to operate and well-educated mining regulators. They are working on a mine closure law, based on the successful Peruvian version.*
 - **Producer company with more than US\$50M revenue, Manager**
- *Mexico got politically unstable and unsafe in a very short amount of time*
 - **Exploration company, Manager**
- *We work with Indigenous communities, training for life skills & teaching about work ethics. Also help local communities set up businesses that are aimed to live past the mine's life*
 - **Producer company with more than US\$50M revenue, Manager**
- *Providing jobs for unskilled labour in remote locations of any jurisdiction improves the living quality tremendously. But it is not all about economic benefits. A working head of a family also gains a whole lot of dignity, in the family & within the community*
 - **Exploration company, Company president**



“Mining industry needs to do a better job”

- *The industry needs to get off its ass and collectively promote the industry and refute myths and negative anti resource development propaganda. Something like forestry did 20 or so years ago.*
 - **Exploration company, Company president**
- *Exploration land base is getting smaller world wide due to mining's bad name, resulting in more protected areas and no-go jurisdictions. This bad name is generally self-inflicted. Mining companies need to regulate themselves in regards to land reclamation after exploration and mining, social license to operate in different jurisdictions. Bad practice should not be tolerated and bad mining companies should be blacklisted.*
 - **Consulting company, Consultant**



“Mining industry needs to do a better job”

Mineral potential assuming no regulations in place & assuming industry best practices

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	<u>2010/11</u>	<u>Rank</u>
Quebec	0.84	17/79
Nunavut	0.84	16/79
Nevada	0.85	13/79
Mexico	0.86	10/79
Finland	0.74	34/79
Congo	0.90	4/79

- Areas where AEM is active

“Agnico-Eagle invests in areas endowed with mineral potential”

Mineral potential assuming current regulations

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	<u>2010/11</u>	<u>Rank</u>
Quebec	0.76	2/79
Nunavut	0.38	50/79
Nevada	0.73	4/79
Mexico	0.64	15/79
Finland	0.66	12/79
Congo	0.21	70/79

- Areas where AEM is active

“Work needs to be done on the regulatory environment”

Encourages Investment

Quebec	29%
Nunavut	4%
Nevada	28%
Mexico	25%
Finland	24%
Congo	16%

- Areas where AEM is active

“While the regulations are clear, the process is faced with duplication, overlap & uncertainty”

Uncertainty concerning disputed land claims

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Encourages Investment

Quebec	19%
Nunavut	10%
Nevada	25%
Mexico	10%
Finland	27%
Congo	0%

- Areas where AEM is active

“Land claims are not an issue – NLCA has accomplished its objective”

Encourages Investment

Quebec	37%
Nunavut	0%
Nevada	49%
Mexico	20%
Finland	55%
Congo	0%

- Areas where AEM is active

“Ports, airstrips need to be upgraded, roads built”

Encourages Investment

Quebec	62%
Nunavut	34%
Nevada	57%
Mexico	15%
Finland	68%
Congo	0%

- Areas where AEM is active

“For a young government, it is not viewed as an impediment”

Encourages Investment

Quebec	55%
Nunavut	14%
Nevada	60%
Mexico	19%
Finland	41%
Congo	0%

- Areas where AEM is active

“While importing labour is expedient it is expensive & not the long-term solution, training & education has to improve

Agnico-Eagles impact on Nunavut

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Meadowbank Project Expenditures	2010 up to Q4	%	Project to date (Q2-2007 thru Q4-2010)	% of Total
Total project expenditures – all suppliers	\$119,144,730	100.0%	\$1,260,413,840	100.0%
Expenditures to NTI registered companies	\$25,687,331	21.6%	\$261,461,531	20.7%
Expenditures to Nunavut based suppliers	\$57,002,407	47.8%	\$347,445,670	27.6%
Expenditures to Northern based suppliers (NU, NT, YT)	\$57,419,032	48.2%	\$519,256,846	41.2%
Expenditures to Baker Lake based suppliers	\$28,496,914	23.9%	\$108,156,042	8.6%

“The GDP of Nunavut increased by 11% in 2010 largely due to the Meadowbank mine. Meliadine yet to come?”

Agnico-Eagles impact on Nunavut

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Employees at Meadowbank – February 28, 2011

Group	Inuit	Southerner	Total	% Inuit
Contractors	28	458	486	6%
Operation (AEM)	242	386	628	39%
Total	270	844	1114	24%

Agnico-Eagle's impact on Nunavut

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Meadowbank Work Force – February 28, 2011

Community	Number
Baker Lake	133
Rankin Inlet	34
Arviat	49
Chesterfield Inlet	6
Coral Harbour	6
Repulse Bay	5
Whale Cove	2

Agnico-Eagle's overview of Nunavut – 4 years later

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Challenges & observations

- IIBA's difficult to negotiate
 - Tend to be front ended
 - Attempt to restrict competitive bidding process
 - Negative to project economics
- Environmental permitting still takes a long time
 - Lack of clarity & duplication
- Logistics are difficult to plan & very expensive
- Training & education require more work
- Have experienced cross cultural issues – Agnico has to do better
 - High Inuit turnover
- Access to IOL for exploration – long process



Agnico-Eagle's overview of Nunavut – 4 years later

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Opportunities & observations

- Great community support, councils, people, businesses
- Excellent mineral potential
- 35 new joint ventures formed
- Agreement with NTI completed on prospective claims
- Shipping costs have declined, more flights
- Declining unemployment
- Increasing interest in training
- Gained valuable experience in developing future projects
- Developed regional, GN, Gov't of Canada, community, personal and business relationships
- Better understanding of Inuit culture



Agnico-Eagle's overview of Nunavut – 4 years later

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Conclusions & recommendations

- Resource development creates opportunities
 - Other jurisdictions have recognized this
 - Resource business is cyclical
- Education, training is the wave of the future
- Infrastructure has to be improved – other jurisdictions investing to promote access & development
- Permitting process has to be streamlined – still too long
- IIBA's should not have a negative impact on project economics
- Access to IOL for exploration has to be simplified



Greenland School of Minerals & Petroleum

“Nunavut currently has a tremendous opportunity & potential”



Matna

Questions?