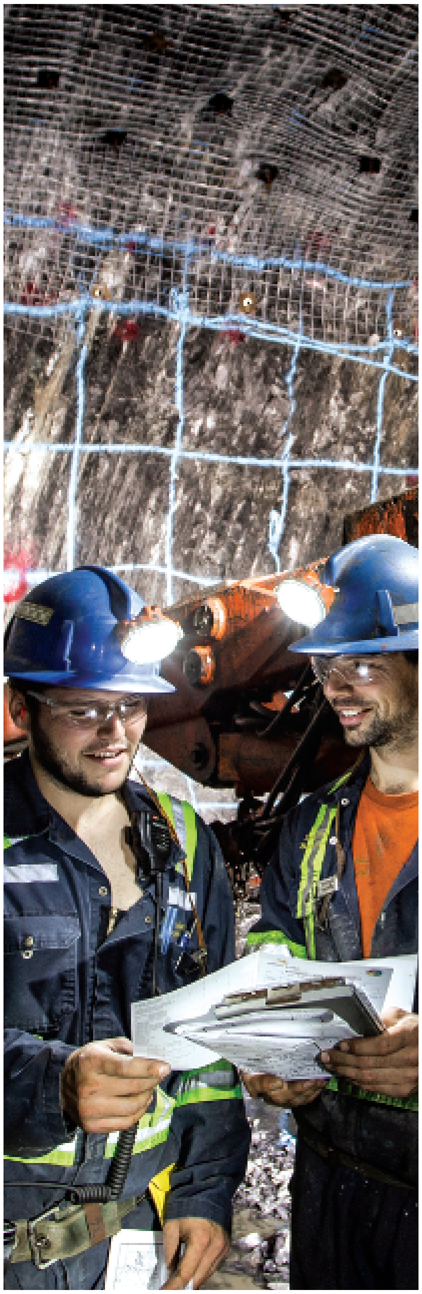

Building on solid ground

2015 ANNUAL REPORT

AGNICO EAGLE

Corporate Profile

Agnico Eagle Mines Limited is a senior Canadian gold mining company that has produced precious metals since 1957. Our eight mines are located in Canada, Finland and Mexico, with exploration and development activities in each of these regions as well as in the United States and Sweden. The Company employs more than 7,500 people.

Agnico Eagle and our shareholders have full exposure to gold prices due to our long-standing policy of no forward gold sales. We have declared a cash dividend every year since 1983.

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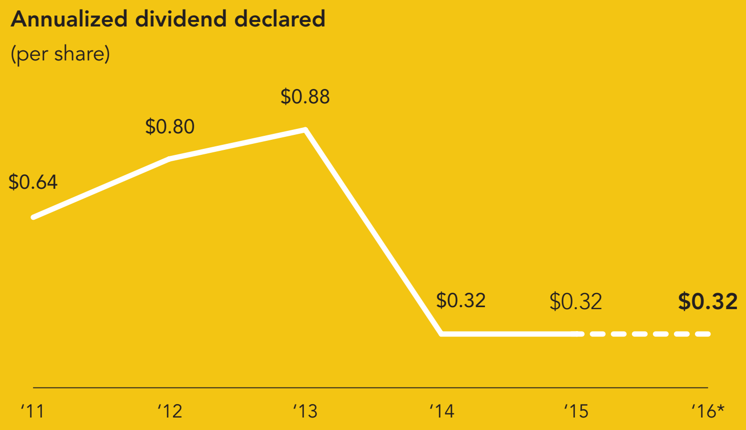
COVER: These three pillars – **performance, pipeline and people** – form the basis of Agnico Eagle's success and competitive advantage.

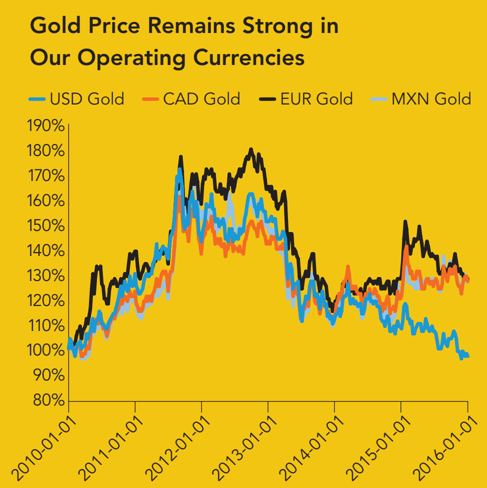
Investing in our performance, pipeline and our people

Agnico Eagle has gone through a period of unprecedented growth in our Company's history. We have expanded from one to eight mines in just over seven years. While growing our gold business is key to our long-term business strategy, we are not interested in pursuing growth at any cost. We want growth that builds a strong foundation and future for our Company. Growth that invests in improving our performance, our project pipeline, and our people. Progressive, sustainable growth that ensures we have the right resources, processes and people in place to meet our own standards and needs, as well as the evolving expectations of society.

Financial and Operating Highlights



Agnico Eagle has now declared a cash dividend every year since 1983.
*Assuming the Board of Directors continues to declare dividends of $0.08 per quarter.



All dollar amounts in this report are in US$ unless otherwise indicated	2015	2014	2013
OPERATING			
Payable gold production (ounces)	**1,671,340**	1,429,288	1,099,335
Total cash costs per ounce of gold produced on a by-product basis[1]	**$ 567**	$ 637	$ 648
Average realized gold price per ounce	**$ 1,156**	$ 1,261	$ 1,366
FINANCIAL			
(millions, except per share amounts)			
Revenue from mining operations	**$ 1,985.4**	$ 1,896.8	$ 1,638.4
Net income (loss) for the year	**24.6**	83.0	(686.7)[2]
Net income (loss) per share – basic	**0.11**	0.43	(3.97)
Annualized dividend declared per share	**$ 0.32**	$ 0.32	$ 0.88

[1] Total cash costs per ounce of gold produced on a by-product basis is a non-GAAP financial performance measure. For a reconciliation of total cash costs per ounce of gold produced on a by-product basis to the figures presented in the annual audited consolidated financial statements prepared in accordance with IFRS, see Results of Operations – Production Costs and Non-GAAP Financial Performance Measures in the Management's Discussion and Analysis for the year-ended December 31, 2015.

[2] The Company's 2013 results were impacted by impairment losses recorded at the Meliadine project, Meadowbank mine and Lapa mine of $639.3 million, $307.5 million and $67.9 million, respectively.

Note:
This document uses the terms "measured mineral resources," "indicated mineral resources" and "inferred mineral resources." We advise investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (SEC) does not recognize them. See "Mineral Reserves and Mineral Resources" in the Company's Annual Information Form filed on SEDAR at www.sedar.com or as part of the Company's Form 40-F filed with the SEC at www.sec.gov for additional information.

LETTER FROM THE VICE-CHAIRMAN AND CEO

Fellow Shareholders

Our industry's rich history is one of gold rushes, wild market rides, and boom and bust production cycles. Many gold miners have faltered trying to outsmart and outpace the markets.

Agnico Eagle has been a successful mining company for almost 60 years now. And while we've had our share of exciting times, our success has come from taking the long view, and understanding that pace and balance are the keys to managing our business.

While 2015 was a year of turmoil for our industry, Agnico Eagle achieved another year of record production and safety performance. Our stock significantly outperformed the gold markets and we reduced our net debt, while also improving our financial flexibility.

We continued to execute on our business strategy of delivering high quality growth while maintaining high performance standards in health, safety, environment and social acceptability; building a strong pipeline of projects to drive future production; and employing the best people and motivating them to reach their potential.

Delivering on growth expectations, while maintaining high PERFORMANCE standards

We have taken steps to grow our production base by optimizing our existing mines and projects in our four current operating regions. This approach provides us with growth we can execute on, at mines that are up and running, at projects we already own, and in jurisdictions we've done business in for many years. It also allows us to grow our business, without taking on additional risk, and ensure it will be just as manageable in the future as it is today.

It was the safest year in our Company's history with fewer lost-time accidents, and with three of our sites – La India, Meadowbank and Meliadine – recording zero lost-time accidents. It is encouraging to know that while Agnico Eagle is getting bigger, we are also getting safer, which is a testament to our people and our business.

For the fourth year in a row, our operations exceeded their production targets – allowing us to increase our guidance to the market and lower our costs. Our sites also benefited from the impact of lower Canadian, Euro and Mexican currencies, as well as lower oil prices.

Building and maintaining a high quality project PIPELINE

Our strong performance has allowed us to further invest in our exploration and development pipeline, which represents the long-term future of our business.

We doubled our exploration budget in 2015 with excellent results at each of our operations and projects. We have now reported an initial mineral resource at our El Barqueño project in Mexico, while drilling at Amaruq yielded a 119% increase in inferred mineral resources. At the Kittila mine in Finland, increased exploration activity contributed to the discovery of the new parallel Sisar Zone, which is expected to be a significant contributor to our production profile in the years to come.

We also advanced our ***Nunavut Strategy***, which encompasses our Meadowbank mine, the Meliadine advanced development project, and our gold discovery at Amaruq. Together, these properties have the potential to transform our business, and the future of Nunavut, for decades to come.

Specifically, we agreed to proceed with expansion of the Vault Pit, extending Meadowbank's mine life into the third quarter of 2018. This will help bridge the gap between the end of production at Meadowbank and the potential start up at Amaruq. Engineering and environmental baseline studies also got underway to support the permitting process for Amaruq. In late 2015, we received approval to construct an all-weather exploration access road linking Meadowbank to the Amaruq site.

We are attracted to this Arctic frontier because of its vast mineral potential, as well as for its welcoming spirit. It is a jurisdiction that understands gold mining and the benefits it can bring to the region. While we have a realistic understanding of the challenges presented by this remote environment, we also have access to the right people, skills and resources from our Abitibi and Meadowbank camps. As we establish a bigger production base in the region, we will be able to take tremendous advantage of the economies of scale.

Our consistent and steady approach has reinforced trust between our employees, communities and Inuit stakeholders. In 2015, for example, the Kivalliq Inuit Association (KIA) and Agnico Eagle signed an Inuit Impact Benefit Agreement (IIBA) for the Meliadine gold project – one that challenges us to further increase Inuit participation in the workforce, and helps the Inuit in Nunavut to build a solid future for themselves and their families.

Employing the best PEOPLE and motivating them to reach their potential

We have one of the most skilled teams of professionals in the industry. Our goal is to further develop our leadership team and prepare them to take on increasing responsibility as the size and complexity of our business increases.

To ensure our organization is prepared for growth, we are investing in our people by enhancing our leadership development program for our next generation of leaders; providing increased opportunities and responsibilities for career development; and, by expanding training and development opportunities at all levels of our organization. As we advance towards our 60th year in business, we recognize that the Company was built on a strongly committed workforce. This is a crucial element in Agnico's strategic plan for the future.

We welcomed back Ammar Al-Joundi and appointed him to the position of President of Agnico Eagle. Ammar previously served as our Senior Vice-President and Chief Financial Officer. Regretfully, Bernard Kraft resigned from our Board due to health reasons and we will miss his financial knowledge and expertise. Jamie Sokalsky was appointed to the Board to fill this vacancy. Jamie served most recently as President and Chief Executive Officer of Barrick Gold Corporation.

IMPROVING outlook for gold

We believe the climate for gold is improving and that gold will perform better than the rest of the metals industry in 2016. The lack of investment in exploration and sustaining capital across the industry is impacting production, and the decline in supply is expected to drive up the price of gold over the next several years.

This view is contrary to current market thinking, but already we are seeing more interest in gold because there is so much uncertainty and debt in the financial system. While the gold price is largely influenced by the "paper markets", it is ultimately physical demand that matters most when the financial markets are uncertain. We see continued strong demand from China and India, and from the central banks in Russia, China and elsewhere.

REMAINING focused on our Strategy

As we move into 2016, we remain focused on growing our production base and investing in our exploration and development projects. While the industry as a whole is struggling, Agnico Eagle is well positioned to take advantage of the improving outlook for gold. We will continue to execute on our business strategy and maintain our high performance standards, while investing in our ideas, our people and our future.

Sean Boyd

Sean Boyd
Vice-Chairman and Chief Executive Officer
March 15, 2016

Targets and Objectives

2015 Targets	What we delivered	2016 Targets
1,600,000 ounces of gold production.	Achieved. Record annual gold production of 1,671,340 ounces, largely due to strong operating results from all mines.	Between 1,525,000 and 1,565,000 ounces of gold production.
Meet or exceed 2015 production guidance.	Achieved. Gold production of 7.7 ounces per 1,000 shares.	Meet or exceed 2016 production guidance.
Maintain gold reserves at approximately 10 to 15 times annual gold production rate.	Achieved. Gold reserves at December 31, 2015, were at 19.1 million ounces, which remains in the range of approximately 10 to 15 times annual gold production.	Maintain gold reserves at approximately 10 to 15 times annual gold production rate.
Total cash costs per ounce of gold produced on a by-product basis of $610 to $630.	Achieved. Total cash costs per ounce of gold produced on a by-product basis of $567 per ounce, primarily due to higher gold production, strong cost control initiatives and the positive effect of foreign exchange rates.	Total cash costs per ounce of gold produced on a by-product basis of $590 to $630.
All-in sustaining costs per ounce of gold produced on a by-product basis of $880 to $900.	Achieved. All-in-sustaining costs per ounce of gold produced on a by-product basis of $810.	All-in sustaining costs per ounce of gold produced on a by-product basis of $850 to $890.
Increase operating cash flow per share.	Not achieved due to a decline in the gold price. As a result, annual cash flow from operations was $616.2 million or $2.85 per share as compared to $668.3 million or $3.42 per share in 2014.	Increase operating cash flow per share.
Search out acquisition opportunities in low-risk regions that are well matched to our skills and abilities.	Achieved. Acquired the assets of Soltoro Ltd. and the Realito property, both in Mexico.	Search out acquisition opportunities in low-risk regions that are well matched to our skills and abilities.
Combined accident frequency (lost time and restricted work) below a rate of 1.70 for Agnico Eagle workforce; shifting to aspirational Zero Harm safety targets and developing "leading" performance indicators.	Achieved 1.23 combined accident frequency (lost time and restricted work), a 17% reduction from our performance in 2014.	Combined accident frequency (lost time and restricted work) below a rate of 1.40 for Agnico Eagle workforce; shifting to aspirational Zero Harm safety targets and developing "leading" performance indicators.
No fines or penalties for environmental failures.	Achieved.	No fines or penalties for environmental failures.
Zero category 3, 4 or 5 environmental incidents.	Not Achieved[1].	Zero category 3, 4 or 5 environmental incidents.
Achieve A level status in all Toward Sustainable Mining (TSM) protocols.	95% of TSM indicators achieved A level during the 2015 External TSM audit.	Achieve A level status in all TSM protocols.

[1] Two category 3 events occurred during the year: 1) Two cows that inadvertently accessed our heap leach pad died after ingesting cyanide on August 13th. Following this incident a plan was put in place to construct additional fencing around the heap leach area; 2) In September, our Kittila mine observed water seepage coming from the toe of the NP3 dam. Uncontrolled discharge of treated water continued over a period of 36 hours. All water from the uncontrolled discharge was collected and pumped back in the holding pond for storage or to be re-used as process water. The water quality of the uncontrolled discharge met all applicable permit requirements and was of appropriate quality to be released to the environment.

JOHN HATHAWAY, CFA
SENIOR PORTFOLIO MANAGER,
TOCQUEVILLE ASSET MANAGEMENT L.P.

THE WAR ON CASH

Gold has finally turned the corner. The rally since year end 2015 begins a march to new all-time highs. Why? Investors and savers of all kinds are spooked by negative interest rates and justly fear that radical monetary policies will become even more so. Nearly 25% of world sovereign debt is trading at negative nominal rates, so holders are guaranteed to lose money. In many European countries, savers are being charged to hold cash at their bank. Cash transactions above fairly low thresholds must be accompanied by special documentation. Cash withdrawals from ATMs are limited. Central bankers and policy makers in the US, China and Europe openly discuss how to move to digital currency and how to eliminate high denomination currency notes such as the 500 Euro note and the US $100 bill.

These developments challenge the notion that cash is a liquid, safe asset providing holders maximum optionality. If there is risk to holding what is supposedly the safest asset of all, what is left? The answer: gold, physical gold bars that are stored outside of the banking and financial market grid (but in a legally compliant structure). Gold held in proper form will come to be rediscovered for what it has always been, the only true form of financial wealth insurance and unimpeachable liquid purchasing power.

What all of this portends is a future shortage of physical gold that will be resolved only through much higher paper currency prices. Exchange traded funds, which track the gold price, and must hold physical gold, have been adding gold at rates not seen since 2010 just before gold rose to all-time highs in the following year. Strong flows into gold ETFs is another sign of generalized concern that the fiat paper money currency system that has existed since 1970 and on which global commerce is based is becoming increasingly unworkable. It stems from a growing loss of confidence in fiscal and monetary policy and the practitioners thereof, politicians and central bankers.

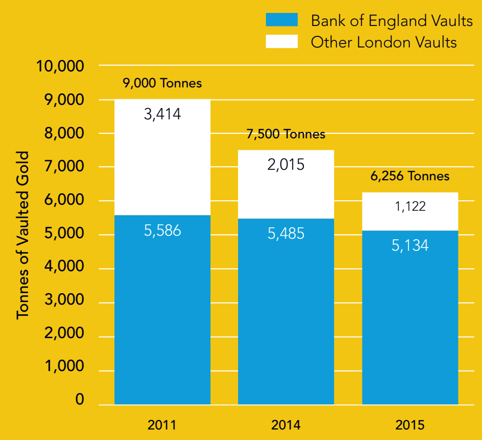
A gold shortage is virtually guaranteed by four and a half years of relentless selling by financial market traders (on COMEX and OTC markets) of synthetic gold contracts, options, derivatives and futures that depressed prices with little or no physical gold actually changing hands. Selling and shorting synthetic gold was simply a macroeconomic bet for high frequency traders and their clients. The paper gold deluge depressed the physical gold price with two important consequences: (1) it hobbled the mining industry sufficiently to compromise future mine production.

A big rise in the gold price will not be met with a surge in production until at least 2020. (2) Asian investors, attracted by depressed prices, have severely depleted inventories of physical gold vaulted in London and New York. Reserves of gold bars that provided liquidity to meet investment demand typically expressed by money flows into gold ETFs may well prove to be inadequate.

How should investors position themselves? Gold ETFs track the gold price but conflate the counterparty risk inherent to wealth digitized in the financial markets. The March 4, 2016 suspension of share issuance by Blackrock of its gold ETF is a case in point. Financial insurance must be held in a secure format. Paper gold such as ETFs and other derivatives can become dysfunctional for many reasons. In this instance, the ETF structure did not cope well with the recent spike in demand for physical. There will be other issues down the road that expose the shortcomings of paper gold. Investors who want real gold exposure should hold physical metal stored safely in non-banking vaults. This is wealth insurance pure and simple, not a bet on rising prices in terms of paper currencies.

For more dynamic exposure to a rising price, gold mining shares are the obvious choice. The gold industry is not monolithic, however. There are good companies and bad, wealth creators and wealth destroyers. It is unfortunate that the latter have received disproportionate publicity in recent years. Gold mining is a tough industry but some management groups have defied that negative characterization. Good management deals successfully with the inherent challenges of mining. The Agnico Eagle team has amply demonstrated that proposition time and again. In short, the optimal defense against the global war on cash is a balance between physical gold holdings and shares of well managed gold-mining companies, in proportions appropriate for one's specific risk preferences.

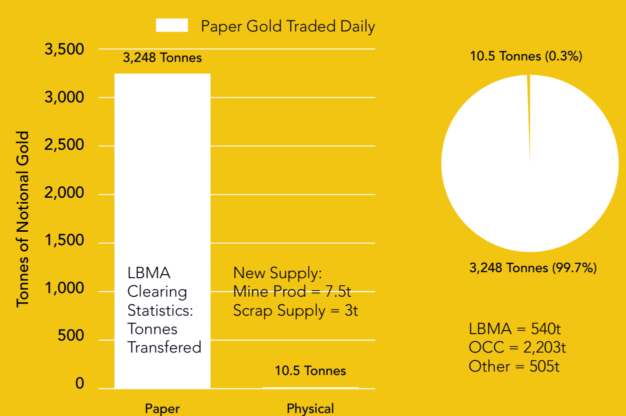
LBMA Vaulted Gold in London



Source: BOE. LBMA

The readily available supply of liquid gold bars has declined from 3,414 tonnes to 1,122 since 2011. The balance of gold vaulted in London is owned by central banks and not readily available.

Notional Gold Paper Trading – Daily Average



Source: CME, CPM, LBMA, OCC, SLG

The ratio of paper gold contracts vs new supply is 309:1. Note: The notional value of paper contracts traded has little to do with physical supplies as most contracts are only ever traded for cash. And when considering supply one must use the full stock of gold @ 170,000 tonnes even though most of it is not for sale. The measure here have been derived to show how much paper trading shadows the physical markets.

Performance

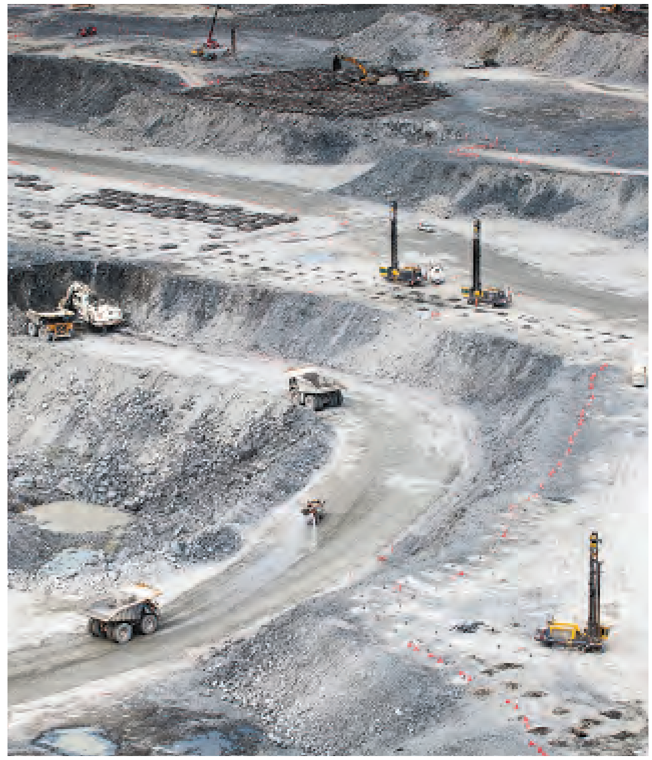
Delivering on growth expectations, while maintaining high performance standards. In 2015, we continued to execute on our business strategy of delivering high quality growth while maintaining high performance standards in health, safety, environment and community development.

We are taking steps to improve our production base by optimizing our existing mines and projects in our northern and southern business operations.

CANADA

LARONDE'S PRODUCTION LEVELS are expected to steadily increase through 2017 and beyond, as it mines in deeper portions of the mine and grades gradually increase.

OUR LAPA MINE is expected to operate until early into the fourth quarter of 2016. Ongoing exploration has identified two targets as areas that could potentially support future mining activity.



CANADIAN MALARTIC MINE has a large reserve base and strong free cash flow potential. Several opportunities have been identified to further optimize productivity.

NORTHERN BUSINESS OPERATIONS

Our northern business operations include our wholly-owned LaRonde, Goldex, Meadowbank and Lapa mines in Canada and our Kittila mine in Finland, as well as our 50% interest in the Canadian Malartic mine in the Abitibi region. For the fourth consecutive year, with strong performance from our northern operations, Agnico Eagle reported annual gold production in excess of our market guidance. We are forecasting stable production and costs over the next three years, and we are currently evaluating a number of opportunities to further enhance production from our northern operations in 2018 and beyond.

LaRonde's gold-rich lower mine boosts production output

In 2015, LaRonde increased its production to 267,921 ounces of gold at total cash costs per ounce of $590. This compares to 204,652 ounces of gold at total cash costs per ounce of $668 in 2014. The higher production and lower costs were mainly due to higher gold grades from the lower mine, improved recoveries, and favourable foreign exchange rates. In 2016, approximately 89% of LaRonde's production is expected to come from the lower mine. The increase in forecast production through 2018 largely reflects an increase in grade closer to that of the average mineral reserves.

LaRonde's new cooling and ventilation infrastructure, which was commissioned in 2015, has enhanced productivity in the deeper portions of the mine. A coarse ore conveyor system was also installed during the year and full commissioning is planned for the second quarter of 2016. This new system should also help improve mining flexibility and reduce congestion in the lower mine.

Exploration studies continue to assess the potential to extend LaRonde's mineral reserves and mine below a depth of 3.1 kilometres. Evaluations are also underway on the potential to initially mine the Bousquet Zone 5, which is located adjacent to LaRonde, via an underground ramp. An internal technical study is expected to be completed by the end of 2016.

Canadian Malartic sets new production records

Canadian Malartic's smooth consolidation into the business helped the operation set annual records for both the amount of ounces produced and tonnes milled at the mine. Agnico Eagle's share of that production was 285,809 ounces of gold at total cash costs per ounce of $596. This compares to 143,008 ounces of gold at total cash costs per ounce of $701 in 2014 (Agnico Eagle and Yamana Gold acquired Canadian Malartic in June 2014). Production was higher primarily due to higher grades, while the lower costs were due to lower expenses,

THE GOLDEX MILL currently has about 25% excess capacity and we are evaluating opportunities to potentially increase throughput.

increased production and favourable foreign exchange rates, partially offset by higher shutdown costs for the planned mill maintenance.

We plan to evaluate a number of near pit/underground targets and further define the extent of the mineralization at the Odyssey zone. Additionally, we are jointly exploring with Yamana a portfolio of properties in the Kirkland Lake area and the Pandora and Wood-Pandora properties in the Abitibi region of Quebec.

Lapa posts strong performance and studies new opportunities to extend mine life

In 2015, Lapa produced 90,967 ounces of gold at total cash costs per ounce of $590, as compared to 92,622 ounces of gold at total cash costs per ounce of $667 in 2014. Production in 2015 was lower due to lower throughput, while costs were lower primarily due to favourable foreign exchange rates.

Under the current life of mine plan, Lapa is expected to operate until the fourth quarter of 2016. Two areas – Zone 8 East/Upper mine and the Zulapa 7/Deep 2 Zone – have been explored and identified as areas that could potentially support future mining activity beyond 2017.

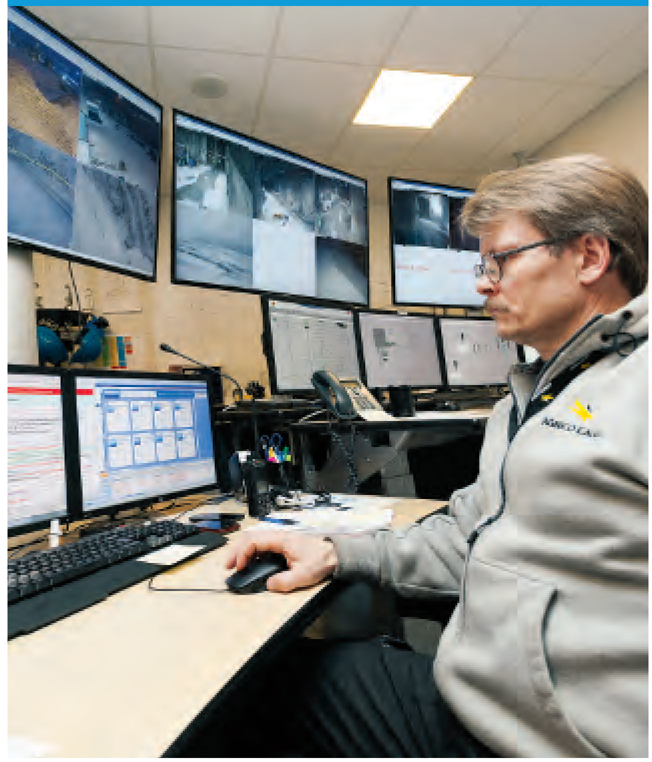
Goldex's strong underground performance could be sustained through 2016

At Goldex, production exceeded expectations due to a faster than expected ramp-up in mining rates. The mine produced 115,426 ounces of gold at total cash costs per ounce of $538. This compares to 100,433 ounces at total cash costs per ounce of $638 during 2014. Production was higher and costs were lower than in 2014 due to higher tonnage, grades and recoveries.

Existing mineral reserves and the M3 and M4 zones are expected to keep production levels and costs relatively constant through to 2017. In July 2015, the Deep 1 project was approved, which is expected to begin commissioning in 2018. This project has the potential to unlock other value, creating opportunities such as the potential development of the Akasaba West deposit and the Deep 2 Zone. These opportunities could enhance production levels or extend the current mine life and reduce operating costs.

FINLAND

MEADOWBANK MINE production levels are expected to decline from 2016 to 2018 due to a reduction in grade as the current mineral reserve base is depleted. The Company is actively exploring the Amaruq deposit with the goal of potentially developing the deposit as a satellite operation to Meadowbank.



AT KITTILA MINE a key focus in 2015 was improving mill reliability. The Company is evaluating the potential to maintain this level of underground performance as well as fast track production from the upper portions of the Rimpi Zone and the newly discovered Sisar Zone.

Meadowbank proceeds with Vault expansion and extends mine life

Meadowbank moved forward with production and development decisions that extend its mine life by one year and provide additional mining flexibility. The mine produced 381,804 ounces of gold at total cash costs per ounce of $613 in 2015, as compared to 452,877 ounces at total cash costs per ounce of $599 in 2014. Performance in 2014 was positively impacted by higher tonnage, grades and recoveries from the Goose pit.

In July 2015, Agnico Eagle decided to proceed with the expansion of the Vault pit. This will result in reduced production in 2016 but add another year of production at the mine, through to at least the third quarter of 2018. This extension helps to partially bridge the production gap with the potential development of the Amaruq deposit.

Production levels are expected to gradually decline from 2016 to 2018 due to a decline in grade as the current mineral reserve base is depleted. In 2015, various optimization initiatives helped to significantly improve mining rates, which could prove to be sustainable and provide additional flexibility for the future.

Kittila posts strong mining performance and begins exploration of new mineralized zone

The newly expanded mill at Kittila continued to ramp up towards full capacity during the year. The mine produced 177,374 ounces of gold at total cash costs per ounce of $709. This compares to 141,742 ounces of gold at total cash costs per ounce of $845 in 2014. The lower costs are largely due to increased production and favourable foreign exchange rates.

In 2015, a key focus was on improving mill reliability, which could lead to higher throughput levels in the future. Kittila is currently evaluating the potential to maintain its strong year-end underground performance, as well as the potential to fast track production from the upper portions of the Rimpi Zone and the newly discovered Sisar Zone.

COMMISSIONING OF THE PINOS ALTOS SHAFT in 2016 will allow better matching of the future mining capacity with the mill once the open pit mining operation begins to wind down.

AT LA INDIA, construction of the new leach pad was completed within budget and preparation activities for the start-up of mining at the Main Zone pit were also completed in 2015.

AT CRESTON MASCOTA, infill drilling has encountered higher grade mineralization. Work is underway to evaluate the impact of these results on the pit design and production planning.

SOUTHERN BUSINESS OPERATIONS

Agnico Eagle's southern business operations are focused in Mexico and include our wholly-owned Pinos Altos, Creston Mascota and La India mines. In 2015, performance from our southern business operations exceeded our expectations. In 2016, we will evaluate the potential to further enhance production in 2018 and beyond. A key focus will be on optimizing the satellite zones at Pinos Altos and Creston Mascota, and potentially expanding reserves at La India.

Pinos Altos 2016 shaft commissioning set to enhance efficiencies

Production significantly exceeded expectations during the year, primarily due to higher ore grades and better mill throughput and recoveries. In 2015, Pinos Altos produced 192,974 ounces of gold at total cash costs per ounce of $387, as compared to 171,019 ounces of gold at total cash costs per ounce of $533 in 2014. The decreased cash costs reflect higher by-product silver production and favourable foreign exchange rates.

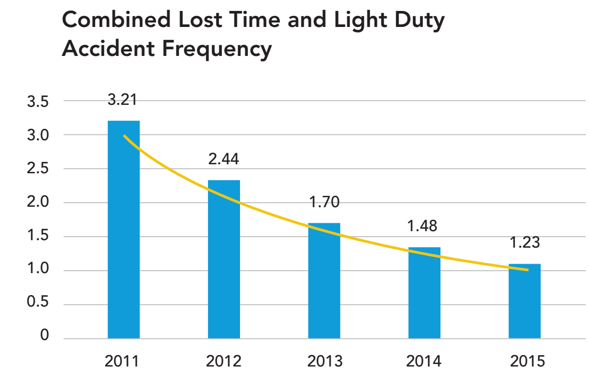
Going forward, throughput, grades and recoveries are expected to remain relatively stable. The $106 million Pinos Altos shaft sinking project remains on schedule for completion in early 2016, with full commissioning expected in 2016. When the shaft is completed, it will allow better matching of the future mining capacity with the mill capacity once the open pit mining operation begins to wind down, as planned, over the next several years.

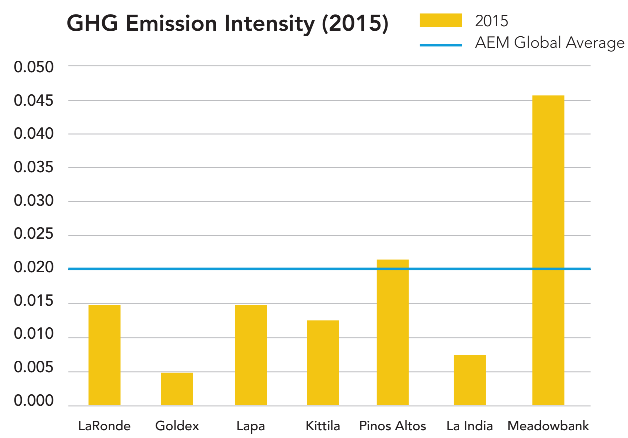
Creston Mascota stacks record tonnage and evaluates higher-grade mineralization

In 2015, Creston Mascota produced 54,703 ounces of gold at total cash costs per ounce of $430. This compares to 47,842 ounces at $578 per ounce in 2014. The higher than anticipated production was primarily due to more tonnes stacked at slightly higher grades, while costs were lower due to more ounces produced and favourable exchange rates.

During the year, infill drilling encountered higher grade mineralization below the Creston Mascota pit. Work is underway to evaluate the impact of this mineralization on the pit design and production planning. Additionally, further work is planned on the Bravo deposit to evaluate it as a potential source of additional production, while construction work on the Phase 4 leach pad is expected to be completed later in 2016.

AT LA INDIA, we are evaluating near pit potential with a goal of further expanding the mineral reserves at the Main and North Zones and will consider opportunities to increase production.





La India increases both mineral reserves and mineral resources

La India marked its first full year of operation by producing 104,362 ounces of gold at total cash costs per ounce of $436, as compared to 71,601 ounces at total cash costs per ounce of $487 in 2014 when it only operated for 11 months. The higher production was mainly due to more ore tonnes stacked, while costs were lower due to more ounces produced and favourable foreign exchange rates.

La India's 2015 exploration program resulted in a 28% increase in mineral reserves year-over-year, and a 21% increase in measured and indicated mineral resources. Studies are now underway to evaluate the potential of further expanding the mineral reserves at the Main and North Zones and consideration will be given to opportunities to increase production at La India based on the success of that program. In late 2015, construction was completed on the leach pad expansion and road construction in advance of the start-up of mining at the Main Zone pit.

Health, safety, environmental & regulatory matters

It was the safest year in our Company's history with fewer lost time accidents. Additionally, La India, Meadowbank and Meliadine sites each recorded zero lost time accidents. In 2015, our combined lost-time accident (LTA) frequency was 1.23 – a 17% reduction from our performance in 2014 and significantly below our target rate of 1.70. This is the fourth year in a row we have posted our lowest ever combined LTA rate.

Agnico Eagle's total overall greenhouse gas (GHG) emissions reached 407,471 tonnes of CO_2 equivalent in 2015, a 6% increase over 2014 [385,117 tonnes of CO_2 equivalent] due to higher production levels at our mines. However, our average overall GHG intensity decreased by 2% to 0.0800 [2014=0.0204] CO_2 equivalent per tonne of ore processed, partly because of higher tonnage produced from our mines where hydroelectricity is the primary energy source.

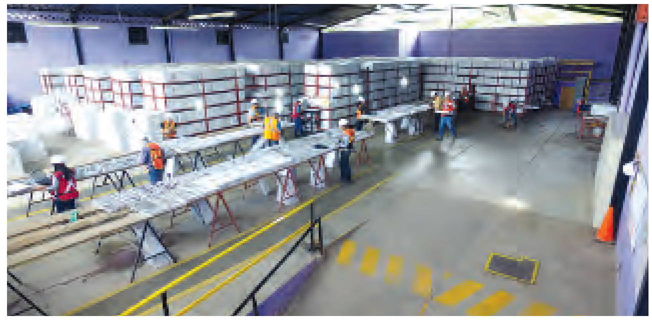
An external audit on the application of the Mining Association of Canada's TSM protocols was carried out at our Goldex, Kittila, Lapa, LaRonde, Meadowbank and Pinos Altos mines. The audit results showed that our operations had achieved an 'A' rating or higher for 95% of the indicators in the six protocols. Three of our mines – Kittila, LaRonde and Meadowbank – each received an award for achieving an 'A' level or higher in all protocols.

The implementation of our internal Responsible Mining Management System (RMMS) continued in 2015 with the development of critical procedures to cover major risks identified and a system procedure to implement each of the 17 elements of RMMS. An internal audit of the system will be conducted in 2016.

Pipeline

Building and maintaining a high quality project pipeline.
Our strong performance has allowed us to further invest in our exploration and development pipeline, which represents the long-term future of our business. In 2015, we doubled our exploration budget with excellent results at each of our operations and projects. We have now reported an initial mineral resource for our El Barqueño project in Mexico and the Sisar Zone at Kittila, while drilling at Amaruq yielded a significant increase in inferred mineral resources. In 2016, we have committed significant resources to our exploration program, which is budgeted at $93 million.

IN 2016, OUR EXPLORATION PROGRAM will focus primarily on the Amaruq project in Nunavut, the El Barqueño project in Jalisco State, Mexico and the new Sisar zone discovery at Kittila. From l-r: Olivier Côté-Mantha, Geo., Ph.D. Principal Evaluation Geologist; Marjorie Simard, Geo., Ph.D., Project Geologist, Modeling; and Patrice Barbe, Geological Engineer, Modeling.



THE EL BARQUEÑO PROJECT in Mexico contains a number of known mineralized zones and several prospects that require further evaluation.

AT THE MELIADINE PROJECT in Nunavut, internal studies are ongoing to evaluate the potential to extract additional ounces of gold, which could potentially extend the mine life and increase annual production and the after-tax internal rate of return.

We will continue to focus on adding incremental production at our current mines through 2018, while advancing Amaruq, Meliadine and El Barqueño, which are expected to add significant production starting in 2019 to 2020. However, we will continue to take a prudent and measured approach to development while maintaining financial flexibility.

Amaruq – Mineral resource base expanded by 119%, drilling extends Whale Tail deposit

In 2015, our $37.7 million exploration program at Amaruq yielded significant results. Inferred resources increased by 119%, and now totals 3.3 million ounces (16.9 million tonnes grading 6.05 grams per tonne of gold).

A large portion of last year's drill program was focused on the Whale Tail Zone, where drilling has outlined up to five mineralized lenses along a strike length of 2.3 kilometres and to a depth of up to 600 metres below surface. Mineralization remains open in all directions. Significant mineralization has also been outlined in the IVR area, where the inferred mineral resource has more than doubled to 208,635 ounces of gold (1.01 million tonnes grading 6.43 grams per tonne of gold).

In 2016, an initial $19 million drilling program is designed to expand and upgrade the gold resources and outline a second source of open pit ore for the project. We anticipate developing Amaruq as a satellite operation to Meadowbank, with the potential to begin production in 2019.

Meliadine – Focus turns to preserving production options

In 2015, we invested approximately $67 million at Meliadine to advance ramp development, permitting, camp operations and an updated technical study.

Meliadine now hosts 3.4 million ounces of proven and probable mineral reserves (14.5 million tonnes of ore grading 7.32 grams per tonne of gold), 3.31 million ounces of measured and indicated mineral resources (20.78 million tonnes of ore grading 4.95 grams per tonne of gold), and 3.55 million ounces of inferred mineral resources (14.71 million tonnes of ore grading 7.51 grams per tonne of gold).

Specifically, we are studying the potential to extract additional ounces of gold from the Tiriganiaq and Wesmeg/Normeg deposits, which could potentially extend the mine life, increase annual production, and improve the project economics and the after-tax internal rate of return. These studies are expected to be completed in the third quarter of 2016.

In 2016, we are budgeting $96 million in expenditures to conduct further underground development, detailed engineering and procurement, construction of essential surface infrastructure, and for the acquisition of a used camp facility. The goal is to ensure that the project remains on track for a possible 2020 production start-up, which is approximately a one-year delay from previous internal expectations.

AT THE AMARUQ PROJECT, drilling in late 2015 confirmed that the Whale Tail and Mammoth 1 zones form a single mineralized system at least 2.3 km long, which remains open at depth and along strike.

THE EL BARQUEÑO PROJECT has the potential to be developed into a series of open pits utilizing heap leach processing.

There are numerous other known gold occurrences in the 80-kilometre-long greenstone belt that require further evaluation. During 2015, we also acquired 68,012 hectares of new property in Nunavut, along the continuation of the greenstone belt that hosts the Meliadine deposits.

El Barqueño – Initial mineral resource announced, significant drilling planned in 2016

The El Barqueño project was a major focus of our exploration activities in 2015. A $17 million exploration program delivered an initial inferred mineral resource of 19.7 million tonnes, grading 0.96 grams per tonne of gold and 5.78 grams per tonne of silver, for an estimated total of 608,000 ounces of gold and 3.7 million ounces of silver, at the Azteca-Zapoteca, Angostura and Peña de Oro zones. Additionally, we acquired two adjacent blocks of land to the property from Soltoro Limited – at El Rayo and El Tecolote.

In 2016, we will conduct an initial $13 million exploration program to further expand and infill the known mineral resource areas and evaluate other prospective targets. While it is too early to estimate the full extent of the mineral resources and the number of deposits with economic potential at El Barqueño, we believe it has the potential to be developed into a series of open pits utilizing heap leach processing, similar to the Creston Mascota and La India mines. Conceptual design studies and additional metallurgical testing are now underway, with a goal of potentially starting operations in 2019.

Kittila – Initial inferred mineral resource declared at new Sisar Zone

In 2015, a new zone of mineralization, known as the Sisar Zone, was discovered at the Kittila mine by exploration drilling from the underground ramp being driven towards the deeper portion of the Rimpi Zone. The Sisar Zone is located to the east of the main Kittila ore zone, and is in close proximity to existing underground infrastructure. The Sisar Zone could potentially provide an additional source of underground ore to the Kittila mill with relatively little additional underground development, should further drilling outline an economic deposit. An initial inferred mineral resource of approximately 651,000 ounces of gold (3.4 million tonnes grading 5.91 grams per tonne of gold) has been declared. In 2016, additional drilling is planned to infill and further expand the Sisar mineralization.

IN 2016, A MAIN FOCUS AT THE AMARUQ PROJECT will be on preparing permit applications for construction of an open-pit mine and underground exploration ramp and to develop a second source of open-pit ore.

Akasaba West – Creating flexibility

The Akasaba West deposit could potentially create flexibility and synergies for Agnico Eagle's operations in the Abitibi region by using extra milling capacity at both Goldex and LaRonde, while reducing overall costs. Permitting and technical studies are ongoing with the goal of moving the project toward a production decision in late 2016 or early 2017.

Health, safety, environmental & regulatory matters

In July 2015, we signed an IIBA with the Kivalliq Inuit Association for the Meliadine gold project after three years of negotiations. The IIBA addresses protection of Inuit values, culture and language, protection of the land, water and wildlife, provides financial compensation to Inuit over the mine life and contains provisions for training, employment and contracting of Inuit personnel.

In October 2015, the Nunavut Water Board issued the License B permit for pre-development work at Meliadine. The Type "A" Water License, which is required for production activities, is expected to be granted in the second quarter of 2016.

Engineering and environmental baseline studies also got underway to support the permitting process for Amaruq. In late 2015, the Company received approvals for the construction of an all-weather exploration access road linking the Amaruq exploration site to the Meadowbank mine. In 2016, the Company expects to carry out additional engineering and begin road preparation from the Vault pit at Meadowbank.

Permitting activities got underway for the Barnat extension at the Canadian Malartic Mine during 2015. The Environmental Impact Assessment was submitted in February 2015. A series of questions from the Quebec government was received in December, and final responses were submitted in January 2016. Public hearings are expected to be held later in 2016, with granting of final permits anticipated after the completion of the consultation process.

The permitting process for the Akasaba project was started in 2015 with baseline studies and public consultation on the project, including First Nations consultation. An environmental impact assessment of the project was prepared and submitted to the federal and provincial authorities in the fall of 2015. It is expected that the project will be subject to public hearings at the end of 2016.

People

Employing the best PEOPLE and motivating them to reach their potential. We recognize that our people are a key reason for our steady performance over the years. Moving forward, we understand that our ability to execute our business strategy is highly dependent on employing the best people and motivating them to reach their potential. In 2016, to ensure our organization is prepared for further growth, we are enhancing our leadership development program, providing employees with increased opportunities for career development, and expanding training and development opportunities at all levels of our organization.

Developing our leaders

Our goal is to further develop our leadership team and prepare them to take on increasing responsibility as the size and complexity of our business increases. In 2016, we will advance our formal leadership development and transition plans which focus on succession planning and on identifying our highest potential leadership candidates. We will provide them with exposure to our senior leaders and shareholders, and broaden their skill sets and experience, by giving them roles with increasing and diverse responsibility.

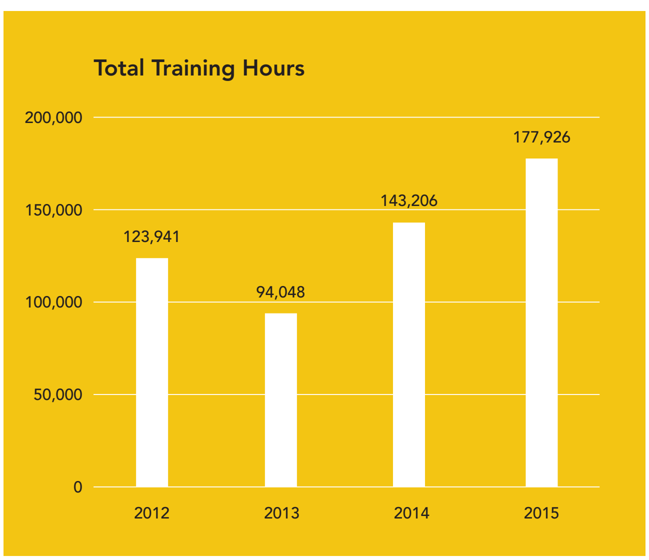
Maintaining an engaged workforce

In 2016, we will advance our efforts to provide structured development and training opportunities at all levels of the organization, to ensure we can continue to build our business with our own people. We believe the best way to maintain an engaged workforce is to ensure our employees have the opportunity to grow with us as we build toward our 60th year in business. Wherever possible, we minimize the use of contractors and consultants by filling vacant and newly created positions with our own team of skilled and talented people.

Creating long-term employment and development opportunities

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

At each of our operations worldwide, our goal is to hire 100% of the workforce – including our management team – directly from the local region in which the operation is located. In 2015, the proportion of Agnico Eagle's mine workforce hired locally was 80%, while the proportion of the mine management team hired locally was 77%.



MAINTAINING AN ENGAGED WORKFORCE – In 2016, we will advance our efforts to provide structured development and training opportunities at all levels of the organization.

ACCESSING AND RECRUITING SKILLED WORKFORCE IN NUNAVUT remains an important priority for Agnico Eagle. (L-R) Kathleen Ukutaq, Haul Truck trainee and Gerald Thibeault, Mine Trainer at Meadowbank.

Developing a new generation of skilled northerners

We are proud that our Nunavut operations have already attained a 36% Inuit workforce participation rate, generating $20 million in annual wage income for communities in the Kivalliq region.

Through the new Meliadine IIBA, we have an overarching objective of achieving a 50% Inuit workforce participation rate across all of our Nunavut operations. It will require significant effort and resources to make that happen – for example, over $6 million a year in training programs, and a determination to eliminate barriers to entering or staying in the workforce – but we want to help our employees build a solid future for themselves and their families.

To date, we have already invested substantial resources in training and developing a new generation of northern miners:

- Agnico Eagle has developed a variety of programs aimed at increasing Inuit employment opportunities at its Meadowbank mine in Nunavut. One of the training programs that has gained in popularity is the Inuit Apprenticeship Training Program.

  The Company currently offers the program for seven different trades, including cook, carpenter, millwright, electrician, heavy duty equipment technician, welder and plumber. There are currently 17 active apprentices in the Inuit Apprenticeship Training Program, as compared to four registered in 2012, when the program was first implemented. This program combines the on-the-job learning and in-school instruction and offers an apprentice the opportunity to obtain their journeyman and Red Seal certification.

  Agnico Eagle's Apprenticeship Training Program receives support from the Kivalliq Mine Training Society and the Government of Nunavut. In 2015, Agnico Eagle invested $5.6 million towards the training of its employees at its Meadowbank mine.

Reserve grade remains highest among North American peers and increases at key operations

In 2015, Agnico Eagle's gold reserves decreased marginally by 5%. Several of our key properties reported increases in their average reserve grade in 2015: LaRonde from 5.20 to 5.31 g/t gold; Canadian Malartic from 1.06 to 1.08 g/t gold; Goldex from 1.49 to 1.61 g/t gold; and La India from 0.85 to 0.90 g/t gold.

Our year-end proven and probable mineral reserves, net of 2015 production, totalled 19.1 million ounces gold. This is a decrease of 0.9 million ounces of gold and is largely due to mine depletion (1,671,340 ounces of payable gold production from 1,910,000 ounces of in-situ gold mined) partially offset by the successful conversion of measured and indicated mineral resources to mineral reserves at several operations. The slight decrease in our average grade to 2.37 g/t from 2.40 g/t is the result of a reduction in the cut-off grades at each operation because of a slight increase of the assumed gold price when converted to local currencies.

Our goal is to maintain gold reserves at approximately 10 to 15 times Agnico Eagle's annual gold production rate and we are currently within this range.

Proven and Probable Gold Mineral Reserves by Mine

	December 31, 2015			December 31, 2014		
	Tonnes (000s)	Grade g Au/t	Contained gold (000 oz)	Tonnes (000s)	Grade g Au/t	Contained gold (000 oz)
NORTHERN BUSINESS						
LaRonde	**18,220**	**5.31**	**3,109**	20,532	5.20	3,432
Canadian Malartic (50%)	**110,766**	**1.08**	**3,863**	126,947	1.06	4,329
Lapa	**444**	**5.49**	**78**	907	5.84	170
Goldex	**12,944**	**1.61**	**668**	7,096	1.49	340
Kittila	**28,195**	**4.80**	**4,353**	28,535	4.93	4,524
Meadowbank	**10,789**	**2.72**	**943**	11,795	3.08	1,168
Meliadine	**14,529**	**7.32**	**3,417**	13,944	7.44	3,335
Akasaba	**4,759**	**0.92**	**141**	–		–
Subtotal/Average	**200,646**	**2.57**	**16,572**	209,756	2.57	17,299
SOUTHERN BUSINESS						
Creston Mascota	**4,213**	**1.30**	**176**	5,844	1.25	236
Pinos Altos	**15,736**	**2.88**	**1,459**	18,230	3.01	1,763
La India	**29,987**	**0.90**	**867**	24,882	0.85	679
Subtotal/Average	**49,937**	**1.56**	**2,502**	48,955	1.70	2,678
Total/Average Mineral Reserves	**250,583**	**2.37**	**19,075**	258,711	2.40	19,976

Contained metal amounts presented in these tables have been rounded to the nearest thousand. Further details on the Company's reserves are set out under "Mineral Reserve Data" in Management's Discussion and Analysis and under "Mineral Reserves and Mineral Resources" in the Company's Annual Information Form filed on SEDAR and available at www.sedar.com and included in the Company's Annual Report on Form 40-F filed with the SEC and available at www.sec.gov.

At year-end 2015, Agnico Eagle's proven and probable mineral reserves for by-product metals included approximately 55 million ounces of silver at the Pinos Altos, LaRonde, La India and Creston Mascota orebodies (68.2 million tonnes grading an average of 25.0 g/t silver), plus 147,927 tonnes of zinc and 43,357 tonnes of copper at the LaRonde mine (18.2 million tonnes grading 0.81% zinc and 0.24% copper) and 24,557 tonnes of copper at the Akasaba project (4.8 million tonnes grading 0.52% copper). The by-product mineral reserves and mineral resources for silver, zinc and copper in the LaRonde orebody and for silver in the LaRonde, Creston Mascota, Pinos Altos and La India orebodies are presented on our website. These by-product *mineral reserves and mineral resources* are not included in Agnico Eagle's gold mineral reserve and mineral resource totals.

The assumptions used for the mineral resources estimate at all mines and advanced projects as of December 31, 2015 (other than the Canadian Malartic mine) reported by the Company on February 10, 2016, are $1,100 per ounce gold, $16.00 per ounce silver, $0.90 per pound zinc, $2.50 per pound copper and US$/C$, Euro/US$ and US$/MXP exchange rates for all mines and projects other than the Lapa and Meadowbank mines and Creston Mascota deposit and Santo Niño open pit at Pinos Altos of 1.16, 1.20 and 14.00, respectively. Due to shorter mine life, the assumptions used for mineral reserve estimates at the short-life mines (the Lapa and Meadowbank mines, Creston Mascota deposit and Santo Niño open pit at Pinos Altos) as of December 31, 2015, reported by the Company on February 10, 2016, include the same metal price assumptions, and US$/C$ and US$/MXP exchange rates of 1.30 and 16.00, respectively. The assumptions used for the mineral reserves estimate at the Canadian Malartic mine as of December 31, 2015, reported by the Company on February 10, 2016, are $1,150 per ounce gold, a cut-off grade between 0.34 g/t and 0.40 g/t gold (depending on the deposit) and a US$/C$ exchange rate of 1.24.

A 23% increase in inferred mineral resources

Agnico Eagle's measured and indicated mineral resources increased 1% to approximately 15.1 million ounces of gold in 2015.

Inferred mineral resources increased 23% to approximately 16.5 million ounces of gold. At Amaruq, gold resources increased by 119%, with inferred mineral resources now totalling 3.3 million ounces (16.9 million tonnes grading 6.05 g/t gold). This is an increase of 1.8 million ounces of gold compared with a year ago.

Initial inferred gold resources were estimated at the El Barqueño project in Mexico and the Sisar Zone at Kittila. At El Barqueño, initial inferred mineral resources are estimated to be 0.61 million ounces (19.7 million tonnes grading 0.96 g/t gold and 5.78 g/t silver), while at Kittila the recently updated mineral resources include initial inferred mineral resources of 0.65 million ounces (3.4 million tonnes grading 5.91 g/t gold) at the recently discovered Sisar Zone.

Mineral Resources

December 31, 2015	Measured & Indicated Resources			Inferred Resources		
	Tonnes (000s)	Grade g Au/t	Contained gold (000 oz)	Tonnes (000s)	Grade g Au/t	Contained gold (000 oz)
NORTHERN BUSINESS						
LaRonde	6,842	3.49	767	9,142	4.26	1,251
Canadian Malartic (50%)	12,831	1.51	625	4,494	1.47	213
Lapa	1,135	4.26	155	1,440	6.52	302
Goldex	34,429	1.87	2,075	24,630	1.53	1,211
Kittila	15,925	3.02	1,549	11,833	4.64	1,764
Meadowbank	6,970	3.21	720	3,441	3.99	441
Meliadine	20,778	4.95	3,306	14,710	7.51	3,552
Amaruq	–		–	16,880	6.05	3,283
Bousquet/Ellison	12,026	2.51	970	7,119	4.01	917
Hammond Reef (50%)	104,208	0.67	2,250	251	0.74	6
Upper Beaver (Kirkland Lake) (50%)	4,404	6.36	901	3,451	5.94	659
Akasaba	2,828	0.60	54	–		–
AK (Kirkland Lake) (50%)	634	6.51	133	1,187	5.32	203
Other	504	1.93	31	3,718	3.51	420
Subtotal	223,513	1.88	13,535	102,294	4.32	14,221
SOUTHERN BUSINESS						
Creston Mascota	4,264	0.51	70	4,263	1.06	145
Pinos Altos	11,141	1.83	655	12,580	1.25	505
La India	70,289	0.37	828	90,868	0.37	1,068
El Barqueño	–		–	19,658	0.96	608
Subtotal	85,693	0.56	1,553	127,368	0.57	2,325
Total Mineral Resources	**309,206**	**1.52**	**15,089**	**229,662**	**2.24**	**16,546**

Notes to Investors Regarding the Use of Mineral Resources

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

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources
This annual report also uses the term "inferred mineral resources". Investors are advised that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that 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 mineral resource exists, or is economically or legally mineable.**

Corporate Governance

We strive to earn and retain the trust of shareholders through a steadfast commitment to sound and effective corporate governance. Our governance practices reflect the structure and processes we believe are necessary to improve Company performance and enhance shareholder value.

Our Board of Directors consists of 12 directors, of which all but one director are independent from management. The Board is ultimately responsible for overseeing the management of the business and affairs of the Company and, in doing so, is required to act in the best interests of the Company. It discharges its responsibilities either directly or through four committees – the Corporate Governance Committee, the Audit Committee, the Compensation Committee and the Health, Safety, Environment and Sustainable Development Committee.

The Board of Directors recognizes that diversity is important to ensuring that the Board as a whole possesses the qualities, attributes, experience and skills to effectively oversee the strategic direction and management of the Company. It recognizes and embraces the benefits of having a diverse Board of Directors, and has identified diversity within the Board as an essential element in attracting high calibre directors and maintaining a high functioning Board. It considers diversity to include different genders, ages, cultural backgrounds, race/ethnicity, geographic areas and other characteristics of its stakeholders and the communities in which the Company is present and conducts its business.

The Board of Directors does not set any fixed percentages for any specific selection criteria as it believes all factors should be considered when assessing and determining the merits of an individual director and the composition of a high functioning Board. The proportion of women is currently 27% of the non-executive directors and the proportion of non-residents of Canada is currently 27% of the non-executive directors. The Board believes that the diversity represented by the directors seeking election at the 2016 annual general and special meeting supports an efficient and effective Board of Directors.

Board Committees: The Corporate Governance Committee advises and makes recommendations to the Board on corporate governance matters, the effectiveness of the Board and its committees, the contributions of individual directors and the identification and selection of director nominees.

The Audit Committee assists the Board in its oversight responsibilities with respect to the integrity of the Company's financial statements, compliance with legal and regulatory requirements, external auditor qualifications, and the independence and performance of the Company's internal and external audit functions.

The Compensation Committee advises and makes recommendations to the Board on the Company's strategy, policies and programs for compensating and developing senior management and officers and for compensating directors.

The Health, Safety, Environment and Sustainable Development Committee (HSESD) advises and makes recommendations to the Board with respect to monitoring and reviewing HSESD policies, principles, practices and processes; HSESD performance; and regulatory issues relating to health, safety and the environment. It also supports the Company's commitment to adopt best practices in mining operations, promotion of a healthy and safe work environment, and environmentally sound and socially responsible resource development.

All of the Board committees are composed entirely of independent directors. Committee charters are available on our corporate website at agnicoeagle.com.

During 2015, Agnico Eagle adopted an Aboriginal Engagement Policy as a statement of our commitment to engage with First Nations throughout the life-cycle of our projects in Canada. Additionally, three codes have been adopted: The Code of Business Conduct and Ethics for employees and directors, the Code of Ethics and Business Conduct for consultants and contractors and the Supplier Code of Conduct covering our supply chain. An Anti-Corruption and Anti-Bribery Policy was also adopted in 2014.

For further information about Agnico Eagle's Board Committees, Code of Business Conduct and Ethics, and Anti-Corruption and Anti-Bribery Policy, please visit the Governance section of our website at agnicoeagle.com.

Board of Directors / Officers

Board of Directors

James D. Nasso, ICD.D[3,4]
Chairman of the Board

Sean Boyd, CPA, CA
Vice-Chairman
(Director since 1998)

Dr. Leanne M. Baker[1]
(Director since 2003)

Martine A. Celej[2]
(Director since 2011)

Robert J. Gemmell[2]
(Director since 2011)

Mel Leiderman, FCPA, FCA, TEP, ICD.D[1]
(Director since 2003)

Deborah McCombe, P.Geo.[4]
(Director since 2014)

Dr. Sean Riley
(Director since 2011)

J. Merfyn Roberts, CA[2,3]
(Director since 2008)

Jamie Sokalsky, CPA, CA[1]
(Director since 2015)

Howard Stockford, P.Eng.[2,4]
(Director since 2005)

Pertti Voutilainen, M.Eng.[3,4]
(Director since 2005)

1 Audit Committee
2 Compensation Committee
3 Corporate Governance Committee
4 Health, Safety, Environment and Sustainable Development (HSESD) Committee

Officers

Sean Boyd
Vice-Chairman and Chief Executive Officer

Ammar Al-Joundi
President

David Smith
Senior Vice-President, Finance, and Chief Financial Officer

Donald G. Allan
Senior Vice-President, Corporate Development

Alain Blackburn
Senior Vice-President, Exploration

Picklu Datta
Senior Vice-President, Treasury and Finance

Louise Grondin
Senior Vice-President, Environment, Sustainable Development and People

Tim Haldane
Senior Vice-President, Operations – USA and Latin America

R. Gregory Laing
General Counsel, Senior Vice-President, Legal and Corporate Secretary

Marc Legault
Senior Vice-President, Project Evaluations

Jean Robitaille
Senior Vice-President, Business Strategy and Technical Services

Yvon Sylvestre
Senior Vice-President, Operations – Canada and Europe

Forward-Looking Statements

The information in this annual report has been prepared as at March 15, 2016. Certain statements in this annual report, referred to herein as "forward-looking statements", constitute "forward-looking information" under the provisions of Canadian provincial securities laws and constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, the Company's plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as "anticipate", "believe", "budget", "could", "estimate", "expect", "forecast", "intend", "likely", "may", "plan", "project", "schedule", "should", "target", "will", "would" or other variations of these terms or similar words. Forward-looking statements in this annual report include, but are not limited to, the following: the Company's outlook for 2016 and future periods; statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices; anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company; estimates of future mineral production and sales; estimates of future costs, including mining costs, total cash costs per ounce, all in sustaining costs per ounce and other costs; estimates of future capital expenditures, exploration expenditures and other cash needs, and expectations as to the funding thereof; statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto; estimates of mineral reserves, mineral resources, ore grades and mineral recoveries and statements regarding anticipated future exploration results; estimates of cash flow; estimates of mine life; anticipated timing of events with respect to the Company's minesites, mine development projects and exploration projects; estimates of future costs and other liabilities for environmental remediation; statements regarding anticipated legislation and regulations, including with respect to climate change, and estimates of the impact on the Company; and other anticipated trends with respect to the Company's capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico Eagle upon which the forward-looking statements in this annual report are based, and which may prove to be incorrect, include, but are not limited to, the assumptions set out elsewhere in this annual report and in management's discussion and analysis ("MD&A") and the Company's Annual Information Form ("AIF") for the year ended December 31, 2015 filed with Canadian securities regulators and that are included in its Annual Report on Form 40-F for the year ended December 31, 2015 ("Form 40-F") filed with the SEC, as well as: that there are no significant disruptions affecting Agnico Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural or man-made occurrences, mining or milling issues, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico Eagle's mines and mine development projects proceed on a basis consistent with expectations, and that Agnico Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the U.S. dollar will be approximately consistent with current levels or as set out in this annual report; that 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 expectations; that production meets expectations; that Agnico Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recoveries are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environment that affect Agnico Eagle.

The forward-looking statements in this annual report reflect the Company's views as at the date hereof and involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For a more detailed discussion of such risks and other factors that may affect the Company's ability to achieve the expectations set forth in the forward-looking statements contained in this annual report, see the AIF and MD&A filed on SEDAR at www.sedar.com and included in the Form 40-F filed on EDGAR at www.sec.gov, as well as the Company's other filings with the Canadian securities regulators and the SEC. 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 annual report contains information regarding estimated total cash costs per ounce and all in sustaining costs per ounce in respect of the Company or at certain of the Company's mines and mine development projects. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. Investors are cautioned that this information may not be suitable for other purposes.

Scientific and Technical Information. Please refer to the Company's AIF dated March 15, 2016 for further details on the Company's mineral reserves and mineral resources. The scientific and technical information set out in this AIF has been approved by the following "qualified persons" as defined by NI 43-101: mineral reserves and mineral resources (other than for the Canadian Malartic mine) – Daniel Doucet, Eng., Senior Corporate Director, Reserve Development; mineral reserves and mineral resources (for the Canadian Malartic mine) – Donald Gervais, P.Geo., Director of Technical Services at Canadian Malartic Corporation; environmental – Louise Grondin, P.Eng., Senior Vice-President, Environment, Sustainable Development and People; mining operations, Southern Business – Tim Haldane, P.Eng., Senior Vice-President, Operations – USA & Latin America; metallurgy – Paul Cousin, Eng., Vice-President, Metallurgy; mining operations, Kittila mine – Francis Brunet, Eng., Corporate Director Mining; mining operations, Nunavut – Dominique Girard, Eng., Vice-President Technical Services and Nunavut Operations; and mining operations, Quebec mines – Christian Provencher, Eng., Vice-President, Canada. The Company's mineral reserves estimate was derived from internally generated data or geology reports. Five of the Company's mineral reserve and mineral resource estimates (Akasaba, Goldex, LaRonde, Pinos Altos and La India) have been audited by independent consultants.

Management's Discussion and Analysis

(PREPARED IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS)
FOR THE YEAR ENDED
DECEMBER 31, 2015

AGNICO EAGLE

AGNICO EAGLE MINES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Table of Contents (Continued)

This Management's Discussion and Analysis ("MD&A") dated March 23, 2016 of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015 that were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company has adopted IFRS as its basis of accounting, replacing United States generally accepted accounting principles ("US GAAP") effective July 1, 2014. The annual consolidated financial statements and this MD&A are presented in United States dollars ("US dollars", "$" or "US$") and all units of measurement are expressed using the metric system, unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("C$"), Mexican pesos or European Union euros ("Euro" or "€"). Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2015 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com.

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING INFORMATION

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

- the Company's outlook for 2016 and future periods;
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne and other costs;
- estimates of future capital expenditures, exploration expenditures and other cash needs, and expectations as to the funding thereof;
- statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto;
- estimates of mineral reserves and mineral resources and their sensitivities to gold prices and other factors, ore grades and mineral recoveries and statements regarding anticipated future exploration results;
- estimates of cash flow;
- estimates of mine life;
- anticipated timing of events with respect to the Company's minesites, mine development projects and exploration projects;
- estimates of future costs and other liabilities for environmental remediation;
- statements regarding anticipated legislation and regulations, including with respect to climate change, and estimates of the impact on the Company; and
- other anticipated trends with respect to the Company's capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico Eagle upon which the forward-looking statements in this MD&A are based, and which may prove to be incorrect, include the assumptions set out elsewhere in this MD&A as well as: that there are no significant disruptions affecting Agnico Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural or man-made occurrences, mining or milling issues, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico Eagle's mines and mine development projects proceed on a basis consistent with expectations, and that Agnico Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the US dollar will be approximately consistent with current levels or as set out in this MD&A; that 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 expectations; that production meets expectations; that Agnico Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recoveries are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environment that affect Agnico Eagle.

The forward-looking statements in this MD&A reflect the Company's views as at the date of this MD&A and involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the risk factors set out in "Risk Factors" below. 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 MD&A contains information regarding estimated total cash costs per ounce, all-in sustaining costs per ounce and minesite costs per tonne in respect of the Company or at certain of the Company's mines and mine development projects. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. Investors are cautioned that this information may not be suitable for other purposes.

Meaning of "including" and "such as": When used in this MD&A, the terms "including" and "such as" mean including and such as, without limitation.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

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

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

Cautionary Note to Investors Concerning Estimates of Inferred Mineral Resources

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

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This MD&A presents certain measures, including "total cash costs per ounce", "all-in sustaining costs per ounce", "adjusted net income" and "minesite costs per tonne" that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the most directly comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year over year comparisons. However, these non-GAAP measures should be considered together with other data prepared in accordance with IFRS, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS. This MD&A also contains information as to estimated future total cash costs per ounce, all-in sustaining costs per ounce and minesite costs per tonne. The estimates of total cash costs per ounce, all-in sustaining costs per ounce and minesite costs per tonne are based upon the total cash costs per ounce, all-in sustaining costs per ounce and minesite costs per tonne that the Company expects to incur to mine gold at its mines and projects and, consistent with the reconciliation of these actual costs referred to above, do not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-GAAP financial measures to the most comparable IFRS measure.

All-in sustaining costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

All-in sustaining costs per ounce is a non-IFRS measure and is used to show the full cost of gold production from current operations. The Company's methodology for calculating all-in sustaining costs per ounce may not be similar to the methodology used by other producers that disclose all-in sustaining costs per ounce. The Company may change the methodology it uses to calculate all-in sustaining costs per ounce in the future, including in response to the adoption of formal industry guidance regarding this measure by the World Gold Council.

Executive Summary

Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since 1957. The Company's mines are located in Canada, Mexico and Finland, with exploration and development activities in each of these regions as well as in the United States and Sweden. The Company and its shareholders have full exposure to gold prices due to its long-standing policy of no forward gold sales. Agnico Eagle has declared a cash dividend every year since 1983.

Agnico Eagle earns a significant proportion of its revenue and cash flow from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals, primarily silver, zinc and copper. In 2015, Agnico Eagle recorded total cash costs per ounce of gold produced of $567 on a by-product basis and $626 on a co-product basis on payable gold production of 1,671,340 ounces. The average realized price of gold decreased by 8.3% from $1,261 per ounce in 2014 to $1,156 per ounce in 2015.

Agnico Eagle's nine mines are located in what the Company believes to be politically stable countries that are supportive of the mining industry. The political stability of the regions in which Agnico Eagle operates helps to provide confidence in its current and future prospects and profitability. This is important for Agnico Eagle as it believes that many of its new mines and recently acquired mining projects have long-term mining potential.

Highlights

- Record annual payable gold production of 1,671,340 ounces during 2015, an increase of 16.9% compared with 2014 payable gold production of 1,429,288 ounces.
- Total cash costs per ounce of gold produced of $567 on a by-product basis and $626 on a co-product basis in 2015, an 11.0% and 13.2% decrease compared with 2014, respectively.
- All-in sustaining costs per ounce of gold produced of $810 on a by-product basis and $869 on a co-product basis in 2015, a 15.1% and 16.3% decrease compared with 2014, respectively.
- Proven and probable gold reserves totaled 19.1 million ounces at December 31, 2015, including 3.9 million attributable ounces resulting from the June 16, 2014 joint acquisition of Osisko Mining Corporation ("Osisko"), now Canadian Malartic Corporation, compared with 20.0 million ounces at December 31, 2014.
- On June 9, 2015, the Company acquired 100.0% of Soltoro Ltd. ("Soltoro") for a total purchase price of $26.7 million comprised of $2.4 million in cash and 770,429 Agnico Eagle common shares issued from treasury.
- On June 11, 2015, the Company acquired 55.0% of Gunnarn Mining AB ("Gunnarn") for a total purchase price of $13.1 million (including the associated expenditure commitment), adding the promising Barsele project in Sweden to the Company's portfolio of assets.
- The Company's operations are located in mining-friendly regions that the Company believes have low political risk and long-term mining potential.
- The Company maintains a solid financial position and forecasts being fully funded for its currently planned investment in existing mines, key exploration projects and development pipeline advancement.
- The Company has strong senior management continuity as its chief executive officer has over 30 years of service with the Company.
- In February 2016, the Company declared a quarterly cash dividend of $0.08 per common share. Agnico Eagle has now declared a cash dividend every year since 1983.

Strategy

Agnico Eagle's ability to consistently execute its business strategy has provided a solid foundation for growth.

The Company's goals are to:

- Deliver high quality growth while meeting expectations and maintaining high *performance* standards in health, safety, environment and community development;
- Build a strong *pipeline* of projects to drive future production; and
- Employ the best *people* and motivate them to reach their potential.

These three pillars – *performance, pipeline and people* – form the basis of Agnico Eagle's success and competitive advantage. By delivering on them, the Company strives to continue to build its production base and generate increased value for shareholders, while making meaningful contributions to its employees and communities.

Portfolio Overview

Northern Business

Canada – LaRonde Mine

The 100% owned LaRonde mine in northwestern Quebec, the Company's first mine, achieved commercial production in 1988. The LaRonde mine extension, the portion of the mine below the 245 level, achieved commercial production in December 2011 and is expected to extend the life of the mine through 2024. The LaRonde mine's proven and probable mineral reserves were approximately 3.1 million ounces at December 31, 2015.

In 2015, work was completed on the installation of a coarse ore conveyor system that extends from the 293 level of the LaRonde mine to the crusher on the 280 level. The new conveyor was commissioned in the fourth quarter of 2015 and a new ore pass and silo designed to feed the conveyor system is expected to be commissioned in the second quarter of 2016. This new conveyor will improve mining flexibility and reduce congestion in the deeper portions of the LaRonde mine.

Studies are ongoing to assess the potential to extend the mineral reserve base and carry out mining activities between the 311 and 371 levels at the LaRonde mine. The Company is also evaluating the potential to develop and mine Bousquet Zone 5 on the adjoining 100% owned Bousquet property. Dewatering of the old pit on the Bousquet property is underway and permit applications to collect a bulk sample are expected to be submitted in 2016.

Canada – Lapa Mine

Commercial production was achieved at the 100% owned Lapa mine in northwestern Quebec in May 2009. The Lapa mine's proven and probable mineral reserves were approximately 0.1 million ounces at December 31, 2015. Based on the current life of mine plan, 2016 is expected to be the last year of full production at the Lapa mine.

Canada – Goldex Mine

On October 19, 2011, the Company suspended mining operations and gold production at the 100% owned Goldex mine in northwestern Quebec due to geotechnical concerns with the rock above the mining horizon. As of September 30, 2011, Agnico Eagle recorded an impairment loss on its investment in the Goldex mine (net of expected residual value) and its underground ore stockpile. All of the remaining 1.6 million ounces of proven and probable mineral reserves at the Goldex mine, other than ore stockpiled on the surface, were reclassified as mineral resources. An environmental remediation liability was recorded as of September 30, 2011 reflecting anticipated costs of remediation. The Goldex mill completed processing feed from the remaining Goldex Extension Zone ("GEZ") surface stockpile in October of 2011. Operations in the GEZ remain suspended indefinitely.

Exploration drilling continued on several mineralized zones on the Goldex mine property near the GEZ after mining operations were suspended in October of 2011. A team of independent consultants and Agnico Eagle staff performed a thorough review, including a preliminary economic assessment, to determine whether future mining operations on the property, including the M and E Zones, would be viable. After a review of the assessment, Agnico Eagle's Board of Directors (the "Board") approved the M and E Zones for development using existing Goldex mine infrastructure such as the shaft and mill. Commercial production was achieved at the Goldex mine's M and E Zones in October 2013.

As a result of the Company's restatement of comparative information under IFRS, a $109.7 million impairment loss reversal was recorded as at the January 1, 2013 IFRS transition date. Specific long-lived assets associated with the GEZ that were impaired as at September 30, 2011 due to the suspension of mining operations, including the Goldex mine's shaft and mill, were subsequently incorporated into the development plan for the Goldex mine's M and E Zones, which was approved by the Board in July 2012.

In 2015, rehabilitation of the surface ramp was completed, which provided increased operational flexibility and access to the M2 and M5 satellite Zones for conversion drilling and potential development. In July 2015, the Company announced the approval of the Deep 1 project, which is expected to begin commissioning in 2018. The Goldex mine's proven and probable mineral reserves were approximately 0.7 million ounces at December 31, 2015.

Canada – Canadian Malartic Mine

Agnico Eagle and Yamana jointly acquired 100.0% of Osisko on June 16, 2014 pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* (the "Osisko Arrangement"). As a result of the Osisko Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko and Canadian Malartic GP, which now holds the Canadian Malartic mine in northwestern Quebec. Agnico Eagle and Yamana will also jointly explore, through their indirect ownership of Canadian Malartic Corporation (the successor to Osisko), the Kirkland Lake assets, the Hammond Reef project and the Pandora and Wood-Pandora properties.

In 2016, exploration programs are planned to evaluate a number of near open pit and underground targets adjacent to existing Canadian Malartic mine infrastructure and to further define the extent of the mineralization at the Odyssey Zone. Permitting activities related to the Barnat extension and the re-routing of the adjacent Highway 117 are expected to continue in 2016. Agnico Eagle's attributable share of proven and probable mineral reserves at the Canadian Malartic mine were approximately 3.9 million ounces at December 31, 2015.

Canada – Meadowbank Mine

In 2007, the Company acquired Cumberland Resources Ltd., which held a 100% interest in the Meadowbank gold project in Nunavut, Canada. Commercial production was achieved by Agnico Eagle at the Meadowbank mine in March 2011. The Meadowbank mine's proven and probable mineral reserves were approximately 0.9 million ounces at December 31, 2015.

The 100% owned Amaruq project is located approximately 50 kilometres northwest of the Meadowbank mine in Nunavut, Canada. The 2016 drill program will focus on trying to expand and upgrade mineral resources and outline a second open pit deposit. The Company hopes that it can potentially develop the Amaruq project as a satellite operation to the Meadowbank mine. In late 2015, the Company received approval for the construction of an all-weather exploration road linking the Amaruq project to the Meadowbank mine. In 2016, the Company expects to carry out additional engineering work and begin road preparation.

A decision was made to extend the Vault pit at the Meadowbank mine in 2015, increasing the expected mine life by approximately one year through 2018, though decreasing expected annual production. The Vault pit extension is expected to partially bridge the production gap at the Meadowbank mine through to the potential commencement of development of the Amaruq project.

Canada – Meliadine Project

On July 6, 2010, Agnico Eagle acquired its 100% interest in the Meliadine project in Nunavut, Canada through its acquisition of Comaplex Minerals Corp. Activities at the Meliadine project during 2015 included ramp development, permitting, camp operation and the completion of an updated technical study. Budgeted 2016 Meliadine project capital expenditures of $96.0 million are focused on further underground development, detailed engineering and procurement, construction of essential surface infrastructure and the acquisition of a camp facility. The Meliadine project had proven and probable mineral reserves of approximately 3.4 million ounces at December 31, 2015.

Finland – Kittila Mine

The 100% owned Kittila mine in northern Finland was added to the Company's portfolio through the acquisition of Riddarhyttan Resources AB in 2005. Construction at the Kittila mine was completed in 2008 and commercial production was achieved in May 2009. Proven and probable mineral reserves at the Kittila mine amounted to approximately 4.4 million ounces at December 31, 2015.

The main underground ramp at the Kittila mine is being extended to reach the deeper portions of the Rimpi Zone and will provide further underground drill access to test for additional depth extensions of the Rimpi, Suuri, Roura and the newly discovered Sisar mineralized Zones. A surface ramp is being driven into the Rimpi Zone for production purposes and to provide a second egress for the Suuri ramp system. This surface ramp is expected to serve as the main haulage route from the deeper portions of the Rimpi, Suuri and Sisar Zones.

In 2015, a new zone of mineralization known as the Sisar Zone was discovered by exploration drilling from the underground ramp being driven towards the deeper portion of the Rimpi Zone. The Sisar Zone is located to the east of the main ore zone at the Kittila mine in close proximity to existing underground infrastructure. The Sisar Zone could potentially provide an additional source of underground ore to the Kittila mill with relatively minimal additional underground development, should further drilling outline an economic deposit.

Agnico Eagle is also evaluating the potential of the Kuotko deposit, located approximately 15 kilometres north of the Kittila mine, as an open pit feeding the mill at the Kittila mine. Metallurgical testing is ongoing and studies are being carried out to assess the viability of mining the deposit.

Southern Business

Mexico – Pinos Altos Mine

In 2006, the Company completed the acquisition of the Pinos Altos property, then an advanced stage exploration property in northern Mexico. Commercial production was achieved at the Pinos Altos mine in November 2009. The Pinos Altos mine's proven and probable mineral reserves were approximately 1.5 million ounces at December 31, 2015.

A $106.0 million shaft sinking project remains on schedule for completion in 2016 at the Pinos Altos mine. Upon completion, it is expected that this new shaft will facilitate improved matching of mining and mill capacity as the open pit mining operation winds down.

Mexico – Creston Mascota Deposit at Pinos Altos

The 100% owned Creston Mascota deposit at Pinos Altos is located approximately seven kilometres northwest of the main deposit at the Pinos Altos mine in northern Mexico. Commercial production was achieved at the Creston Mascota deposit at Pinos Altos in March 2011. Proven and probable mineral reserves were approximately 0.2 million ounces at the Creston Mascota deposit at Pinos Altos at December 31, 2015.

In 2015, work on the Phase 4 leach pad advanced with construction activities focused on earthworks, drainage, peripheral roads and water diversion channels, with project completion expected in 2016.

Mexico – La India Mine

Agnico Eagle completed its acquisition of Grayd Resource Corporation ("Grayd") on January 23, 2012. Grayd owned the La India project, which is located approximately 70 kilometres northwest of the Pinos Altos mine in northern Mexico. In September 2012, development and construction of the La India mine was approved by the Board and commercial production was achieved in February 2014.

In 2015, construction was completed on the La India mine's leach pad expansion (earthworks and liner installation) and haul road. Preparation activities related to the Main Zone pit were also completed. Drilling was focused on extending mineralization in the Main Zone and the La India Zone and converting sulfide mineralization into mineral reserves and mineral resources. The La India mine's proven and probable mineral reserves were approximately 0.9 million ounces at December 31, 2015.

Mexico – El Barqueno Project

On November 28, 2014, the Company acquired Cayden Resources Inc. ("Cayden") pursuant to a court-approved plan of arrangement. Cayden holds a 100.0% interest in the Morelos Sur property as well as an option to acquire a 100% interest in the El Barqueno property, both located in Mexico.

The Company believes that the El Barqueno project may have the potential to be developed as a combination open pit/underground mine with mill and heap leach processing and mineralization similar to the Pinos Altos mine. In 2016, Agnico Eagle plans to carry out a $13.0 million exploration program to further expand and infill the known mineral resource base.

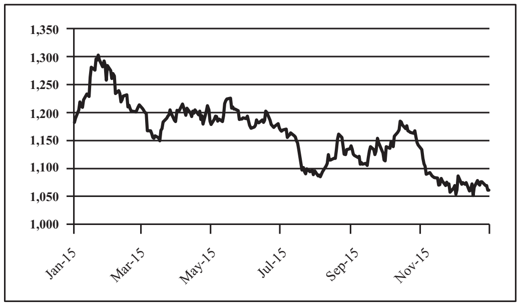
Key Performance Drivers

The key drivers of financial performance for Agnico Eagle include:

- The spot price of gold, silver, zinc and copper;
- Production volumes;
- Production costs; and
- Canadian dollar/US dollar, Mexican peso/US dollar and Euro/US dollar exchange rates.

Spot Price of Gold, Silver, Zinc and Copper

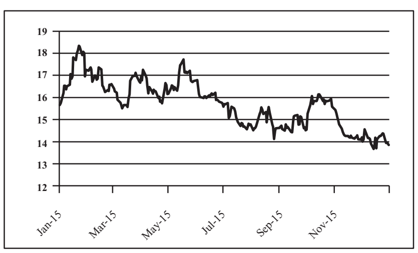
Gold Prices ($ per ounce)



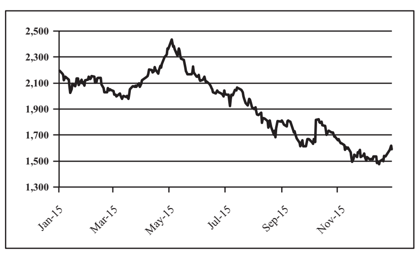
	2015	2014	% Change
High price	$1,308	$1,392	(6.0%)
Low price	$1,046	$1,131	(7.5%)
Average price	$1,160	$1,266	(8.4%)
Average price realized	$1,156	$1,261	(8.3%)

In 2015, the average market price per ounce of gold was 8.4% lower than in 2014. The Company's average realized price per ounce of gold in 2015 was 8.3% lower than in 2014.

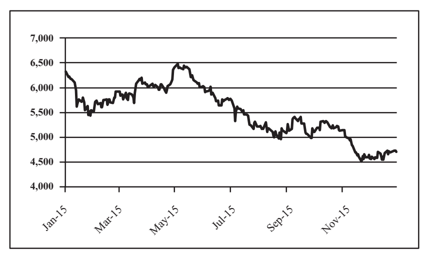
SILVER ($ per ounce)



ZINC ($ per tonne)



COPPER ($ per tonne)



Net by-product (primarily silver, zinc and copper) revenue is treated as a reduction of production costs in calculating total cash costs per ounce of gold produced on a by-product basis. Agnico Eagle's realized sales price for silver decreased by 14.4% in 2015 compared with 2014 while realized sales prices for zinc decreased by 15.7% and realized sales prices for copper decreased by 23.8% over the same period. Significant quantities of by-product metals are produced by the LaRonde mine (silver, zinc, and copper) and the Pinos Altos mine (silver).

The Company has never sold gold forward, allowing the Company to take full advantage of rising gold prices. Management believes that low cost production is the best protection against a decrease in gold prices.

Production Volumes and Costs

Changes in production volumes have a direct impact on the Company's financial results. Total payable gold production was 1,671,340 ounces in 2015, an increase of 16.9% compared with 1,429,288 ounces in 2014 primarily due to a full year of production from the Company's 50.0% interest in the Canadian Malartic mine in 2015, which was acquired on June 16, 2014, the achievement of commercial production at the La India mine in February 2014, an increase in gold grade at the LaRonde mine and an increase in the quantity of ore milled at the Kittila mine in 2015 compared with 2014.

Production costs are discussed in detail in the *Results of Operations* section below.

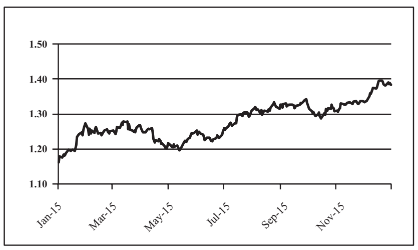
Foreign Exchange Rates (Ratio to US$)

The exchange rate of the Canadian dollar, Mexican peso and Euro relative to the US dollar is an important financial driver for the Company for the following reasons:

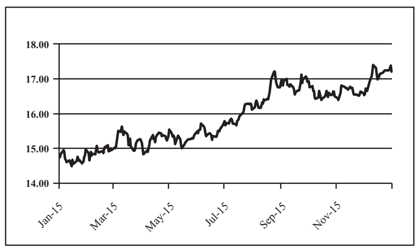
- All revenues are earned in US dollars;
- A significant portion of operating costs at the LaRonde, Lapa, Goldex, Meadowbank and Canadian Malartic mines are incurred in Canadian dollars;
- A significant portion of operating costs at the Pinos Altos mine, the Creston Mascota deposit at Pinos Altos and the La India mine are incurred in Mexican pesos; and
- A significant portion of operating costs at the Kittila mine are incurred in Euros.

The Company mitigates part of its foreign currency exposure by using currency hedging strategies.

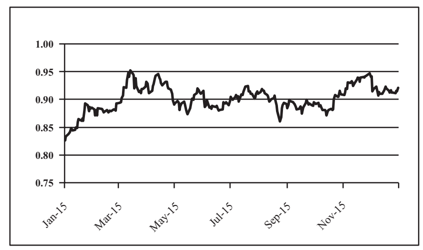
CANADIAN DOLLAR



MEXICAN PESO



EURO



On average, the Canadian dollar, Mexican peso and Euro all weakened relative to the US dollar in 2015 compared with 2014, decreasing costs denominated in local currencies when translated into US dollars for reporting purposes.

Balance Sheet Review

Total assets at December 31, 2015 of $6,683.2 million were comparable with December 31, 2014 total assets of $6,809.3 million. Of the total $2,229.2 million increase in total assets between the December 31, 2013 balance of $4,580.1 million and December 31, 2014, $2,110.4 million related to the Company's June 16, 2014 acquisition of its 50% interest in Osisko and $125.3 million related to the November 28, 2014 acquisition of Cayden.

Cash and cash equivalents were $124.2 million at December 31, 2015, a decrease of $53.4 million compared with December 31, 2014, primarily due to a net $261.1 million repayment of long-term debt, $449.8 million in capital expenditures and $59.5 million in dividends paid during 2015, partially offset by cash provided by operating activities of $616.2 million, net proceeds from the sale of available-for-sale securities and warrants of $61.1 million and the issuance of a $50.0 million note.

Restricted cash decreased by $52.6 million between December 31, 2014 and December 31, 2015, primarily due to the transfer of cash from a restricted trust account to a Canadian Malartic Corporation cash account, the release of funds from the Company's qualified environmental trust that was setup for costs related to the environmental remediation of the Goldex mine and the release of $10.1 million held by a depositary in relation to the early settlement of the senior unsecured convertible debentures (the "CMGP Convertible Debentures") previously issued by Osisko and assumed by Canadian Malartic GP.

Inventory of ore in stockpiles and on leach pads decreased by $25.6 million to $26.3 million at December 31, 2015 primarily due to updated mine sequencing plans at the Kittila and Canadian Malartic mines resulting in the reclassification of ore stockpiles from short-term to long-term. Supplies inventory decreased by $18.1 million from $282.8 million at December 31, 2014 to $264.7 million at December 31, 2015 primarily due to lower fuel inventory at the Meadowbank mine. Concentrates and dore bar inventories increased by $59.1 million to $171.0 million at December 31, 2015 primarily due to a buildup of concentrates and dore bar inventories at the Canadian Malartic mine as mill throughput is increased toward anticipated capacity and to planned mine sequencing resulting in the buildup of concentrates and dore bar inventories at the Pinos Altos and La India mines. Non-current ore in stockpiles increased by $36.0 million to $61.2 million at December 31, 2015 compared with December 31, 2014 due to updated mine sequencing plans at the Kittila and Canadian Malartic mines resulting in the reclassification of ore stockpiles from short-term to long-term.

Available-for-sale securities decreased from $56.5 million at December 31, 2014 to $31.9 million at December 31, 2015 primarily due to $29.8 million in disposals, $12.0 million in impairment losses and $7.7 million in unrealized fair value losses, partially offset by $24.8 million in new investments during 2015.

Property, plant and mine development decreased by $66.9 million to $5,089.0 million at December 31, 2015 compared with December 31, 2014 primarily due to amortization expense of $608.6 million during 2015. This was partially offset by a $449.8 million increase in property, plant and mine development related to capital expenditures and property acquisitions totaling $67.5 million during 2015.

Total liabilities decreased to $2,542.2 million at December 31, 2015 from $2,740.8 million at December 31, 2014 due primarily to a net $235.0 million repayment under the Company's $1.2 billion unsecured revolving credit facility (the "Credit Facility") during 2015 and the settlement of the CMGP Convertible Debentures issued by Osisko and assumed by Canadian Malartic GP, partially offset by increases in accounts payable and accrued liabilities and reclamation provisions during 2015. Of the total $878.1 million increase in total liabilities between the December 31, 2013 balance of $1,862.7 million and December 31, 2014, $526.7 million related to the Company's June 16, 2014 joint acquisition of Osisko and $335.1 million related to increased long-term debt during 2014.

Accounts payable and accrued liabilities increased by $33.9 million between December 31, 2014 and December 31, 2015 primarily due to a $12.3 million securities class action lawsuit settlement agreement that was paid by the Company's insurers and the addition of $19.1 million for accounts payable related to fuel purchases for the Meadowbank mine at December 31, 2015.

Long-term debt decreased by $242.0 million between December 31, 2014 and December 31, 2015 primarily due to $235.0 million in net Credit Facility repayments and the early settlement of the CMGP Convertible Debentures with a principal outstanding of C$37.5 million (the Company's attributable 50% share) previously issued by Osisko and assumed by Canadian Malartic GP, partially offset by the closing of a $50.0 million guaranteed senior unsecured note.

Agnico Eagle's reclamation provision increased by $25.9 million between December 31, 2014 and December 31, 2015 primarily due to the re-measurement of the Company's reclamation provisions by applying updated expected cash flows and assumptions as at December 31, 2015.

Certain previously reported Agnico Eagle consolidated balance sheet line items as at December 31, 2014 were updated to reflect adjusted final estimates of the fair value of identifiable assets acquired and liabilities assumed related to the June 16, 2014 joint acquisition of Osisko. As a result of new information obtained about the facts and circumstances that existed as of the Osisko acquisition date, the following adjustments were recorded to both the adjusted final purchase price allocation and the December 31, 2014 balance sheet as previously reported: the goodwill line item (not deductible for tax purposes) increased by $114.3 million; the property, plant and mine development line item decreased by $145.6 million and the deferred income and mining tax liabilities line item decreased by $35.0 million.

Fair Value of Derivative Financial Instruments

The Company occasionally enters into contracts to limit the risk associated with decreased by-product metal prices, increased foreign currency costs (including capital expenditures) and input costs. The contracts act as economic hedges of underlying exposures and are not held for speculative purposes. Agnico Eagle does not use complex derivative contracts to hedge exposures. The fair value of the Company's derivative financial instruments is outlined in the derivative financial instruments note to the annual consolidated financial statements.

Results of Operations

Agnico Eagle reported net income of $24.6 million, or $0.11 per share, in 2015 compared with net income of $83.0 million, or $0.43 per share, in 2014. In 2013, the Company reported a net loss of $686.7 million, or $3.97 per share. Agnico Eagle reported basic adjusted net income of $93.0 million, or $0.43 per share, in 2015 compared with basic adjusted net income of $144.3 million, or $0.74 per share, in 2014. In 2013, the Company reported basic adjusted net income of $187.6 million, or $1.09 per share. In 2015, the operating margin (revenues from mining operations less production costs) increased to $990.1 million from $892.2 million in 2014. In 2013, operating margin was $772.3 million.

Revenues from Mining Operations

Revenues from mining operations increased by $88.6 million, or 4.7%, to $1,985.4 million in 2015 from $1,896.8 million in 2014 primarily due to increased gold and silver production, partially offset by lower sales prices realized on gold and silver. Revenues from mining operations were $1,638.4 million in 2013.

Sales of precious metals (gold and silver) accounted for 99.7% of revenues from mining operations in 2015, up from 98.6% in 2014 and 97.7% in 2013. The increase in the percentage of revenues from precious metals compared with 2014 is primarily due to increased gold and silver production, partially offset by lower sales prices realized on gold and silver and decreased zinc production. Revenues from mining operations are accounted for net of related smelting, refining, transportation and other charges.

The table below sets out revenues from mining operations, production volumes and sales volumes by metal:

	2015	2014	2013
	(thousands of United States dollars)		
Revenues from mining operations:			
Gold	$ 1,911,500	$ 1,807,927	$ 1,500,354
Silver	66,991	62,466	100,895
Zinc	505	9,901	16,685
Copper	6,436	16,479	20,653
Lead(i)	–	(7)	(181)
Total revenues from mining operations	$ 1,985,432	$ 1,896,766	$ 1,638,406
Payable production(ii):			
Gold (ounces)	1,671,340	1,429,288	1,099,335
Silver (thousands of ounces)	4,258	3,564	4,623
Zinc (tonnes)	3,501	10,515	19,814
Copper (tonnes)	4,941	4,997	4,835
Payable metal sold:			
Gold (ounces)	1,645,081	1,425,338	1,098,382
Silver (thousands of ounces)	4,184	3,633	4,694
Zinc (tonnes)	3,596	10,535	20,432
Copper (tonnes)	4,947	5,003	4,838

Notes:

(i) Lead concentrate revenues of nil million in 2015 (2014 – $0.1 million; 2013 – $0.9 million) are netted against direct fees of nil (2014 – $0.1 million; 2013 – $1.1 million). Other metal revenues derived from lead concentrate in 2015 included gold revenue of nil (2014 – nil; 2013 – $7.9 million) and silver revenue of nil (2014 – nil; 2013 – $2.8 million). Other metal revenues derived from lead concentrate are included in their respective metal categories in the above table.

(ii) Payable production (a non-GAAP non-financial performance measure) is the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventories at the end of the period.

Revenues from gold sales increased by $103.6 million or 5.7% in 2015 compared with 2014. Gold production increased by 242,052 ounces, or 16.9% to 1,671,340 ounces in 2015 from 1,429,288 ounces in 2014 primarily due to 142,801 attributable ounces of additional production from the Canadian Malartic mine reflecting a full year of attributable production after having acquired an interest on June 16, 2014, 29,269 ounces of additional production from the La India mine reflecting a full year of production in 2015 after having achieved commercial production in February 2014, increased gold grade and mill recovery rates at the LaRonde, Goldex, and Pinos Altos mines and a 26.6% increase in tonnes processed at the Kittila mine. Partially offsetting the overall increase in gold production were decreased gold grade and mill recovery rates at the Meadowbank mine in 2015 compared with 2014. Agnico Eagle's average realized gold price decreased by $105 or 8.3%, to $1,156 per ounce in 2015 from $1,261 per ounce in 2014.

Revenues from silver sales increased by $4.5 million or 7.2% in 2015 compared with 2014. Silver production increased by 19.5% to approximately 4,258,000 ounces primarily due to increased silver grade at the Pinos Altos mine, partially offset by lower silver grade and silver mill recoveries at the Laronde mine. Agnico Eagle's average realized silver price decreased by 14.4% to $15.63 per ounce in 2015 from $18.27 per ounce in 2014. Revenues from zinc sales decreased by $9.4 million or 94.9% to $0.5 million in 2015 compared with 2014 primarily due to lower zinc grade and mill recovery rates at the LaRonde mine, and a 15.7% decrease in the realized zinc price between periods. Revenues from copper sales decreased by $10.0 million or 60.9% in 2015 compared with 2014 primarily due to a 23.8% decline in the realized copper price and an 11.4% increase in direct fees between periods.

Production Costs

Production costs decreased to $995.3 million in 2015 compared with $1,004.6 million in 2014 primarily due to the impact of a weaker Canadian dollar, Mexican peso and Euro relative to the US dollar. Partially offsetting the overall decrease was $57.6 million in additional attributable production costs from the acquired interest in the Canadian Malartic mine and $12.6 million in additional production costs from the La India mine. Production costs were $866.1 million in 2013.

The table below sets out production costs by mine:

	2015	2014	2013
	(thousands of United States dollars)		
LaRonde mine	$ 172,283	$ 188,736	$ 228,640
Lapa mine	52,571	61,056	69,371
Goldex mine	61,278	64,836	15,339
Meadowbank mine	230,564	270,824	318,414
Canadian Malartic mine	171,473	113,916	–
Kittila mine	126,095	116,893	97,934
Pinos Altos mine	105,175	123,342	116,959
Creston Mascota deposit at Pinos Altos	26,278	28,007	19,425
La India mine	49,578	36,949	–
Total production costs	$ 995,295	$ 1,004,559	$ 866,082

The discussion of production costs below refers to "total cash costs per ounce of gold produced" and "minesite costs per tonne", neither of which are recognized measures under IFRS. For a reconciliation of these measures to production costs and a discussion of their use by the Company, see *Non-GAAP Financial Performance Measures* in this MD&A.

Production costs at the LaRonde mine were $172.3 million in 2015, a 8.7% decrease compared with 2014 production costs of $188.7 million, primarily due to a weaker Canadian dollar relative to the US dollar between periods. During 2015, the LaRonde mine processed an average of 6,141 tonnes of ore per day compared with 5,713 tonnes of ore per day during 2014. The increase in throughput between periods was primarily due to a planned 2014 shutdown for the installation of replacement hoist drives at the Penna shaft. Minesite costs per tonne remained unchanged at C$99 between 2014 and 2015.

Production costs at the Lapa mine were $52.6 million in 2015, a 13.9% decrease compared with 2014 production costs of $61.1 million, primarily due to a weaker Canadian dollar relative to the US dollar between periods. During 2015, the Lapa mine processed an average of 1,534 tonnes of ore per day compared with 1,750 tonnes of ore per day processed during 2014. The decrease in throughput is consistent with the mine plan as tonnage is expected to decline progressively. Minesite costs per tonne increased to C$117 in 2015 compared with C$107 in 2014, primarily due to lower throughput.

Production costs at the Goldex mine were $61.3 million in 2015, a 5.5% decrease compared with 2014 production costs of $64.8 million, primarily due to a weaker Canadian dollar relative to the US dollar between periods. During 2015, the Goldex mine processed an average of 6,336 tonnes of ore per day compared with 5,799 tonnes of ore per day processed during 2014. The increase in throughput between periods was primarily due to planned increased stope availability. Minesite costs per tonne remained unchanged at C$33 between 2014 and 2015.

Production costs at the Meadowbank mine were $230.6 million in 2015, a 14.9% decrease compared with 2014 production costs of $270.8 million primarily due to a weaker Canadian dollar relative to the US dollar and cost reductions between periods. During 2015, the Meadowbank mine processed an average of 11,049 tonnes of ore per day compared with 11,313 tonnes of ore per day processed during 2014. Minesite costs per tonne decreased to C$70 in 2015 compared with C$73 in 2014, primarily due to overall productivity gains and improved cost controls.

Attributable production costs at the Canadian Malartic mine were $171.5 million in 2015 compared with $113.9 million in 2014, reflecting a full year of attributable production costs in 2015 after having acquired an indirect 50.0% interest in the Canadian Malartic mine on June 16, 2014. During 2015, the Canadian Malartic mine processed an average of 26,150 attributable tonnes of ore per day and minesite costs per tonne were C$23.

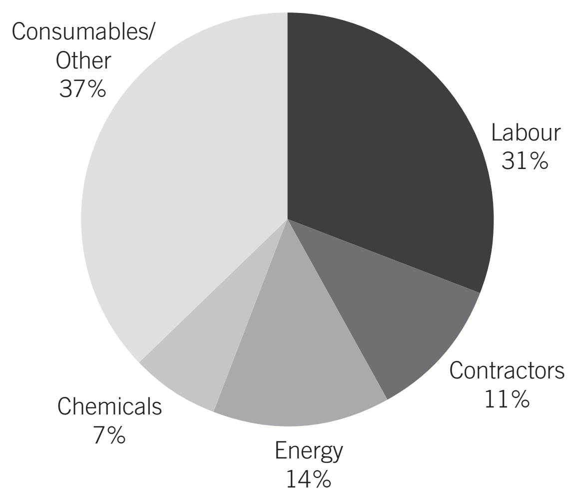
Production costs at the Kittila mine were $126.1 million in 2015, an increase of 7.9% compared with 2014 production costs of $116.9 million primarily due to increased throughput. During 2015, the Kittila mine processed an average of 4,011 tonnes of ore per day, an increase of 26.6% compared with the 3,168 tonnes of ore per day processed during 2014 primarily due to the completion of the mill expansion in September 2014. Minesite costs per tonne decreased to €76 in 2015 compared with €78 in 2014 primarily due to increased throughput.

Production costs at the Pinos Altos mine were $105.2 million in 2015, a decrease of 14.7% compared with 2014 production costs of $123.3 million primarily due to a weaker Mexican peso relative to the US dollar between periods. During 2015, the Pinos Altos mine mill processed an average of 5,462 tonnes of ore per day, an increase of 2.1% compared with the 5,350 tonnes of ore per day processed during 2014. In 2015, approximately 384,700 tonnes of ore were stacked on the Pinos Altos mine leach pad, a decrease of 32.1% compared with the approximate 567,800 tonnes of ore stacked in 2014 primarily due to mine sequencing. Minesite costs per tonne decreased to $45 in 2015 compared with $48 in 2014 primarily due to a weaker Mexican peso relative to the US dollar between periods, partially offset by fewer tonnes of ore stacked on the heap leach pad.

Production costs at the Creston Mascota deposit at Pinos Altos were $26.3 million in 2015, a decrease of 6.2% compared with 2014 production costs of $28.0 million, primarily due to a weaker Mexican peso relative to the US dollar between periods. During 2015, approximately 2,098,800 tonnes of ore were stacked on the leach pad at the Creston Mascota deposit at Pinos Altos, an increase of 17.0% compared with the approximate 1,793,800 tonnes of ore stacked in 2014. Minesite costs per tonne decreased to $12 in 2015 compared with $16 in 2014 primarily due to a weaker Mexican peso relative to the US dollar between periods.

Production costs at the La India mine were $49.6 million in 2015 compared with $36.9 million in 2014, reflecting a full year of production at the La India mine in 2015 after having achieved commercial production in February 2014. During 2015, the La India mine stacked approximately 5,371,400 tonnes of ore on the leach pad and minesite costs per tonne were $9.

Total Production Costs by Category



Total cash costs per ounce of gold produced is presented in this MD&A on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income and comprehensive income for by-product revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

Total cash costs per ounce of gold produced on a by-product basis, representing the weighted average of all of the Company's producing mines, decreased to $567 in 2015 compared with $637 in 2014 and $648 in 2013. Total cash costs per ounce of gold produced on a co-product basis decreased to $626 in 2015 compared with $721 in 2014 and $806 in 2013. Set out below is an analysis of the change in total cash costs per ounce at each of the Company's mining operations:

- At the LaRonde mine, total cash costs per ounce of gold produced on a by-product basis decreased to $590 in 2015 compared with $668 in 2014 primarily due to a 30.9% increase in gold production and a weaker Canadian dollar relative to the US dollar between periods. Partially offsetting the overall decrease in total cash costs per ounce of gold produced on a by-product basis, by-product revenue was significantly lower in 2015. Lower by-product revenues were the result of the LaRonde mine transitioning to ore sourced from lower levels, which has lower by-product metal content, and lower silver and copper sales prices realized in 2015 compared with 2014. Total cash costs per ounce of gold produced on a co-product basis decreased to $760 in 2015 compared with $1,055 in 2014, reflecting the increase in gold production and costs noted above.
- At the Lapa mine, total cash costs per ounce of gold produced on a by-product basis decreased to $590 in 2015 compared with $667 in 2014. This decrease was primarily due to a weaker Canadian dollar relative to the US dollar between periods, partially offset by a 1.8% decrease in gold production. Total cash costs per ounce of gold produced on a co-product basis decreased to $591 in 2015 compared with $667 in 2014 as a result of the same factors as noted above.
- At the Goldex mine, total cash costs per ounce of gold produced on a by-product basis decreased to $538 in 2015 compared with $638 in 2014. This decrease was primarily due to a 14.9% increase in gold production and a weaker Canadian dollar relative to the US dollar between periods. Total cash costs per ounce of gold produced on a co-product basis decreased to $538 in 2015 compared with $638 in 2014 as a result of the same factors as noted above.
- At the Meadowbank mine, total cash costs per ounce of gold produced on a by-product basis increased to $613 in 2015 compared with $599 in 2014. This increase was primarily due to a 15.7% decrease in gold production, partially offset by a weaker Canadian dollar relative to the US dollar between periods. Total cash costs per ounce of gold produced on a co-product basis increased to $623 in 2015 compared with $604 in 2014 as a result of the same factors as noted above.
- Total cash costs per ounce of gold produced on a by-product basis at the Canadian Malartic mine decreased to $596 in 2015 compared with $701 during the June 16, 2014 to December 31, 2014 period, primarily due to a weaker Canadian dollar relative to the US dollar between periods. Attributable total cash costs per ounce of gold produced on a co-product basis decreased to $613 in 2015 compared with $721 during the June 16, 2014 to December 31, 2014 period, as a result of the same factors as noted above. The Canadian Malartic mine was jointly acquired by Agnico Eagle and Yamana on June 16, 2014.
- At the Kittila mine, total cash costs per ounce of gold produced on a by-product basis decreased to $709 in 2015 compared with $845 in 2014. This decrease was primarily due to a 25.1% increase in gold production and higher costs in 2014 associated with the mill expansion. Total cash costs per ounce of gold produced on a co-product basis decreased to $710 in 2015 compared with $846 in 2014 as a result of the same factors as noted above.
- Total cash costs per ounce of gold produced on a by-product basis at the Pinos Altos mine decreased to $387 in 2015 compared with $533 in 2014. This decrease was primarily due to a 12.8% increase in gold production and a weaker Mexican peso relative to the US dollar between periods. Total cash costs per ounce of gold produced on a co-product basis decreased to $578 in 2015 compared with $718 in 2014 as a result of the same factors as noted above.

- Total cash costs per ounce of gold produced on a by-product basis at the Creston Mascota deposit at Pinos Altos decreased to $430 in 2015 compared with $578 in 2014. This decrease was primarily due to a 14.3% increase in gold production and a weaker Mexican peso relative to the US dollar between periods. Total cash costs per ounce of gold produced on a co-product basis decreased to $474 in 2015 compared with $611 in 2014 as a result of the same factors as noted above.
- Total cash costs per ounce of gold produced on a by-product basis at the La India mine decreased to $436 in 2015 compared with $487 in 2014. This decrease was due primarily a weaker Mexican peso relative to the US dollar between periods. Total cash costs per ounce of gold produced on a co-product basis decreased to $475 in 2015 compared with $532 in 2014 as a result of the same factors as noted above. Commercial production was achieved at the La India mine in February 2014.

Exploration and Corporate Development Expense

Exploration and corporate development expense increased by 97.1% to $110.4 million in 2015 from $56.0 million in 2014. Exploration and corporate development expense was $44.2 million in 2013.

A summary of the Company's significant 2015 exploration and corporate development activities is set out below:

- In Canada, exploration expenses increased by 102.0% to $56.1 million in 2015 compared with 2014 primarily due to increased exploration at the Amaruq project at the Meadowbank mine in Nunavut.
- Exploration expenses increased by 218.3% to $25.5 million in Latin America compared with 2014 primarily due to increased exploration at the El Barqueno project in Mexico.
- Exploration expenses increased by 40.2% to $3.7 million in the United States and decreased by 21.8% to $3.9 million in Europe in 2015 compared with 2014.
- The Company's corporate development team remained active in 2015, completing the acquisition of Soltoro and the acquisition of 55% of Gunnarn during the year.

The table below sets out exploration expense by region and total corporate development expense:

	2015	2014	2013
	(thousands of United States dollars)		
Canada	$ 56,099	$27,773	$20,339
Latin America	25,483	8,006	7,311
United States	3,666	2,615	3,501
Europe	3,943	5,044	4,624
Corporate development expense	21,162	12,564	8,461
Total exploration and corporate development expense	$110,353	$56,002	$44,236

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense increased to $608.6 million in 2015 compared with $433.6 million in 2014 and $313.9 million in 2013. The increase in amortization of property, plant and mine development between 2014 and 2015 was primarily due to the consolidation for a full year of the acquired interest in the Canadian Malartic mine and the increase to its depreciable mining properties between periods (due to the finalization of related acquisition date fair value estimates) along with a ramp up in gold production at the La India mine. Amortization expense commences once operations are in commercial production.

General and Administrative Expense

General and administrative expense decreased to $97.0 million in 2015 from $118.8 million in 2014. The decrease was primarily due to non-recurring transaction costs of $16.7 million associated with the joint acquisition of Osisko incurred in

2014, decreased stock compensation expense and a decrease in consulting costs between periods. General and administrative expense were $113.8 million in 2013.

Impairment Loss on Available-for-sale Securities

Impairment loss on available-for-sale securities was $12.0 million in 2015 compared with $15.8 million in 2014 and $32.5 million in 2013. Impairment loss evaluations of available-for-sale securities are based on whether a decline in fair value is considered to be significant or prolonged.

Finance Costs

Finance costs increased to $75.2 million in 2015 compared with $73.4 million in 2014 and $62.5 million in 2013. The table below sets out the components of finance costs:

	2015	2014	2013
	(thousands of United States dollars)		
Stand-by fees on credit facilities	$ 4,025	$ 4,605	$ 4,946
Amortization of credit facilities, financing and note issuance costs	2,437	2,757	3,192
Interest on Credit Facility	8,892	7,499	1,999
Interest on notes	49,937	49,414	49,414
Accretion expense on reclamation provisions	4,164	5,173	4,456
Other interest and penalties	7,476	5,651	1,966
Interest capitalized to construction in progress	(1,703)	(1,706)	(3,518)
Total finance costs	$75,228	$73,393	$62,455

See *Liquidity and Capital Resources – Financing Activities* in this MD&A for details on the Credit Facility and notes referenced above.

Impairment Loss

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. An impairment loss is recognized for any excess of the carrying amount of the asset over its recoverable amount. The recoverable amounts are based on each asset's future cash flows and represents each asset's fair value less costs of disposal.

Based on assessments completed by the Company, no impairment losses were required in 2015 or 2014. As at December 31, 2013, the Company identified the continued decline in the market price of gold as an indicator of potential impairment for the Company's long-lived assets. As a result of the identification of this indicator, the Company estimated the recoverable amounts of all cash generating units ("CGUs") using updated assumptions and estimates and concluded that each of the Lapa mine, Meadowbank mine and Meliadine project were impaired.

A discounted cash flow approach was used to estimate fair value less costs of disposal, which represents the recoverable amount of property, plant and mine development assets that was used to determine the impairment loss amounts. The total impairment loss recorded during the year ended December 31, 2013 was $1,014.7 million.

Management's estimates of future net cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's long-lived assets and goodwill. This may have a material effect on the Company's future consolidated financial statements.

Foreign Currency Translation (Gain) Loss

The Company's operating results and cash flow are significantly affected by changes in the exchange rate between the US dollar and each of the Canadian dollar, Mexican peso and Euro as all of the Company's revenues are earned in US dollars while a significant portion of its operating and capital costs are incurred in such other currencies. During the period from January 1, 2014 through December 31, 2015, the daily US dollar (noon) exchange rate as reported by the Bank of Canada has fluctuated between C$1.06 and C$1.40, 12.85 Mexican pesos and 17.36 Mexican pesos and €0.72 and €0.95 per US$1.00.

A foreign currency translation gain of $4.7 million was recorded in 2015 compared with foreign currency translation losses of $3.8 million in 2014 and $1.8 million in 2013. On average, the US dollar strengthened against the Canadian dollar, Mexican peso and Euro in 2015 compared with 2014. The US dollar also strengthened against the Canadian dollar, Mexican peso and Euro between December 31, 2014 and December 31, 2015. The net foreign currency translation gain in 2015 was primarily due to the translation impact of current liabilities denominated in Canadian dollars, Mexican pesos and Euros, offset partially by the translation impact of current assets denominated in Mexican pesos, Canadian dollars and Euros.

Income and Mining Taxes Expense (Recovery)

In 2015, the Company recorded income and mining taxes expense of $58.0 million on income before income and mining taxes of $82.6 million at an effective tax rate of 70.2%. In 2014, the Company recorded income and mining taxes expense of $106.2 million on income before income and mining taxes of $189.1 million at an effective tax rate of 56.1%. The Company's 2015 and 2014 effective tax rates were higher than the applicable statutory tax rate of 26.0% primarily due to the impact of mining taxes, foreign exchange and non-deductible permanent differences. In 2013, an income and mining taxes recovery of $131.6 million was recorded on a loss before income and mining taxes of $818.3 million primarily due to impairment losses recorded on the Meliadine project, the Meadowbank mine and the Lapa mine as at December 31, 2013. In 2013, income and mining taxes were also affected by non-deductible permanent differences and a deferred tax charge relating to the 2013 enactment of the Special Mining Duty in Mexico.

Liquidity and Capital Resources

At December 31, 2015, the Company's cash and cash equivalents, short-term investments and current restricted cash totaled $132.3 million, compared with $215.3 million at December 31, 2014. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to eliminate risks associated with these investments. Such investments with remaining maturities at the time of purchase greater than three months are classified as short-term investments. Decisions regarding the length of maturities are based on cash flow requirements, rates of return and other factors.

Working capital (current assets less current liabilities) decreased to $517.9 million at December 31, 2015 from $575.7 million at December 31, 2014.

Operating Activities

Cash provided by operating activities decreased by $52.1 million to $616.2 million in 2015 compared with 2014. The decrease in cash provided by operating activities was primarily due to decreases in the average realized price of all metals and a $54.4 million increase in exploration and corporate development expenses between 2014 and 2015, partially offset by a 16.9% increase in gold production, a 19.5% increase in silver production, a $21.8 million decrease in general and administrative expenses and the impact of a weaker Canadian dollar, Mexican peso and Euro relative to the US dollar on costs between periods. Cash provided by operating activities was $481.0 million in 2013, $187.3 million lower than in 2014 primarily due to a 30.0% increase in gold production in 2014 compared with 2013.

Investing Activities

Cash used in investing activities decreased to $374.5 million in 2015 from $851.6 million in 2014. The decrease in cash used in investing activities was primarily due to $403.5 million in net cash expenditures associated with the Company's June 16, 2014 joint acquisition of Osisko, a $41.0 million incremental decrease in restricted cash, a $25.7 million decrease in capital expenditures, a $16.4 million increase in net proceeds from the sale of available-for-sale securities and warrants and a $7.4 million decrease in purchases of available-for-sale securities and warrants between periods. Cash used in investing activities was $687.2 million in 2013, including capital expenditures of $620.5 million, $59.8 million in purchases of available-for-sale securities and warrants and $10.1 million associated with the acquisition of Urastar Gold Corporation.

In 2015, the Company invested cash of $449.8 million in projects and sustaining capital expenditures. Capital expenditures in 2015 included $67.3 million at the LaRonde mine, $66.7 million at the Meliadine project, $65.2 million at the Meadowbank mine, $61.8 million at the Pinos Altos mine, $56.4 million at the Kittila mina, $48.8 million at the Goldex mine, $43.4 million at the Canadian Malartic mine (the Company's attributable portion), $23.4 million at the La India mine, $6.5 million at the Lapa mine, $4.2 million at the Creston Mascota deposit at Pinos Altos and $6.1 million at other projects. The $25.7 million decrease in capital expenditures between 2014 and 2015 was primarily due to significant expenditures that were incurred in 2014 relating to the Kittila mine's mill expansion project and the LaRonde mine's coarse ore conveyor and ventilation systems, in addition to the wind-down of capital expenditures at the Lapa mine between periods as it approaches the end of its planned mine life. Partially offsetting the overall decrease in capital expenditures between 2014 and 2015 were increased development expenditures at the Meliadine project and at the Goldex and Pinos Altos mines and an increase in attributable capital expenditures related to the Canadian Malartic mine which was jointly acquired on June 16, 2014.

On June 11, 2015, Agnico Eagle Sweden AB ("AE Sweden"), an indirect wholly-owned subsidiary of the Company, acquired 55.0% of the issued and outstanding common shares of Gunnarn Mining AB ("Gunnarn") from Orex Minerals Inc. ("Orex"), by way of a share purchase agreement (the "Gunnarn SPA"). The operation and governance of Gunnarn and the Barsele project are governed by a joint venture agreement among the Company, AE Sweden, Orex and Gunnarn (the "Gunnarn JVA"). Under the Gunnarn SPA, the consideration for the acquisition of the 55.0% of Gunnarn's outstanding common shares was $10.0 million, comprised of $6.0 million in cash payable at closing and payments of $2.0 million in cash or, at AE Sweden's sole discretion, shares of the Company, on each of the first and second anniversary of the closing. Under the Gunnarn JVA, AE Sweden committed to incur an aggregate of $7.0 million of exploration expenses at the Barsele project by June 11, 2018, 45.0% or $3.1 million of which is considered accrued purchase consideration. Accordingly, the Company's total purchase consideration for the acquisition of its 55.0% interest in Gunnarn was $13.1 million. AE Sweden may earn an additional 15.0% interest in Gunnarn under the Gunnarn JVA if it completes a feasibility study in respect of the Barsele project. The Gunnarn JVA also provides AE Sweden with the right to nominate a majority of the members of the board of directors of Gunnarn (based on current shareholdings) and AE Sweden is the sole operator of the Barsele project and paid customary management fees. In connection with the transaction, Orex also obtained a 2.0% net smelter return royalty on production from the Barsele property, which the Company may repurchase at any time for $5.0 million. The Gunnarn acquisition was accounted for by the Company as an asset acquisition and transaction costs associated with the acquisition totaling $0.6 million were capitalized to the mining properties acquired. On September 25, 2015, Orex Minerals Inc. assigned its interest in the Gunnarn JV Agreement to Barsele Minerals Corp. ("Barsele Minerals"), which was at the time a wholly-owned subsidiary of Orex. All of the shares of Barsele Minerals were subsequently distributed to shareholders of Orex under a plan of arrangement.

On June 9, 2015, the Company acquired all of the issued and outstanding common shares of Soltoro Ltd. ("Soltoro"), including common shares issuable on the exercise of Soltoro's outstanding options and warrants, by way of a plan of arrangement under the *Canada Business Corporations Act* (the "Soltoro Arrangement"). Each outstanding share of Soltoro was exchanged under the Soltoro Arrangement for: (i) C$0.01 in cash; (ii) 0.00793 of an Agnico Eagle common share; and (iii) one common share of Palamina Corp., a company that was newly formed in connection with the Soltoro Arrangement. Pursuant to the Soltoro Arrangement, Soltoro transferred all mining properties located outside of the state of Jalisco, Mexico to Palamina Corp. and retained all other mining properties. Agnico Eagle had no interest in Palamina Corp. upon the closing of the Soltoro Arrangement. Agnico Eagle's total purchase price of $26.7 million was comprised of $2.4 million in cash, including $1.6 million in cash contributed to Palamina Corp., and 770,429 Agnico Eagle common shares issued from treasury. The Soltoro acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totaling $1.4 million were capitalized to the mining properties acquired.

On May 21, 2015, the Company subscribed for 62,500,000 common shares of Belo Sun Mining Corp. ("Belo Sun") in a non-brokered private placement at a price of C$0.24 per Belo Sun common share, for total cash consideration of C$15.0 million. Upon closing the transaction, the Company held approximately 17.4% of the issued and outstanding common shares of Belo Sun.

On March 19, 2015, Agnico Eagle, Yamana and Canadian Malartic GP completed the purchase of a 30.0% interest in the Malartic CHL property from Abitibi Royalties Inc. ("Abitibi") in exchange for 459,197 Agnico Eagle common shares, 3,549,695 Yamana common shares and 3.0% net smelter return royalties to each of Abitibi and Osisko Gold Royalties Ltd. on the Malartic CHL property. Total Agnico Eagle common share consideration issued was valued at $13.4 million based on the closing price of the common shares on March 18, 2015. The Malartic CHL property is located adjacent to the Company's jointly owned Canadian Malartic mine and the remaining 70.0% interest in the Malartic CHL property was jointly acquired through the June 16, 2014 acquisition of Osisko (the predecessor to Canadian Malartic Corporation). Concurrent with the transaction closing, each of Abitibi, Agnico Eagle, Yamana, Canadian Malartic GP and Canadian Malartic Corporation released and discharged the others with respect to all proceedings previously commenced by Abitibi with respect to the Malartic CHL property. As a result of the transaction, Agnico Eagle and Yamana jointly own a 100.0% interest in the Malartic CHL property through their respective indirect interests in Canadian Malartic GP.

On November 28, 2014, the Company acquired all of the issued and outstanding common shares of Cayden, including common shares issuable on the exercise of Cayden's outstanding options and warrants, pursuant to a court-approved plan of arrangement. The total purchase price of $122.1 million was comprised of $0.5 million in cash and 4,853,875 Agnico Eagle common shares issued from treasury. The Cayden acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totaling $3.2 million were capitalized to the mining properties acquired.

On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Osisko Arrangement. As a result of the Osisko Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko and Canadian Malartic GP, which now holds the Canadian Malartic mine. Agnico Eagle and Yamana will also jointly explore other properties that were held by Osisko (now Canadian Malartic Corporation) at the time of acquisition. Agnico Eagle has recognized its interest in the assets, liabilities, revenues and expenses of Osisko in accordance with the Company's rights and obligations prescribed by the Osisko Arrangement under IFRS. Agnico Eagle's share of Osisko's June 16, 2014 purchase price was comprised of cash payments totaling $462.7 million and 33,923,212 Agnico Eagle common shares valued at $1,135.1 million.

In 2015, the Company received net proceeds of $61.1 million from the sale of available-for-sale securities and warrants compared with $44.7 million in 2014 and $0.2 million in 2013. In 2015, the Company purchased $19.8 million of available-for-sale securities and warrants compared with $27.2 million in 2014 and $59.8 million in 2013. The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry.

Financing Activities

Cash used in financing activities of $280.8 million in 2015 compared with cash provided by financing activities $229.2 million in 2014 primarily due to a change from net proceeds from long-term debt of $286.0 million in 2014 to a $261.1 million net repayment of long-term debt in 2015, partially offset by the issuance of the $50.0 million 2015 Note (as defined below) on September 30, 2015. Cash provided by financing activities was $48.7 million in 2013, which included net proceeds from long-term debt of $170.0 million, partially offset by dividends paid of $126.3 million.

In 2015, the Company paid dividends of $59.5 million compared with $54.1 million in 2014 and $126.3 million in 2013. Agnico Eagle has declared a cash dividend every year since 1983. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements.

On September 30, 2015, the Company amended its $1.2 billion Credit Facility, among other things, extending the maturity date from June 22, 2019 to June 22, 2020 and amending pricing terms. As at December 31, 2015, the Company's outstanding balance under the Credit Facility was $265.0 million. Credit Facility availability is reduced by outstanding letters of credit, amounting to $10.9 million at December 31, 2015. As at December 31, 2015, $924.1 million was available for future drawdown under the Credit Facility.

On September 30, 2015, the Company closed a private placement consisting of a $50.0 million guaranteed senior unsecured note (the "2015 Note") with a September 30, 2025 maturity date and a yield of 4.15%. Under the note purchase agreement in respect of the 2015 Note, the Company agreed that an amount equal to or greater than the net proceeds from the 2015 Note would be spent on mining projects in the Province of Quebec, Canada.

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a further C$150.0 million uncommitted letter of credit facility (as amended, the "New LC Facility"). The New LC Facility may be used by the Company to support the reclamation obligations of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest or the performance obligations (other than with respect to indebtedness for borrowed money) of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest that are not directly related to reclamation obligations. Payment and performance of the Company's obligations under the New LC Facility are supported by guarantees issued by Export Development Canada under a contract insurance bonding program agreement (the "EDC Facility") in favour of the lender. As at December 31, 2015, $69.8 million had been drawn under the New LC Facility.

On July 31, 2015, the Company amended its credit agreement with another financial institution relating to its uncommitted letter of credit facility (as amended, the “Existing LC Facility”). The amount available under the Existing LC Facility increased from C$175.0 million to C$200.0 million. Effective September 28, 2015, the amount available under the Existing LC Facility was increased to C$250.0 million. The obligations of the Company under the Existing LC Facility are guaranteed by certain of its subsidiaries. The Existing LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at December 31, 2015, $172.6 million had been drawn under the Existing LC Facility.

On July 24, 2012, the Company closed a private placement consisting of $200.0 million of guaranteed senior unsecured notes (the “2012 Notes”). The 2012 Notes mature in 2022 and 2024 and at issuance had a weighted average maturity of 11.0 years and weighted average yield of 4.95%. Proceeds from the 2012 Notes were used to repay amounts outstanding under the Credit Facility.

On April 7, 2010, the Company closed a private placement consisting of $600.0 million of guaranteed senior unsecured notes due in 2017, 2020 and 2022 (the “2010 Notes”) with a weighted average maturity of 9.84 years and weighted average yield of 6.59%. Proceeds from the offering of the 2010 Notes were used to repay amounts under the Company’s then outstanding credit facilities.

In connection with its joint acquisition of Osisko on June 16, 2014, Canadian Malartic GP was assigned and assumed certain outstanding debt and finance lease obligations of Osisko relating to the Canadian Malartic mine. Agnico Eagle’s indirect attributable interest in such debt and finance lease obligations is as set out below:

- A secured loan facility in the principal amount of C$75.0 million ($69.1 million) with scheduled C$20.0 million repayments on June 30, 2016 and June 30, 2017 and a 6.875% per annum interest rate. A scheduled repayment of C$15.0 million ($14.1 million) was made subsequent to the June 16, 2014 acquisition date and the scheduled C$20.0 million ($16.0 million) repayment was made on June 30, 2015, resulting in attributable outstanding principal of $28.9 million as at December 31, 2015. On September 29, 2014, Canadian Malartic GP amended the acquired secured loan facility (the “CMGP Loan”) with no change to maturity or pricing terms.
- The CMGP Convertible Debentures with principal outstanding of C$37.5 million ($34.6 million), a November 2017 maturity date and a 6.875% interest rate. As at the June 16, 2014 Osisko acquisition date, the CMGP Convertible Debentures had an attributable fair value of $44.9 million. On June 30, 2015, the negotiated early settlement of all of the CMGP Convertible Debentures was completed. As a result of this settlement, 871,680 Agnico Eagle common shares with a fair value of $24.8 million were released from a depositary to the holders of the CMGP Convertible Debentures along with a cash payment of $10.1 million to settle the Company’s obligation. Additional cash consideration of $3.2 million was paid to the holders of the CMGP Convertible Debentures upon settlement and was recorded in the other expenses (income) line item of the consolidated statements of income and comprehensive income. In 2015, a $2.4 million mark-to-market loss was recorded in the other expenses (income) line item of the consolidated statements of income and comprehensive income related to the CMGP Convertible Debentures. An $8.0 million mark-to-market gain was recorded in the other expenses (income) line item of the consolidated statements of income and comprehensive income related to the CMGP Convertible Debentures between the June 16, 2014 joint acquisition date and December 31, 2014. As at December 31, 2015, the CMGP Convertible Debentures had principal outstanding of nil.
- A loan with principal outstanding of C$2.1 million ($2.0 million) with monthly repayments scheduled through the first quarter of 2015 and a 0.0% interest rate. As at December 31, 2015, the Company’s attributable loan principal outstanding was nil.
- Secured finance lease obligations of C$38.3 million ($35.3 million) provided in separate tranches with maturities ranging between 2015 and 2019 and a 7.5% interest rate. As at December 31, 2015, the Company’s attributable finance lease obligations were $13.7 million.

The Company was in compliance with all covenants contained in the Credit Facility, 2015 Note, 2012 Notes, 2010 Notes, Existing LC Facility, New LC Facility and the EDC Facility as at December 31, 2015. Canadian Malartic GP was in compliance with all covenants under the CMGP Loan as at December 31, 2015.

The Company issued common shares under the Company’s incentive share purchase plan and dividend reinvestment plan for gross proceeds of $9.4 million in 2015 compared with $10.4 million in 2014 and $15.7 million in 2013.

Contractual Obligations

Agnico Eagle's contractual obligations as at December 31, 2015 are set out below:

	Total	2016	2017-2018	2019-2020	Thereafter
		(millions of United States dollars)			
Reclamation provisions[(i)]	$ 397.3	$ 6.2	$ 13.5	$ 22.5	$355.1
Purchase commitments[(ii)]	88.1	38.8	18.5	10.4	20.4
Pension obligations[(iii)]	5.7	0.1	0.2	1.6	3.8
Finance and operating leases	35.9	11.4	10.1	4.1	10.3
Long-term debt[(iv)]	1,143.9	14.5	129.4	625.0	375.0
Total[(v)]	$1,670.9	$71.0	$171.7	$663.6	$764.6

Notes:

(i) Mining operations are subject to environmental regulations that require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. Expected reclamation cash flows are presented above on an undiscounted basis. Reclamation provisions recorded in the Company's consolidated financial statements are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate.

(ii) Purchase commitments include contractual commitments for the acquisition of property, plant and mine development and intangible assets. Agnico Eagle's attributable interest in the purchase commitments associated with its joint operations totaled $2.6 million as at December 31, 2015.

(iii) Agnico Eagle provides a non-registered supplementary executive retirement defined benefit plan for certain current and former senior officers (the "Executives Plan"). The Executives Plan benefits are generally based on the employee's years of service and level of compensation. The figures presented in this table have been actuarially determined.

(iv) With respect to the Company's long-term debt obligations, the Company has assumed that repayment will occur on each instrument's respective maturity date.

(v) The Company's future operating cash flows are expected to be sufficient to satisfy its contractual obligations.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements as at December 31, 2015 include operating leases with various counterparties of $16.7 million (see Note 14(b) to the consolidated financial statements) and outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes of $268.7 million under the Existing LC Facility and New LC Facility (see Note 26 to the consolidated financial statements). If the Company were to terminate these off-balance sheet arrangements, the Company's liquidity position (as outlined in the table below) is sufficient to satisfy any related penalties or obligations.

2016 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2016 mandatory expenditure commitments (including the contractual obligations set out above) and discretionary expenditure commitments. The following table sets out expected capital requirements and resources for 2016:

	Amount
	(millions of United States dollars)
2016 Mandatory Commitments:	
Contractual obligations (see table above)	$ 71.0
Accounts payable and accrued liabilities (as at December 31, 2015)	243.8
Interest payable (as at December 31, 2015)	14.5
Income taxes payable (as at December 31, 2015)	14.9
Total 2016 mandatory expenditure commitments	$ 344.2
2016 Discretionary Commitments:	
Expected 2016 capital expenditures	$ 491.0
Expected 2016 exploration and corporate development expenses	138.0
Total 2016 discretionary expenditure commitments	$ 629.0
Total 2016 mandatory and discretionary expenditure commitments	$ 973.2
2016 Capital Resources:	
Cash, cash equivalents and short-term investments (as at December 31, 2015)	$ 131.6
Expected 2016 cash provided by operating activities	423.5
Working capital, excluding cash, cash equivalents and short-term investments (as at December 31, 2015)	386.3
Available under the Credit Facility (as at December 31, 2015)	924.1
Total 2016 Capital Resources	$1,865.5

While the Company believes its capital resources will be sufficient to satisfy all 2016 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which includes certain capital expenditures, should unexpected financial circumstances arise in the future. The Company believes that it will continue to have sufficient capital resources available to satisfy its planned development and growth activities.

Quarterly Results Review

For the Company's detailed 2015 and 2014 quarterly financial and operating results see *Summarized Quarterly Data* in this MD&A.

Revenues from mining operations decreased by 4.0% to $482.9 million in the fourth quarter of 2015 compared with $503.1 million in the fourth quarter of 2014 primarily due to lower sales prices realized on gold and silver, partially offset by a 9.0% increase in payable gold production between periods. Production costs decreased by 20.0% to $229.8 million in the fourth quarter of 2015 compared with $287.3 million in the fourth quarter of 2014 primarily due to the impact of a weaker Canadian dollar, Mexican peso and Euro relative to the US dollar between periods. Exploration and corporate development expenses increased by $11.6 million to $26.0 million in the fourth quarter of 2015 compared with $14.4 million in the fourth quarter of 2014 primarily due to exploration expenses incurred at the El Barqueno project in Mexico and the Amaruq project at the Meadowbank Mine in Nunavut. Amortization of property, plant and mine development increased by 13.0% to $157.1 million in the fourth quarter of 2015 compared with $139.1 million in the fourth quarter of 2014 primarily due to increased gold production at the Meadowbank and LaRonde mines and an increase in depreciable mining properties at the

Canadian Malartic mine between periods based on final estimates of fair value as at the June 16, 2014 acquisition date. A net loss of $15.5 million was recorded in the fourth quarter of 2015 after income and mining taxes expense of $34.6 million compared with a net loss of $21.3 million in the fourth quarter of 2014 after income and mining taxes expense of $23.6 million.

Cash provided by operating activities decreased by 14.2% to $140.7 million in the fourth quarter of 2015 compared with $164.0 million in the fourth quarter of 2014. The decrease in cash provided by operating activities was primarily due to decreases in the average realized price of gold and silver and an $11.6 million increase in exploration and corporate development expenses, partially offset by a 9.0% increase in payable gold production and a $57.5 million decrease in production costs between periods.

Outlook

The following section contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. Please see *Note to Investors Concerning Forward-Looking Information* in this MD&A for a discussion of assumptions and risks relating to such statements and information.

Gold Production

LaRonde Mine

In 2016, payable gold production at the LaRonde mine is expected to be approximately 275,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the LaRonde mine is expected to be approximately 323,000 ounces. The commissioning of a cooling plant at the LaRonde mine has helped to enhance productivity by reducing heat and congestion in the lower section of the mine and provides additional flexibility in the mining plan. In addition, a new course ore conveyor system that is scheduled to be fully commissioned in 2016 is expected to further enhance flexibility in the lower section of the mine. Total cash costs per ounce of gold produced on a by-product basis at the LaRonde mine are expected to be approximately $592 in 2016 compared with $590 in 2015.

Lapa Mine

In 2016, payable gold production at the Lapa mine is expected to be approximately 60,000 ounces. 2016 is the final year of production based on the Lapa mine's current life of mine plan with production expected to decline progressively due to lower tonnage and stope availability. The Company expects that the Lapa mine will operate until early in the fourth quarter of 2016. Total cash costs per ounce of gold produced on a by-product basis at the Lapa mine are expected to be approximately $640 in 2016 compared with $590 in 2015, reflecting expectations of decreased production and lower gold grade.

Goldex Mine

The Goldex mine achieved commercial production from the M and E Zones in October 2013. In 2016, payable gold production at the Goldex mine is expected to be approximately 105,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the Goldex mine is expected to be approximately 117,000 ounces. Continued exploitation of the M3 and M4 Zones is expected to maintain relatively constant production levels and costs at the Goldex mine through 2017. Additionally, in July 2015, the Company announced approval of the Deep 1 project, with commissioning expected to begin commissioning in 2018. Total cash costs per ounce of gold produced on a by-product basis at the Goldex mine are expected to be approximately $601 in 2016 compared with $538 in 2015, reflecting expectations of decreased production.

Meadowbank Mine

In 2016, payable gold production at the Meadowbank mine is expected to be approximately 305,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the Meadowbank mine is expected to be approximately 260,000 ounces. In 2015, the Company determined to extend the Vault pit at Meadowbank, which resulted in decreased production for 2016, but added approximately another year of production, through the third quarter of 2018. Production levels are expected to decrease progressively through 2018 due to a decline in gold grade as the current mineral reserve base is depleted. Total cash costs per ounce of gold produced on a by-product basis at the Meadowbank mine are expected to be approximately $750 in 2016 compared with $613 in 2015, reflecting expectations of decreased production and lower gold grade.

Canadian Malartic Mine

The Canadian Malartic mine was jointly acquired by Agnico Eagle and Yamana on June 16, 2014. In 2016, attributable payable gold production at the Canadian Malartic mine is expected to be approximately 280,000 ounces. Over the 2016 to 2018 period, average annual attributable payable gold production at the Canadian Malartic mine is expected to be approximately 293,000 ounces. The increase in throughput to 55,000 tonnes per day in 2016 remains contingent upon updating the existing operating permits. Total cash costs per ounce of gold produced on a by-product basis at the Canadian Malartic mine are expected to be approximately $593 in 2016 compared with $596 in 2015.

Kittila Mine

In 2016, payable gold production at the Kittila mine is expected to be approximately 200,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the Kittila mine is expected to be approximately 197,000 ounces. During 2015, the focus at Kittila was improving mill reliability, and several projects were carried out that improved maintenance performance. With further optimization, the Company believes there is potential for improved mill availability, which could lead to higher throughput levels in the future. As part of an initiative to increase mine throughput, development of a ramp system related to the Rimpi Zone will be prioritized. Total cash costs per ounce of gold produced on a by-product basis at the Kittila mine are expected to be approximately $646 in 2016 compared with $709 in 2015, reflecting expectations of increased production.

Pinos Altos Mine

In 2016, payable gold production at the Pinos Altos mine is expected to be approximately 175,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the Pinos Altos mine is expected to be approximately 177,000 ounces. Commissioning of the Pinos Altos shaft in 2016 is expected to allow for better matching of the future mining capacity with the mill, once the open pit mining operation begins to wind down. Total cash costs per ounce of gold produced on a by-product basis at the Pinos Altos mine are expected to be approximately $443 in 2016 compared with $387 in 2015, reflecting expectations of decreased production.

Creston Mascota deposit at Pinos Altos

In 2016, payable gold production at the Creston Mascota deposit at Pinos Altos is expected to be approximately 45,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the Creston Mascota deposit at Pinos Altos is expected to be approximately 42,000 ounces. Further drilling on the Bravo deposit is planned for 2016 to evaluate it as a potential source of future additional production. Total cash costs per ounce of gold produced on a by-product basis at the Creston Mascota deposit at Pinos Altos are expected to be approximately $604 in 2016 compared with $430 in 2015, reflecting expectations of decreased production.

La India Mine

The La India mine achieved commercial production in February 2014. In 2016, payable gold production at the La India mine is expected to be approximately 100,000 ounces. Over the 2016 to 2018 period, average annual payable gold production at the La India mine is expected to be approximately 107,000 ounces. Total cash costs per ounce of gold produced on a by-product basis at the La India mine are expected to be approximately $470 in 2016 compared with $436 in 2015.

Production Summary

With the achievement of commercial production at the Kittila, Lapa and Pinos Altos mines in 2009, the Meadowbank mine in 2010, the Creston Mascota deposit at Pinos Altos and LaRonde mine extension in 2011, the Goldex mine M and E Zones in 2013 and the La India mine in 2014, along with the joint acquisition of the Canadian Malartic mine on June 16, 2014, Agnico Eagle has transformed from a one mine operation to an eight mine senior gold mining company over the last seven years. In 2015, the Company achieved record annual payable gold production of 1,671,340 ounces. As the Company plans its next growth phase from this expanded production platform, it expects to continue to deliver on its vision and strategy. Annual payable gold production is expected to decrease to approximately 1,545,000 ounces in 2016, representing a 7.5% decrease compared with 2015. The Company expects that the main contributors to achieving the targeted levels of payable gold production, mineral reserves and mineral resources in 2016 will include:

- Increased production from the LaRonde mine due to the successful commissioning of a cooling plant and the expected full commissioning of the coarse ore conveyor;

- Increased production from the Kittila mine due to continued mill optimization; and
- Continued conversion of Agnico Eagle's current mineral resources to mineral reserves.

Financial Outlook

Revenue from Mining Operations and Production Costs

In 2016, the Company expects to continue to generate solid cash flow with payable gold production of approximately 1,545,000 ounces compared with 1,671,340 ounces in 2015. This expected decrease in payable gold production is primarily due to the planned wind down of the Lapa mine in 2016, lower expected grades at the Pinos Altos mine and the expansion of the Meadowbank mine's Vault pit, deferring gold production from 2016 to subsequent years though extending the Meadowbank mine life.

The table below sets out actual payable production in 2015 and expected payable production in 2016:

	2016 Forecast	2015 Actual
Gold (ounces)	1,545,000	1,671,340
Silver (thousands of ounces)	3,886	4,258
Zinc (tonnes)	4,887	3,501
Copper (tonnes)	4,860	4,941

In 2016, the Company expects total cash costs per ounce of gold produced on a by-product basis at the LaRonde mine to be approximately $592 compared with $590 in 2015. In calculating expectations of total cash costs per ounce of gold produced on a by-product basis for the LaRonde mine, net silver, zinc and copper by-product revenue offsets production costs. Therefore, production and price assumptions for by-product metals play an important role in the LaRonde mine's expected total cash costs per ounce of gold produced on a by-product basis due to its significant by-product production. The Pinos Altos mine also generates significant silver by-product revenue. An increase in by-product metal prices above forecasted levels would result in improved total cash costs per ounce of gold produced on a by-product basis at these mines. Total cash costs per ounce of gold produced on a co-product basis are expected to be approximately $756 in 2016 at the LaRonde mine compared with $760 in 2015.

As production costs at the LaRonde, Lapa, Goldex, Meadowbank and Canadian Malartic mines are denominated primarily in Canadian dollars, production costs at the Kittila mine are denominated primarily in Euros and production costs at the Pinos Altos mine, the Creston Mascota deposit at Pinos Altos and the La India mine are denominated primarily in Mexican pesos, the Canadian dollar/US dollar, Euro/US dollar and Mexican peso/US dollar exchange rates also affect the Company's expectations for the total cash costs per ounce of gold produced both on a by-product and co-product basis.

The table below sets out the metal price and exchange rate assumptions used in deriving the expected 2016 total cash costs per ounce of gold produced on a by-product basis (forecasted production for each metal is shown in the table above) as well as the actual market average closing prices for each variable for the period of January 1, 2016 through February 29, 2016:

	2016 Assumptions	Actual Market Average (January 1, 2016 – February 29, 2016)
Gold (per ounce)	$1,100	$1,147
Silver (per ounce)	$16.00	$14.60
Zinc (per tonne)	$1,750	$1,615
Copper (per tonne)	$4,700	$4,533
C$/US$ exchange rate (C$)	$1.30	$1.40
Euro/US$ exchange rate (Euros)	€0.91	€0.91
Mexican peso/US$ exchange rate (Mexican pesos)	16.00	18.25

See *Risk Profile – Metal Prices and Foreign Currencies* in this MD&A for the expected impact on forecasted 2016 total cash costs per ounce of gold produced on a by-product basis of certain changes in metal price and exchange rate assumptions.

Exploration and Corporate Development Expenditures

In 2016, Agnico Eagle expects to incur exploration and corporate development expenses of approximately $138.0 million. Exploration expenses are expected to be focused on the Amaruq project in Nunavut, Canada (located approximately 50 kilometres northwest of the Meadowbank mine), the El Barqueno project in Jalisco State, Mexico (acquired on November 28, 2014 as part of Cayden) and the Sisar Zone at the Kittila mine in Finland. The expected 2016 Amaruq project drill program of approximately $43.0 million will focus on expanding and upgrading mineral resources and outlining a second open pit deposit with the goal of potentially developing the deposit as a satellite operation to the Meadowbank mine. The Company believes that the El Barqueno project's gold-silver deposits could potentially be developed into a series of open pits utilizing heap leach processing, similar to the Creston Mascota deposit at Pinos Altos and the La India mine. Agnico Eagle's expected exploration program at the El Barqueno project in 2016 of approximately $13.0 million will focus on mineral resource development, conversion and regional exploration.

Exploration programs are designed to infill and expand known deposits and test other favourable target areas that could ultimately supplement the Company's existing production profile. Exploration is success driven and thus planned exploration could change materially based on the results of the various exploration programs. When it is determined that a project can generate future economic benefit, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2016, the Company expects to capitalize approximately $15.0 million on drilling and development related to further delineating ore bodies and converting mineral resources into mineral reserves.

Other Expenses

General and administrative expenses are expected to be between $90.0 million and $105.0 million in 2016 compared with $97.0 million in 2015. Amortization of property, plant and mine development is expected to increase to between $630.0 million and $660.0 million in 2016 compared with $608.6 million in 2015 primarily due to expected increases in gold production at the Kittila and LaRonde mines between periods and the amortization of expected 2016 capital expenditures of $41.0 million at the Meadowbank mine over its limited remaining mine life. The Company's effective tax rate is expected to be between 40.0% and 45.0% in 2016.

Capital Expenditures

Capital expenditures, including sustaining capital, construction and development costs and capitalized exploration costs, are expected to total approximately $491.0 million in 2016. The Company expects to fund its 2016 capital expenditures through operating cash flow from the sale of its gold production and the associated by-product metals. Significant components of the expected 2016 capital expenditures program include the following:

- $297.0 million in sustaining capital expenditures relating to the LaRonde mine ($62.0 million), Canadian Malartic mine ($59.0 million – portion attributable to the Company), Kittila mine ($56.0 million), Pinos Altos mine ($54.0 million), Meadowbank mine ($41.0 million), Goldex mine ($10.0 million), La India mine ($8.0 million) and the Creston Mascota deposit at Pinos Altos ($7.0 million);
- $179.0 million in capitalized development expenditures relating to the Meliadine project ($96.0 million), Goldex mine ($64.0 million), Kittila mine ($10.0 million), Pinos Altos mine ($7.0 million) and the Canadian Malartic mine ($2.0 million – portion attributable to the Company); and
- $15.0 million in capitalized drilling expenditures.

The Company continues to examine other possible corporate development opportunities which may result in the acquisition of companies or assets with securities, cash or a combination thereof. If cash is used to fund acquisitions, Agnico Eagle may be required to issue debt or securities to satisfy cash requirements.

All-in Sustaining Costs per Ounce of Gold Produced

Based on the recommendations of the World Gold Council made in 2013, the Company modified its calculation of all-in sustaining costs per ounce of gold produced beginning in 2014. All-in sustaining costs per ounce of gold produced is calculated on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

Agnico Eagle's all-in sustaining costs per ounce of gold produced on a by-product basis are expected to be approximately $850 to $890 in 2016 compared with $810 million in 2015.

Risk Profile

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

The Company also mitigates some of its normal business risk through the purchase of insurance coverage. An Insurable Risk Management Policy, approved by the Board, governs the purchase of insurance coverage and restricts coverage to insurance companies of the highest credit quality. For a more complete list of the risk factors affecting the Company, please see "Risk Factors" in the AIF.

Commodity Prices and Foreign Currencies

Agnico Eagle's net income is sensitive to metal prices and the Canadian dollar/US dollar, Mexican peso/US dollar and Euro/US dollar exchange rates. For the purpose of the sensitivity analyses set out in the table below, the Company applied the following metal price and exchange rate assumptions for 2016:

- Gold – $1,100 per ounce;
- Silver – $16 per ounce;
- Zinc – $1,750 per tonne;

- Copper – $4,700 per tonne;
- Diesel – C$0.77 per litre;
- Canadian dollar/US dollar – C$1.30 per $1.00;
- Euro/US dollar – €0.91 per $1.00; and
- Mexican peso/US dollar – 16.00 Mexican pesos per $1.00.

Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of other metals may be attributed to factors such as demand and global mine production levels. Changes in the market price of diesel may be attributed to factors such as supply and demand. Changes in exchange rates may be attributed to factors such as supply and demand for currencies and economic conditions in each country or currency area. In 2015, the ranges of metal prices, diesel prices and exchange rates were as follows:

- Gold: $1,046 – $1,308 per ounce, averaging $1,160 per ounce;
- Silver: $13.65 – $18.49 per ounce, averaging $15.71 per ounce;
- Zinc: $1,461 – $2,434 per tonne, averaging $1,928 per tonne;
- Copper: $4,512 – $6,482 per tonne, averaging $5,499 per tonne;
- Diesel: C$98.60 – C$128.40 per litre, averaging C$109.31 per litre;
- Canadian dollar/US dollar: C$1.16 – C$1.40 per $1.00, averaging C$1.28 per $1.00;
- Euro/US dollar: €0.83 – €0.96 per $1.00, averaging €0.90 per $1.00; and
- Mexican peso/US dollar: 14.44 – 17.47 Mexican pesos per $1.00, averaging 15.88 Mexican pesos per $1.00.

The following table sets out the impact on forecasted 2016 total cash costs per ounce of gold produced on a by-product basis of specifically identified changes in assumed metal prices, the diesel price and exchange rates. Specifically identified changes in each variable were considered in isolation while holding all other assumptions constant. Based on historical market data and the 2015 price ranges shown above, these specifically identified changes in assumed metal prices and exchange rates are reasonably likely in 2016.

Changes in Variable	Impact on Forecasted 2016 Total Cash Costs per Ounce of Gold Produced (By-Product Basis)
Silver – $1 per ounce	$2
Zinc – 10%	–
Copper – 10%	–
Diesel – 10%	$2
Canadian dollar/US dollar – 1%	$5
Euro/US dollar – 1%	$1
Mexican peso/US dollar – 10%	$3

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Board-approved Risk Management Policies and Procedures. The Company has a long-standing policy of no forward gold sales. However, the policy does allow the Company to use other hedging strategies where appropriate to mitigate foreign exchange and by-product metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum by-product metal prices while maintaining full exposure to the price of gold. The Risk Management Committee has approved the strategy of using short-term call options in an attempt to enhance the realized by-product metal prices. The Company's policy does not allow speculative trading.

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant currency risk exposure. The Company enters into currency hedging transactions under its Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), as it does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes.

Cost Inputs

The Company considers and may enter into risk management strategies to mitigate price risk on certain consumables including, but not limited to, diesel fuel. These strategies have largely been confined to longer term purchasing contracts but may include financial and derivative instruments.

Interest Rates

The Company's current exposure to market risk for changes in interest rates relates primarily to drawdowns on its Credit Facility and its investment portfolio. Drawdowns on the Credit Facility are used primarily to fund a portion of the capital expenditures related to the Company's development projects and working capital requirements. As at December 31, 2015, the Company had drawn down $265.0 million on the Credit Facility. In addition, the Company invests its cash in investments with short maturities or with frequent interest reset terms and a credit rating of R1-High or better. As a result, the Company's interest income fluctuates with short-term market conditions. As at December 31, 2015, short-term investments were $7.4 million.

Amounts drawn under the Credit Facility are subject to floating interest rates based on benchmark rates available in the United States and Canada or on LIBOR. In the past, the Company has entered into derivative instruments to hedge against unfavorable changes in interest rates. The Company will continue to monitor its interest rate exposure and may enter into such agreements to manage its exposure to fluctuating interest rates.

Financial Instruments

The Company occasionally enters into contracts to limit the risk associated with decreased by-product metal prices, increased foreign currency costs (including capital expenditures) and input costs. The contracts act as economic hedges of underlying exposures and are not held for speculative purposes. Agnico Eagle does not use complex derivative contracts to hedge exposures.

Using financial instruments creates various financial risks. Credit risk is the risk that the counterparties to financial contracts will fail to perform on an obligation to the Company. Credit risk is partially mitigated by dealing with high quality counterparties such as major banks. Market liquidity risk is the risk that a financial position cannot be liquidated quickly. The Company primarily mitigates market liquidity risk by spreading out the maturity of financial contracts over time, usually based on projected production levels for the specific metal being hedged, such that the relevant markets will be able to absorb the contracts. Mark-to-market risk is the risk that an adverse change in market prices for metals will affect financial condition. Because derivative contracts are primarily used as economic hedges, changes in mark-to-market value may impact income. For a description of the accounting treatment of derivative financial instruments, please see *Critical IFRS Accounting Policies and Accounting Estimates – Derivative Instruments and Hedge Accounting* in this MD&A.

Operational Risk

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, ground conditions, pit wall failures, flooding and gold bullion losses. The occurrence of these or similar types of events and circumstances may result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and 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 coverage in certain unforeseen circumstances. The Company may also become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it has elected not to insure because of premium costs or other reasons. The Company also 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 relative mine site gold production contributions are expected to continue to diversify in 2016 compared with prior years. The Meadowbank mine, which was the Company's most significant payable gold production contributor in 2015 at 22.8%, is expected to account for 19.7% of the Company's payable gold production in 2016.

The following table sets out expected 2016 payable gold production by mine:

	Expected Payable Gold Production (Ounces)	Expected Payable Gold Production (%)
LaRonde mine	275,000	17.8
Lapa mine	60,000	3.9
Goldex mine	105,000	6.8
Meadowbank mine	305,000	19.7
Canadian Malartic mine	280,000	18.1
Kittila mine	200,000	13.0
Pinos Altos mine	175,000	11.3
Creston Mascota deposit at Pinos Altos	45,000	2.9
La India mine	100,000	6.5
Total	1,545,000	100.0

Mining is a complex and unpredictable business and, therefore, actual payable gold production may differ from expectations. Adverse conditions affecting mining or milling may have a material adverse impact on the Company's financial performance and results of operations. The Company anticipates using revenue generated by its operations to finance the capital expenditures required at its mine projects.

The Company may not achieve expected payable gold production levels as a result of occurrences such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of a production hoist, an autoclave, a filter press or a grinding mill. Payable gold production may also be affected by unfavorable weather conditions, ground conditions or seismic activity, lower than expected ore grades, higher than expected dilution, electrical power interruptions, the physical or metallurgical characteristics of the ore and heap leach processing resulting in containment discharge. The Company has failed to meet payable gold production forecasts in the past due to adverse conditions such as rock falls, production drilling challenges, lower than planned mill recoveries and grades, higher than expected dilution, mine structural issues and delays in the commencement of production and ramp up at new mines. On October 19, 2011, the Company suspended mining operations and gold production at the Goldex mine's Goldex Extension Zone indefinitely due to geotechnical concerns with the rock above the mining horizon, significantly impacting Agnico Eagle's payable gold production. On September 30, 2012, the Creston Mascota deposit at Pinos Altos experienced a movement of leached ore from the upper lifts of the Phase One leach pad, resulting in a temporary suspension of active leaching through March 13, 2013 and significantly impacting the Company's payable gold production. Occurrences of this nature and other accidents, adverse conditions, operational problems or regulatory circumstances in future years may result in the Company's failure to achieve current or future production expectations.

The LaRonde mine extension is one of the deepest operations in the Western Hemisphere, with an expected maximum depth of over 3 kilometres. The operations of the LaRonde mine extension rely on new infrastructure for hauling ore and materials to the surface, including a winze (or internal shaft) and a series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde mine. In 2012, challenges associated with heat and congestion in the LaRonde mine extension caused a delay in the expected ramp up in gold production. Although a new cooling plant began operating in December 2013, the depth of the operations could continue to pose significant challenges to the Company, such as geomechanical risks and ventilation and air conditioning requirements, which may result in difficulties and delays in achieving gold production objectives.

The continued sustaining development of the LaRonde mine extension is subject to a number of risks and challenges, including unforeseen geological formations, the implementation of new mining processes, and engineering and mine design adjustments. These occurrences may result in operational delays and in additional costs being incurred by the Company beyond those budgeted.

The Company's stated mineral reserves and mineral resources 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 expected grades of the mineral reserves and mineral resources. The estimates of mineral reserves and mineral resources have been determined based on, among other things, assumed metal prices, foreign exchange rates and operating costs. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should such reductions occur, the Company may be required to record a material impairment loss on its investment in mining properties or delay or discontinue production or the development of new projects, resulting in net losses and reduced cash flow. Market price fluctuations of gold (or applicable by-product metal prices), as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral reserves and mineral resources. Short-term factors relating to the mineral reserve, such as the need for orderly development of orebodies or the processing of new or different grades, may impair the profitability of a mine in any particular reporting period.

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

The Company's operations include a mine in Finland and mines in 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 Canadian properties. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; risks of war or civil unrest; increased regulatory requirements; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; corruption; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions and currency controls. In addition, the Company must comply with multiple and potentially conflicting regulations in Canada, the United States, Europe and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements.

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

Regulatory Risk

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

Controls Evaluation

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P"). The Company's management, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its ICFR and DC&P as at December 31, 2015. Based on this evaluation, management concluded that the Company's ICFR and DC&P were effective.

Outstanding Securities

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at February 29, 2016 were exercised:

Common shares outstanding at February 29, 2016	219,677,985
Employee stock options	9,566,989
Common shares held in a trust in connection with the Restricted Share Unit plan, Performance Share Unit plan and Long Term Incentive Plan	848,176
Total	230,093,150

Governance

Agnico Eagle's Sustainable Development Policy, approved by the Board of Directors in 2012, formally outlines the guiding principles and commitments that the Company strives to uphold. The Sustainable Development Policy is based on four fundamental values of sustainable development at Agnico Eagle: respect for the Company's employees; protection of the environment; safe operations; and respect for the Company's communities.

Sustainable Development Management

In 2015, the Company continued the process of integrating sustainability into all aspects and stages of its business, from the corporate objectives and executive responsibility of 'maintaining high standards in sustainability' to exploration and acquisition activities, day to day operating and site closure plans. This integration is intended to lead to employees taking greater ownership towards the implementation of responsible mining practices, thereby reducing risk.

This integration process is done through the development and implementation of a formal Health, Safety, Environment and Community Management System, termed the Responsible Mining Management System ("RMMS"). The aim of the RMMS is to further promote a culture of accountability and leadership in managing health, safety, environmental and social acceptability matters. RMMS documentation is supported by the software Intelex, which is widely used in the Canadian mining industry and is consistent with the ISO 14001 Environmental Management System and the BS OHSAS 18001 Occupational Health and Safety Management System.

Agnico Eagle became a signatory of the International Cyanide Management Code (the "Cyanide Code") in 2011. The Company's commitments as a signatory to the Cyanide Code are incorporated in the RMMS. Cyanide Code requirements certification was received by the Company's Kittila, Pinos Altos and Meadowbank mines in 2015.

The RMMS also integrates the requirements of the Mining Association of Canada's industry leading Towards Sustainable Mining Initiative (the "TSM Initiative"), as well as the Global Reporting Initiative's sustainability reporting guidelines for the mining industry. In December 2010, Agnico Eagle became a member of the Mining Association of Canada and endorsed the TSM Initiative. The TSM Initiative was developed to help mining companies evaluate the quality, comprehensiveness and robustness of their management systems under six performance protocols: crisis management; energy and greenhouse gas emissions management; tailings management; biodiversity conservation management; health and safety; and aboriginal relations and community outreach. In 2015, all of Agnico Eagle's mines completed an external audit evaluating the TSM protocols. As a result of the TSM protocols audit, the Mining Association of Canada recognized the Kittila, Goldex and LaRonde mines with achievement awards for having reached A level status in all protocols. Of the 132 indicators reviewed, all but 8 achieved an A level status. The Company has developed action plans to address the 8 indicators reviewed that did not achieve an A level status.

Employee Health and Safety

The Company is responsible for providing employees with a safe working environment and with the tools and training to carry out their duties in an efficient and safe manner. In 2015, Agnico Eagle's combined lost-time accident ("LTA") frequency rate was significantly lower than its target rate, and 17.0% lower than 2014. The Company has now achieved its lowest ever combined LTA rate for the fifth year in a row.

In 2015, an action plan was implemented to address risks identified through a Company-wide risk assessment to identify and classify health and safety risks as well as risks to the environment and local communities.

One of the measures implemented by the Company to improve safety performance is the workplace safety card system. This system was implemented across the Company to strengthen its risk-based training program. Developed by the Quebec Mining Association, the safety card system teaches workers and supervisors to use risk-based thinking in their duties. Workers and their supervisors must meet each day to discuss on-the-job health and safety matters. The safety card system also allows the Company's workers and supervisors to document daily inspections and record observations on conditions in the workplace, as well as the nature of risks, issues and other information. In addition, it allows supervisors to exchange and analyze information between shifts to improve efficiency and safety.

Each of the Company's mining operations has its own Emergency Response Plan and has personnel trained to respond to safety, fire and environmental emergencies. Each mine also maintains the appropriate response equipment.

Community

The Company's goal at each of its operations is to hire as much as possible of its workforce, including management teams, directly from the local region in which the operation is located. In 2015, the proportion of Agnico Eagle's mine workforce hired locally was 80.0% while the proportion of the mine management team hired locally was 71.0%. The Company believes that providing employment is one of the most significant contributions it can make to the communities in which it operates. In 2015, Agnico Eagle continued its partnership with the Kivalliq Mine Training Society to build a qualified workforce pool in the Kivalliq region of Nunavut.

Agnico Eagle works closely with neighbouring communities to develop alternative employment and business opportunities to help diversify local economies. The Company also continues to support a number of community health and educational initiatives surrounding its mines. In 2015, the Company worked with the community of Baker Lake, Nunavut in developing a plan to improve community wellness.

Environment

In 2015, a leakage of discharge quality water occurred in one corner of the neutralized precipitate tailings pond at the Kittila mine. The discharge was controlled and a remediation plan that was approved by the relevant authority was implemented.

The appeal process related to the July 2013 Kittila mine updated environmental permit continued in 2015. A final decision is expected in 2016.

In 2015, a project certificate for the Meliadine project was received from the Nunavut Impact Review Board and a type B water licence for pre-development work was received from the Nunavut Water Board. A type B water licence for the construction of an exploration road from the Meadowbank mine to the Amaruq project was also received from the Nunavut Water Board in 2015. An application for the Meliadine project type A water licence (operating licence) was filed in 2015 and the licence is expected to be received in 2016.

The Canadian Malartic mine received regulatory notice of 25 infractions in 2015 related primarily to noise, blasting fumes and overpressure. Progress has been made addressing such issues since 2014.

In August 2015, Agnico Eagle received a summons to appear in court for an alleged environmental offence that occurred in July 2013 at the Meadowbank mine. The summons refers to the alleged release of a deleterious substance into the environment (a lake frequented by fish) and the failure to report it to authorities. The case is expected to go through the court system in 2016.

International Financial Reporting Standards

The Company has adopted IFRS as its basis of accounting, replacing US GAAP effective July 1, 2014. As a result, Agnico Eagle's consolidated financial statements for 2015 are reported in accordance with IFRS, with comparative information restated under IFRS and a transition date of January 1, 2013.

Generally Accepted Accounting Principles ("GAAP") for Canadian publicly accountable enterprises became IFRS as issued by the International Accounting Standards Board in 2011 and the US Securities and Exchange Commission ("SEC") in the United States accepts financial statements prepared in accordance with IFRS without reconciliation to US GAAP from foreign private issuers. Accordingly, Agnico Eagle decided to convert its basis of accounting to IFRS to enhance the comparability of its financial statements to the Company's peers in the mining industry.

Agnico Eagle developed and executed a detailed IFRS conversion plan including an assessment phase, an impact analysis and design phase and an implementation phase, culminating in the Company's initial reporting in accordance with IFRS in the third quarter of 2014.

Critical IFRS Accounting Policies and Accounting Estimates

Agnico Eagle's significant IFRS accounting policies are disclosed in the Summary of Significant Accounting Policies note to the consolidated financial statements.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical experience and assumptions that are considered reasonable in the circumstances. Although the Company evaluates its accounting estimates periodically, actual results may differ from these estimates.

The Company believes the following critical accounting policies relate to its more significant judgments and estimates used in the preparation of its consolidated financial statements. Management has discussed the development and selection of the following critical accounting policies with the Audit Committee which has reviewed the Company's disclosure in this MD&A.

Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments (primarily option and forward contracts) to manage exposure to fluctuations in by-product metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs. The Company does not hold financial instruments or derivative financial instruments for trading purposes.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in the consolidated statements of income and comprehensive income or in equity as a component of accumulated other comprehensive income, depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness at each reporting period. Realized gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

Goodwill

Goodwill is recognized in a business combination if the cost of the acquisition exceeds the fair values of the identifiable net assets acquired. Goodwill is then allocated to the cash generating unit ("CGU") or group of CGUs that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are not reversed.

The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal.

Mining Properties, Plant and Equipment and Mine Development Costs

Mining properties, plant and equipment and mine development costs are recorded at cost, less accumulated amortization and accumulated impairment losses.

Mining Properties

The cost of mining properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, underground mine development costs, deferred stripping, capitalized exploration and evaluation costs and capitalized borrowing costs.

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when commercial production commences, using the units-of-production method, based on estimated proven and probable mineral reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined that the property has no future economic value. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Assets under construction are not amortized until the end of the construction period or once commercial production is achieved. Upon achieving the production stage, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Plant and Equipment

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. The cost of an item of plant and equipment includes: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the estimate of the costs of dismantling and removing the item and restoring the site on which it is located other than costs that arise as a consequence of having used the item to produce inventories during the period.

Amortization of an asset begins when the asset is in the location and condition necessary for it to operate in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale or the date the asset is derecognized. Assets under construction are not amortized until the end of the construction period. Amortization is charged according to either the units-of-production method or on a straight-line basis, according to the pattern in which the asset's future economic benefits are expected to be consumed. The amortization method applied to an asset is reviewed at least annually.

Useful lives of property, plant and equipment are based on estimated mine lives as determined by proven and probable mineral reserves. Remaining mine lives at December 31, 2015 range from 1 to 20 years.

Mine Development Costs

Mine development costs incurred after the commencement of production are capitalized when they are expected to have a future economic benefit. Activities that are typically capitalized include costs incurred to build shafts, drifts, ramps and access corridors which enable the Company to extract ore underground.

The Company records amortization on underground mine development costs on a units-of-production basis based on the estimated tonnage of proven and probable mineral reserves of the identified component of the ore body. The units-of-production method defines the denominator as the total tonnage of proven and probable mineral reserves.

Deferred Stripping

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

During the development stage of the mine, stripping costs are capitalized as part of the cost of building, developing and constructing the mine and are amortized once the mine has entered the production stage.

During the production stage of a mine, stripping costs are recorded as a part of the cost of inventories unless these costs are expected to provide a future economic benefit and, in such cases, are capitalized to property, plant and mine development.

Production stage stripping costs provide a future economic benefit when:

- It is probable that the future economic benefit (*e.g.*, improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Capitalized production stage stripping costs are amortized over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Borrowing Costs

Borrowing costs are capitalized to qualifying assets. Qualifying assets are assets that take a substantial period of time to prepare for the Company's intended use, which includes projects that are in the exploration and evaluation, development or construction stages.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Company are classified as finance leases. Finance leases are recorded as an asset with a corresponding liability at an amount equal to the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs using the effective interest rate method, whereby a constant rate of interest expense is recognized on the balance of the liability outstanding. The interest element of the lease is charged to the consolidated statement of income as a finance cost. An asset leased under a finance lease is amortized over the shorter of the lease term and its useful life.

All other leases are recognized as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statements of income on a straight-line basis over the lease term.

Development Stage Expenditures

Development stage expenditures are costs incurred to obtain access to proven and probable mineral reserves and provide facilities for extracting, treating, gathering, transporting and storing the minerals. The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs that are directly attributable to mine development are capitalized as property, plant and mine development to the extent that they are necessary to bring the property to commercial production.

Abnormal costs are expensed as incurred. Indirect costs are included only if they can be directly attributed to the area of interest. General and administrative costs are capitalized as part of the development expenditures when the costs are directly attributed to a specific mining development project.

Commercial Production

A mine construction project is considered to have entered the production stage when the mine construction assets are available for use. In determining whether mine construction assets are considered available for use, the criteria considered include, but are not limited to, the following:

- Completion of a reasonable period of testing mine plant and equipment;
- Ability to produce minerals in saleable form (within specifications); and
- Ability to sustain ongoing production of minerals.

When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

Impairment of Long-lived Assets

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount. The impairment loss related to a CGU is first allocated to goodwill and the remaining loss is allocated on a pro-rata basis to the remaining long-lived assets of the CGU based on their carrying amounts.

Any impairment charge that is taken on a long-lived asset except goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, a recovery should be recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. Impairments and subsequent reversals are recorded in the consolidated statement of income in the period in which they occur.

Reclamation Provisions

Asset retirement obligations ("AROs") arise from the acquisition, development and construction of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure and rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes an ARO at the time the environmental disturbance occurs or a constructive obligation is determined to exist based on the Company's best estimate of the timing and amount of expected cash flows expected to be incurred. When the ARO provision is recognized, the corresponding cost is capitalized to the related item of property, plant and mine development. Reclamation provisions that result from disturbance in the land to extract ore in the current period is included in the cost of inventories.

The timing of the actual environmental remediation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate. AROs are adjusted each period to reflect the passage of time (accretion). Accretion expense is recorded in financing costs each period. Upon settlement of an ARO, the Company records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains or losses are recorded in the consolidated statements of income.

Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the quantities of material in proven and probable mineral reserves and a corresponding change in the life-of-mine plan, changing ore characteristics that impact required environmental protection measures and related costs, changes in water quality that impact the extent of water treatment required and changes in laws and regulations governing the protection of the environment.

Each reporting period, provisions for AROs are re-measured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of income.

Environmental remediation liabilities ("ERLs") are differentiated from AROs in that ERLs do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal or constructive obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income. Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income.

Stock-based Compensation

The Company offers equity-settled awards (the employee stock option plan, incentive share purchase plan and Restricted Share Unit plan) to certain employees, officers and directors of the Company.

Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of income and comprehensive income or in the consolidated balance sheets if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

Fair value is determined using the Black-Scholes option valuation model, which requires the Company to estimate the expected volatility of the Company's share price and the expected life of the stock options. Limitations with existing option valuation models and the inherent difficulties associated with estimating these variables create difficulties in determining a reliable single measure of the fair value of stock option grants. The cost is recorded over the vesting period of the award to the same expense category of the award recipient's payroll costs and the corresponding entry is recorded in equity. Equity-settled awards are not re-measured subsequent to the initial grant date. The dilutive impact of stock option grants is factored into the Company's reported diluted net income per share. The stock option expense incorporates an expected forfeiture rate, estimated based on expected employee turnover.

Incentive Share Purchase Plan ("ISPP")

Under the ISPP, directors (excluding non-executive directors), officers and employees (the participants) of the Company may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each participant's contribution. All common shares subscribed for under the ISPP are issued by the Company.

The Company records an expense equal to its cash contribution to the ISPP. No forfeiture rate is applied to the amounts accrued. Where an employee leaves prior to the vesting date, any accrual for contributions by the Company during the vesting period related to that employee is reversed.

Restricted Share Unit ("RSU") Plan

The RSU plan is open to directors and certain employees including senior executives of the Company. Common shares are purchased and held in a trust until they have vested. The cost is recorded over the vesting period of the award to the same expense category as the award recipient's payroll costs. The cost of the RSUs is recorded within equity until settled. Equity-settled awards are not remeasured subsequent to the initial grant date.

Revenue Recognition

Revenue from mining operations consists of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from by-product metal sales are shown net of smelter charges as part of revenues from mining operations.

Revenue from the sale of gold and silver is recognized when the following conditions have been met:

- The Company has transferred to the buyer the significant risks and rewards of ownership;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from gold and silver in the form of dore bars is recorded when the refined gold or silver is sold and delivered to the customer. Generally, all of the gold and silver in the form of dore bars recovered in the Company's milling process is sold in the period in which it is produced.

Under the terms of the Company's concentrate sales contracts with third-party smelters, final prices for the metals contained in the concentrate are determined based on the prevailing spot market metal prices on a specified future date, which is established as of the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when the risks and rewards of ownership of the concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Income Taxes

Current tax and deferred tax expenses are recognized in the consolidated statements of income except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income (loss).

Current tax expense is based on substantively enacted statutory tax rates and laws at the consolidated balance sheet date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities measured using tax rates and laws that are substantively enacted at the consolidated balance sheet date and effective for the reporting period when the temporary differences are expected to reverse.

Deferred taxes are not recognized in the following circumstances:

- Where the deferred tax liability arises from the initial recognition of goodwill;
- Where the deferred tax asset or liability arises on the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither net income nor income before income and mining taxes; and
- For temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that the Company can control the timing of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused losses carried forward and deductible temporary differences to the extent that it is probable that future taxable net income will be available against which they can be utilized except as noted above.

At each reporting period, previously unrecognized deferred tax assets are reassessed to determine whether it has become probable that future taxable net income will allow the deferred tax assets to be recovered.

Recently Issued Accounting Pronouncements

IFRS 9 – Financial Instruments

In July 2014, the IASB issued IFRS 9 – *Financial Instruments* which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. Agnico Eagle is evaluating the impact of the adoption of IFRS 9 on the Company's consolidated financial statements along with the timing of adoption.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018, with earlier adoption permitted. Agnico Eagle is evaluating the impact of the adoption of IFRS 15 on the Company's consolidated financial statements along with the timing of adoption.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – *Leases* which brings most leases on-balance sheet for lessees by eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17 – *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Agnico Eagle is currently evaluating the impact of the adoption of IFRS 16 on the Company's consolidated financial statements along with the timing of adoption.

Mineral Reserve Data

The scientific and technical information set out in this MD&A has been approved by the following "qualified persons" as defined under the CSA's National Instrument 43-101 *Standards of Disclosure for Mineral Properties*: mineral reserves and mineral resources (other than for the Canadian Malartic mine) – Daniel Doucet, Eng., Senior Corporate Director, Reserve Development; mineral reserves and mineral resources (for the Canadian Malartic mine) – Donald Gervais, P.Geo., Director of Technical Services at Canadian Malartic Corporation; Quebec operations – Christian Provencher, Eng., Vice-President, Canada; Nunavut operations – Dominique Girard, Eng., Vice-President, Technical Services and Nunavut Operations; Kittila operations – Francis Brunet, Eng., Corporate Director, Mining; Southern Business operations – Tim Haldane, P.Eng., Senior Vice-President, Operations – USA & Latin America; and exploration – Alain Blackburn, Eng., Senior Vice-President, Exploration and Guy Gosselin, Eng., Vice-President, Exploration. The Company's mineral reserves estimate was derived from internally generated data or geology reports.

The assumptions used for the mineral reserve estimates at all mines and projects reported in this MD&A (except the Canadian Malartic mine) as at December 31, 2015 are $1,100 per ounce gold, $16.00 per ounce silver, $0.90 per pound zinc and $2.50 per pound copper. Exchange rate assumptions of C$1.16 per US$1.00, €0.83 per US$1.00 and 14.00 Mexican pesos per $1.00 were used for all mines and projects other than the Lapa mine, the Meadowbank mine, the Creston Mascota deposit at Pinos Altos and the Santo Nino open pit at Pinos Altos, which used exchange rate assumptions of C$1.30 per US$1.00 and 16.00 Mexican pesos per $1.00 due to their shorter mine lives. The assumptions used for the mineral reserve estimates reported in this MD&A for the Canadian Malartic mine as at December 31, 2015 are $1,150 per ounce gold and an exchange rate of C$1.24 per US$1.00.

Proven and Probable Mineral Reserves by Property[i]	Tonnes	Gold Grade (Grams per Tonne)	Contained Gold (Ounces)[ii]
Proven Mineral Reserves			
LaRonde mine	3,455,000	4.09	454,000
Lapa mine	444,000	5.49	78,000
Goldex mine	300,000	1.54	15,000
Meadowbank mine	1,203,000	1.51	58,000
Canadian Malartic mine (attributable 50.0%)	27,446,000	0.97	860,000
Meliadine project	34,000	7.31	8,000
Kittila mine	1,059,000	4.28	146,000
Pinos Altos mine	2,769,000	3.08	274,000
Creston Mascota deposit at Pinos Altos	187,000	0.68	4,000
La India mine	244,000	0.68	5,000
Total Proven Mineral Reserves	37,141,000	1.59	1,903,000
Probable Mineral Reserves			
LaRonde mine	14,765,000	5.59	2,654,000
Goldex mine	12,644,000	1.61	653,000
Akasaba project	4,759,000	0.92	141,000
Meadowbank mine	9,586,000	2.87	885,000
Canadian Malartic mine (attributable 50.0%)	83,320,000	1.12	3,002,000
Meliadine project	14,495,000	7.32	3,410,000
Kittila mine	27,136,000	4.82	4,208,000
Pinos Altos mine	12,967,000	2.84	1,185,000
Creston Mascota deposit at Pinos Altos	4,026,000	1.33	172,000
La India mine	29,743,000	0.90	862,000
Total Probable Mineral Reserves	213,442,000	2.50	17,172,000
Total Proven and Probable Mineral Reserves	250,583,000	2.37	19,075,000

Notes:

(i) Complete information on the verification procedures, quality assurance program, quality control procedures, operating and capital cost assumptions, parameters and methods and other factors that may materially affect scientific and technical information presented in this MD&A and definitions of certain terms used herein may be found in: the AIF under the caption "Information on Mineral Reserves and Mineral Resources of the Company"; the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR on March 23, 2005; the Technical Report on the Lapa Gold Project filed with Canadian securities regulatory authorities on SEDAR on June 8, 2006; the Technical Report on the December 31, 2009 Mineral Reserve and Mineral Resource Estimate and the Suuri Extension Project, Kittila Mine, Finland filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010; the Technical Report on the Mineral Resources and Mineral Reserves at Meadowbank Gold Mine, Nunavut, Canada as at December 31, 2011 filed with Canadian securities regulatory authorities on SEDAR on March 23, 2012; the Pinos Altos Gold-Silver Mining Project, Chihuahua State, Mexico, Technical Report on Mineral Resources and Reserves as of December 31, 2008 filed with Canadian securities regulatory authorities on March 25, 2009; the Updated Technical Report on the Meliadine Gold Project, Nunavut, Canada dated February 11, 2015 filed with Canadian securities regulatory authorities on SEDAR on March 12, 2015; the Technical Report on the June 30, 2012 Update of the Mineral Resources and Mineral Reserves, La India Gold Project, Municipality of Sahuaripa, Sonora, Mexico dated August 31, 2012 filed with Canadian securities regulatory authorities on SEDAR on October 12, 2012; the Technical Report on Restatement of the Mineral Resources at Goldex Mine, Quebec, Canada as at October 19, 2011 filed with Canadian securities regulatory authorities on SEDAR on December 5, 2011; the Technical Report on Production of the M and E Zones at Goldex Mine dated October 14, 2012 filed with the Canadian securities regulatory authorities on SEDAR on November 1, 2012; and the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Canadian Malartic Property as at June 16, 2014 filed with Canadian securities regulatory authorities on SEDAR on August 13, 2014.

(ii) Total contained gold ounces does not include equivalent gold ounces for the by-product metals contained in the mineral reserves.

Non-GAAP Financial Performance Measures

This MD&A presents certain financial performance measures, including adjusted net income, total cash costs per ounce of gold produced (on both a by-product and co-product basis), minesite costs per tonne and all-in sustaining costs per ounce of gold produced, that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS.

Adjusted Net Income

Adjusted net income is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting net income (loss) as recorded in the consolidated statements of income (loss) and comprehensive income (loss) for non-recurring, unusual and other items. The Company believes that this generally accepted industry measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted net income is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

	2015	2014	2013
	(thousands of United States dollars)		
Net income (loss) for the period – basic	$ 24,583	$ 82,970	$(686,705)
Less: Dilutive impact of CMGP Convertible Debentures(i)	–	(7,345)	–
Net income (loss) for the period – diluted	$ 24,583	$ 75,625	$(686,705)
Impairment loss on available-for-sale securities	12,035	15,763	32,476
Gain on sale of available-for-sale securities	(24,600)	(5,635)	(74)
Foreign currency translation (gain) loss	(4,728)	3,781	1,769
Loss on derivative financial instruments	19,608	6,156	268
Stock options expense	19,490	20,092	26,398
Mark-to-market loss (gain) on CMGP Convertible Debentures(ii)	2,416	(7,995)	–
Impairment loss, net of tax	–	–	748,157
Income and mining taxes adjustments	24,742	23,323	44,256
Other	19,442	5,832	21,097
Adjusted net income for the period – basic	$ 92,988	$144,287	$ 187,642
Adjusted net income for the period – diluted	$ 92,988	$144,937	$ 187,642
Net income (loss) per share – basic	$ 0.11	$ 0.43	$ (3.97)
Net income (loss) per share – diluted	$ 0.11	$ 0.39	$ (3.97)
Adjusted net income per share – basic	$ 0.43	$ 0.74	$ 1.09
Adjusted net income per share – diluted	$ 0.43	$ 0.74	$ 1.09

Notes:

(i) In connection with the joint acquisition of Osisko on June 16, 2014, Agnico Eagle indirectly assumed its attributable interest in the CMGP Convertible Debentures. On June 30, 2015, the negotiated early settlement of all the CMGP Convertible Debentures was completed, resulting in principal outstanding of nil. The impact of the CMGP Convertible Debentures has been included in the calculation of diluted net income, diluted adjusted net income, diluted net income per share and diluted adjusted net income per share where dilutive and has been excluded from the calculation of diluted net income, diluted adjusted net income, diluted net income per share and diluted adjusted net income per share where anti-dilutive. The dilutive impact of CMGP the Convertible Debentures was excluded from the calculation of diluted net income, diluted adjusted net income, diluted net income per share and diluted adjusted net income per share for the year ended December 31, 2015 as their impact would have been anti-dilutive for the portion of the year they were outstanding.

(ii) Where the impact of the CMGP Convertible Debentures is dilutive, the adjustment for mark-to-market loss (gain) on CMGP Convertible Debentures is excluded from the calculation of adjusted net income for the period on a diluted basis as it is already incorporated in the calculation of net income (loss) for the period on a diluted basis.

Total Cash Costs per Ounce of Gold Produced and Minesite Costs per Tonne

The Company believes that total cash costs per ounce of gold produced and minesite costs per tonne are realistic indicators of operating performance and facilitate period over period comparisons. However, both of these non-GAAP generally accepted industry measures should be considered together with other data prepared in accordance with IFRS. These measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Total cash costs per ounce of gold produced is calculated on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income and comprehensive income for by-product revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash cost per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs per ounce of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

Agnico Eagle's primary business is gold production and the focus of its current operations and future development is on maximizing returns from gold production, with other metal production being incidental to the gold production process. Accordingly, all metals other than gold are considered by-products.

Total cash costs per ounce of gold produced is presented on a by-product basis because (i) the majority of the Company's revenues are gold revenues, (ii) the Company mines ore, which contains gold, silver, zinc, copper and other metals, (iii) it is not possible to specifically assign all costs to revenues from the gold, silver, zinc, copper and other metals the Company produces, and (iv) it is a method used by management and the Board to monitor operations.

Minesite costs per tonne is calculated by adjusting production costs as shown in the consolidated statements of income and comprehensive income for unsold concentrate inventory production costs and other adjustments and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced measure can be affected by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations. Management also uses minesite costs per tonne to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be affected by fluctuations in production levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.

Total cash costs per ounce of gold produced and minesite costs per tonne have been restated to conform with IFRS for all reported periods.

The following tables set out a reconciliation of total cash costs per ounce of gold produced (on both a by-product basis and co-product basis) and minesite costs per tonne to production costs, exclusive of amortization, as presented in the consolidated statements of income and comprehensive income in accordance with IFRS.

Total Production Costs by Mine

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars)		
LaRonde mine	$ 172,283	$ 188,736	$ 228,640
Lapa mine	52,571	61,056	69,371
Goldex mine(i)	61,278	64,836	15,339
Meadowbank mine	230,564	270,824	318,414
Canadian Malartic mine(ii)	171,473	113,916	–
Kittila mine(iii)	126,095	116,893	97,934
Pinos Altos mine	105,175	123,342	116,959
Creston Mascota deposit at Pinos Altos(iv)	26,278	28,007	19,425
La India mine(v)	49,578	36,949	–
Production costs per the consolidated statements of income and comprehensive income	$ 995,295	$1,004,559	$ 866,082

Reconciliation of Production Costs to Total Cash Costs per Ounce of Gold Produced(vi) by Mine and Reconciliation of Production Costs to Minesite Costs per Tonne(vii) by Mine

LaRonde Mine – Total Cash Costs per Ounce of Gold Produced(vi)	**Year Ended December 31, 2015**	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
	(thousands of United States dollars, except as noted)		
Production costs	$ 172,283	$ 188,736	$ 228,640
Adjustments:			
Inventory and other adjustments(viii)	31,417	27,070	31,855
Cash operating costs (co-product basis)	$ 203,700	$ 215,806	$ 260,495
By-product metal revenues	(45,678)	(79,015)	(121,035)
Cash operating costs (by-product basis)	$ 158,022	$ 136,791	$ 139,460
Gold production (ounces)	267,921	204,652	181,781
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 760	$ 1,055	$ 1,433
By-product basis	$ 590	$ 668	$ 767

LaRonde Mine – Minesite Costs per Tonne(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 172,283	$ 188,736	$ 228,640
Inventory and other adjustments(ix)	2,582	(1,511)	(6,259)
Minesite operating costs	$ 174,865	$ 187,225	$ 222,381
Minesite operating costs (thousands of C$)	C$222,799	C$206,858	C$229,004
Tonnes of ore milled (thousands of tonnes)	2,241	2,085	2,319
Minesite costs per tonne (C$)(vii)	C$ 99	C$ 99	C$ 99

Lapa Mine – Total Cash Costs per Ounce of Gold Produced(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 52,571	$ 61,056	$ 69,371
Adjustments:			
Inventory and other adjustments(viii)	1,161	750	(1,105)
Cash operating costs (co-product basis)	$ 53,732	$ 61,806	$ 68,266
By-product metal revenues	(62)	(61)	(22)
Cash operating costs (by-product basis)	$ 53,670	$ 61,745	$ 68,244
Gold production (ounces)	90,967	92,622	100,730
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 591	$ 667	$ 678
By-product basis	$ 590	$ 667	$ 677

Lapa Mine – Minesite Costs per Tonne(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 52,571	$ 61,056	$ 69,371
Inventory and other adjustments(ix)	(1,000)	545	(1,216)
Minesite operating costs	$ 51,571	$ 61,601	$ 68,155
Minesite operating costs (thousands of C$)	C$ 65,686	C$ 68,128	C$ 70,194
Tonnes of ore milled (thousands of tonnes)	560	639	640
Minesite costs per tonne (C$)(vii)	C$ 117	C$ 107	C$ 110

Goldex Mine – Total Cash Costs per Ounce of Gold Produced(i)(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 61,278	$ 64,836	$ 15,339
Adjustments:			
Inventory and other adjustments(viii)	878	(720)	1,924
Cash operating costs (co-product basis)	$ 62,156	$ 64,116	$ 17,263
By-product metal revenues	(23)	(20)	(3)
Cash operating costs (by-product basis)	$ 62,133	$ 64,096	$ 17,260
Gold production (ounces)	115,426	100,433	19,305
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 538	$ 638	$ 894
By-product basis	$ 538	$ 638	$ 894

Goldex Mine – Minesite Costs per Tonne(i)(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 61,278	$ 64,836	$ 15,339
Inventory and other adjustments(ix)	(1,253)	(797)	1,895
Minesite operating costs	$ 60,025	$ 64,039	$ 17,234
Minesite operating costs (thousands of C$)	C$ 76,408	C$ 70,728	C$ 18,093
Tonnes of ore milled (thousands of tonnes)	2,313	2,117	492
Minesite costs per tonne (C$)(vii)	C$ 33	C$ 33	C$ 37

Meadowbank Mine – Total Cash Costs per Ounce of Gold Produced(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 230,564	$ 270,824	$ 318,414
Adjustments:			
Inventory and other adjustments(viii)	7,282	2,688	(4,601)
Cash operating costs (co-product basis)	$ 237,846	$ 273,512	$ 313,813
By-product metal revenues	(3,665)	(2,420)	(2,343)
Cash operating costs (by-product basis)	$ 234,181	$ 271,092	$ 311,470
Gold production (ounces)	381,804	452,877	430,613
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 623	$ 604	$ 729
By-product basis	$ 613	$ 599	$ 723

Meadowbank Mine – Minesite Costs per Tonne(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 230,564	$ 270,824	$ 318,414
Inventory and other adjustments(ix)	(4,441)	2,539	(5,222)
Minesite operating costs	$ 226,123	$ 273,363	$ 313,192
Minesite operating costs (thousands of C$)	C$280,950	C$300,635	C$322,677
Tonnes of ore milled (thousands of tonnes)	4,033	4,129	4,143
Minesite costs per tonne (C$)(vii)	C$ 70	C$ 73	C$ 78

Canadian Malartic Mine – Total Cash Costs per Ounce of Gold Produced(ii)(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$171,473	$113,916	$ –
Adjustments:			
Inventory and other adjustments(viii)	3,630	(10,862)	–
Cash operating costs (co-product basis)	$175,103	$103,054	$ –
By-product metal revenues	(4,689)	(2,771)	–
Cash operating costs (by-product basis)	$170,414	$100,283	$ –
Gold production (ounces)	285,809	143,008	–
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 613	$ 721	$ –
By-product basis	$ 596	$ 701	$ –

Canadian Malartic Mine – Minesite Costs per Tonne(ii)(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 171,473	$ 113,916	$ –
Inventory and other adjustments(ix)	1,784	(11,656)	–
Minesite operating costs	$ 173,257	$ 102,260	$ –
Minesite operating costs (thousands of C$)	C$219,714	C$113,818	C$ –
Tonnes of ore milled (thousands of tonnes)	9,545	5,263	–
Minesite costs per tonne (C$)(vii)	C$ 23	C$ 22	C$ –

Kittila Mine – Total Cash Costs per Ounce of Gold Produced(iii)(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$126,095	$116,893	$ 97,934
Adjustments:			
Inventory and other adjustments(iii)(viii)	(187)	3,051	(13,442)
Cash operating costs (co-product basis)	$125,908	$119,944	$ 84,492
By-product metal revenues	(155)	(124)	(125)
Cash operating costs (by-product basis)	$125,753	$119,820	$ 84,367
Gold production (ounces)	177,374	141,742	141,031
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 710	$ 846	$ 599
By-product basis	$ 709	$ 845	$ 598

Kittila Mine – Minesite Costs per Tonne(iii)(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$126,095	$116,893	$ 97,934
Inventory and other adjustments(iii)(ix)	(374)	2,560	(13,848)
Minesite operating costs	$125,721	$119,453	$ 84,086
Minesite operating costs (thousands of €)	€111,329	€ 89,987	€ 64,102
Tonnes of ore milled (thousands of tonnes)	1,464	1,156	883
Minesite costs per tonne (€)(vii)	€ 76	€ 78	€ 73

Pinos Altos Mine – Total Cash Costs per Ounce of Gold Produced(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 105,175	$ 123,342	$ 116,959
Adjustments:			
Inventory and other adjustments(viii)	6,458	(581)	2,473
Cash operating costs (co-product basis)	$ 111,633	$ 122,761	$ 119,432
By-product metal revenues	(37,030)	(31,643)	(51,773)
Cash operating costs (by-product basis)	$ 74,603	$ 91,118	$ 67,659
Gold production (ounces)	192,974	171,019	181,773
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 578	$ 718	$ 657
By-product basis	$ 387	$ 533	$ 372

Pinos Altos Mine – Minesite Costs per Tonne(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$105,175	$123,342	$116,959
Inventory and other adjustments(ix)	2,481	(2,376)	(821)
Minesite operating costs	$107,656	$120,966	$116,138
Tonnes of ore processed (thousands of tonnes)	2,378	2,520	2,726
Minesite costs per tonne (US$)(vii)	$ 45	$ 48	$ 43

Creston Mascota deposit at Pinos Altos – Total Cash Costs per Ounce of Gold Produced(iv)(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 26,278	$ 28,007	$ 19,425
Adjustments:			
Inventory and other adjustments(iv)(viii)	(328)	1,232	(2,289)
Cash operating costs (co-product basis)	$ 25,950	$ 29,239	$ 17,136
By-product metal revenues	(2,412)	(1,574)	(795)
Cash operating costs (by-product basis)	$ 23,538	$ 27,665	$ 16,341
Gold production (ounces)	54,703	47,842	32,120
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 474	$ 611	$ 534
By-product basis	$ 430	$ 578	$ 509

Creston Mascota deposit at Pinos Altos – Minesite Costs per Tonne(iv)(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 26,278	$ 28,007	$ 19,425
Inventory and other adjustments(iv)(ix)	(757)	870	(2,564)
Minesite operating costs	$ 25,521	$ 28,877	$ 16,861
Tonnes of ore processed (thousands of tonnes)	2,099	1,794	1,023
Minesite costs per tonne (US$)(vii)	$ 12	$ 16	$ 16

La India Mine – Total Cash Costs per Ounce of Gold Produced(v)(vi)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 49,578	$ 36,949	$ –
Adjustments:			
Inventory and other adjustments(viii)	(28)	1,172	–
Cash operating costs (co-product basis)	$ 49,550	$ 38,121	$ –
By-product metal revenues	(4,058)	(3,230)	–
Cash operating costs (by-product basis)	$ 45,492	$ 34,891	$ –
Gold production (ounces)(v)	104,362	71,601	–
Total cash costs per ounce of gold produced ($ per ounce)(vi):			
Co-product basis	$ 475	$ 532	$ –
By-product basis	$ 436	$ 487	$ –

La India Mine – Minesite Costs per Tonne(v)(vii)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(thousands of United States dollars, except as noted)		
Production costs	$ 49,578	$ 36,949	$ –
Inventory and other adjustments(ix)	(657)	778	–
Minesite operating costs	$ 48,921	$ 37,727	$ –
Tonnes of ore processed (thousands of tonnes)	5,371	4,442	–
Minesite costs per tonne (US$)(vii)	$ 9	$ 8	$ –

Notes:

(i) The Goldex mine's M and E Zones achieved commercial production on October 1, 2013.

(ii) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Osisko Arrangement. As a result of the Osisko Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko (now Canadian Malartic Corporation) and Canadian Malartic GP, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine since the date of acquisition.

(iii) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Kittila mine's results for the second quarter of 2013. Due to an extended maintenance shutdown, the Kittila mine only operated for 14 days during the second quarter of 2013. The Kittila mine incurred $18,159 in production costs during the second quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne by means of the inventory and other adjustments line in their respective reconciliation tables.

(iv) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Creston Mascota deposit at Pinos Altos' results for the first quarter of 2013 due to the temporary suspension of active leaching between October 1, 2012 and March 13, 2013. The Creston Mascota deposit at Pinos Altos incurred $3,117 in production costs during the first quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne by means of the inventory and other adjustments line in their respective reconciliation tables.

(v) The La India mine achieved commercial production on February 1, 2014. The calculation of total cash costs per ounce of gold produced in the year ended December 31, 2014 excludes 3,492 ounces of payable gold production as they were produced prior to the achievement of commercial production.

(vi) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income and comprehensive income for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. The calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

(vii) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting production costs as shown in the consolidated statements of income and comprehensive income for unsold concentrate inventory production costs, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be impacted by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.

(viii) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the sales margin on the portion of concentrate production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.

(ix) This inventory and other adjustment reflects production costs associated with unsold concentrates.

All-in Sustaining Costs per Ounce of Gold Produced

All-in sustaining costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. The Company believes that this measure provides information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Based on the recommendations of the World Gold Council made in 2013, the Company modified its calculation of all-in sustaining costs per ounce of gold produced beginning in 2014. All-in sustaining costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

Prior to modifying its calculation of all-in sustaining costs per ounce of gold produced for 2014 based on the recommendations of the World Gold Council, the Company calculated all-in sustaining costs per ounce of gold produced on a by-product basis as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures, general and administrative expenses (net of stock options) and exploration and corporate development expenses (excluding greenfield exploration) per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis would have been calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues, net of smelting, refining and marketing charges would have been made to total cash costs per ounce of gold produced.

Reconciliation of Production Costs to All-in Sustaining Costs per Ounce of Gold Produced

(United States dollars per ounce of gold produced, except where noted)	**Year Ended December 31, 2015**	**Year Ended December 31, 2014**
Production costs per the consolidated statements of income (loss) (thousands of United States dollars)	$995,295	$1,004,559
Adjusted gold production (ounces)(i)	1,671,340	1,425,796
Production costs per ounce of adjusted gold production:(i)	$596	$705
Adjustments:		
Inventory and other adjustments(ii)	30	16
Total cash costs per ounce of gold produced – co-product basis(iii)	$626	$721
By-product metal revenues	(59)	(84)
Total cash costs per ounce of gold produced – by-product basis(iii)	$567	$637
Adjustments:		
Sustaining capital expenditures (including capitalized exploration)	183	230
General and administrative expenses (including stock options)	58	83
Non-cash reclamation provision and other	2	4
All-in sustaining costs per ounce of gold produced – by-product basis	$810	$954
By-product metal revenues	59	84
All-in sustaining costs per ounce of gold produced – co-product basis	$869	$1,038

Notes:

(i) The La India mine achieved commercial production on February 1, 2014. The calculation of total cash costs per ounce of gold produced for the year ended December 31, 2014 excludes 3,492 ounces of payable gold production as they were produced prior to the achievement of commercial production.

(ii) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. As total cash costs per ounce of gold produced are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production not yet recognized as revenue.

(iii) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income and comprehensive income for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	Total 2015
Operating margin(i):					
Revenues from mining operations	$ 483,596	$ 510,109	$ 508,795	$ 482,932	$1,985,432
Production costs	247,280	263,612	254,584	229,819	995,295
Total operating margin(i)	236,316	246,497	254,211	253,113	990,137
Operating margin(i) by mine:					
Northern Business					
LaRonde mine	30,015	32,799	32,443	50,667	145,924
Lapa mine	14,687	11,351	13,813	12,363	52,214
Goldex mine	19,253	15,525	20,681	17,108	72,567
Meadowbank mine	46,577	49,600	55,493	64,664	216,334
Canadian Malartic mine(ii)	34,718	44,737	44,293	38,059	161,807
Kittila mine	27,415	16,145	21,528	15,174	80,262
Southern Business					
Pinos Altos mine	34,652	44,538	37,217	29,327	145,734
Creston Mascota deposit at Pinos Altos	8,409	12,968	8,898	9,919	40,194
La India mine	20,590	18,834	19,845	15,832	75,101
Total operating margin(i)	236,316	246,497	254,211	253,113	990,137
Amortization of property, plant and mine development	135,897	157,615	157,968	157,129	608,609
Exploration, corporate and other	43,706	67,973	110,258	76,963	298,900
Income (loss) before income and mining taxes	56,713	20,909	(14,015)	19,021	82,628
Income and mining taxes (recovery)	27,970	10,826	(15,309)	34,558	58,045
Net income (loss) for the period	$ 28,743	$ 10,083	$ 1,294	$ (15,537)	$ 24,583
Net income (loss) per share – basic (US$)	$ 0.13	$ 0.05	$ 0.01	$ (0.07)	$ 0.11
Net income (loss) per share – diluted (US$)	$ 0.13	$ 0.05	$ 0.01	$ (0.07)	$ 0.11
Cash flows:					
Cash provided by operating activities	$ 143,455	$ 188,349	$ 143,687	$ 140,747	$ 616,238
Cash used in investing activities	$ (53,892)	$(104,476)	$(100,365)	$(115,786)	$ (374,519)
Cash (used in) provided by financing activities	$(123,182)	$ (64,514)	$ 7,396	$(100,460)	$ (280,760)

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015	Total 2015
Realized prices (US$):					
Gold (per ounce)	$ 1,202	$ 1,196	$ 1,119	$ 1,094	$ 1,156
Silver (per ounce)	$ 17.02	$ 16.41	$ 14.93	$ 14.56	$ 15.63
Zinc (per tonne)	$ 2,072	$ 2,231	$ 1,909	$ 1,602	$ 1,875
Copper (per tonne)	$ 5,056	$ 6,274	$ 4,538	$ 4,568	$ 5,023
Payable production[iii]:					
Gold (ounces):					
Northern Business					
LaRonde mine	58,893	64,007	71,860	73,161	267,921
Lapa mine	25,920	19,450	25,668	19,929	90,967
Goldex mine	29,250	26,462	32,068	27,646	115,426
Meadowbank mine	88,523	91,276	99,425	102,580	381,804
Canadian Malartic mine[ii]	67,893	68,441	76,603	72,872	285,809
Kittila mine	44,654	41,986	46,455	44,279	177,374
Southern Business					
Pinos Altos mine	50,106	50,647	47,725	44,496	192,974
Creston Mascota deposit at Pinos Altos	12,448	15,606	12,716	13,933	54,703
La India mine	26,523	25,803	28,604	23,432	104,362
Total gold (ounces)	404,210	403,678	441,124	422,328	1,671,340
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	198	201	221	296	916
Lapa mine	1	1	1	1	4
Meadowbank mine	96	57	39	29	221
Canadian Malartic mine[ii]	72	69	76	83	300
Kittila mine	2	2	3	4	11
Southern Business					
Pinos Altos mine	562	576	606	640	2,384
Creston Mascota deposit at Pinos Altos	32	37	40	50	159
La India mine	69	72	67	55	263
Total silver (thousands of ounces)	1,032	1,015	1,053	1,158	4,258
Zinc (tonnes)	936	827	739	999	3,501
Copper (tonnes)	1,167	1,133	1,306	1,335	4,941

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	Total 2015
Payable metal sold:					
Gold (ounces):					
Northern Business					
LaRonde mine	60,943	59,376	69,143	65,067	254,529
Lapa mine	23,497	20,771	23,331	23,278	90,877
Goldex mine	27,907	27,306	33,004	27,875	116,092
Meadowbank mine	84,780	96,870	100,440	103,667	385,757
Canadian Malartic mine[(ii)(iv)]	59,261	67,522	72,651	71,982	271,416
Kittila mine	48,982	39,385	47,070	43,499	178,936
Southern Business					
Pinos Altos mine	41,433	54,402	49,327	41,418	186,580
Creston Mascota deposit at Pinos Altos	11,399	16,537	12,911	14,997	55,844
La India mine	26,898	23,803	28,983	25,366	105,050
Total gold (ounces)	385,100	405,972	436,860	417,149	1,645,081
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	205	225	220	308	958
Meadowbank mine	98	59	36	32	225
Canadian Malartic mine[(ii)(iv)]	54	80	53	98	285
Kittila mine	2	2	3	3	10
Southern Business					
Pinos Altos mine	446	616	620	607	2,289
Creston Mascota deposit at Pinos Altos	20	48	39	49	156
La India mine	63	76	66	56	261
Total silver (thousands of ounces)	888	1,106	1,037	1,153	4,184
Zinc (tonnes)	1,264	733	650	949	3,596
Copper (tonnes)	1,160	1,131	1,302	1,354	4,947

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	Total 2014
Operating margin(i):					
Revenues from mining operations	$ 491,767	$ 438,521	$ 463,388	$ 503,090	$1,896,766
Production costs	218,066	229,383	269,793	287,317	1,004,559
Total operating margin(i)	273,701	209,138	193,595	215,773	892,207
Operating margin(i) by mine:					
Northern Business					
LaRonde mine	45,425	26,402	14,696	33,535	120,058
Lapa mine	15,340	9,050	13,748	16,060	54,198
Goldex mine	9,525	13,283	17,237	20,693	60,738
Meadowbank mine	123,961	88,728	52,504	39,839	305,032
Canadian Malartic mine(ii)	–	3,668	33,224	39,092	75,984
Kittila mine	19,003	14,184	12,128	14,312	59,627
Southern Business					
Pinos Altos mine	39,064	33,417	28,837	27,123	128,441
Creston Mascota deposit at Pinos Altos	7,714	7,428	8,032	8,392	31,566
La India mine(v)	13,669	12,978	13,189	16,727	56,563
Total operating margin(i)	273,701	209,138	193,595	215,773	892,207
Amortization of property, plant and mine development	83,481	93,656	117,396	139,095	433,628
Exploration, corporate and other	43,502	81,665	69,884	74,390	269,441
Income before income and mining taxes	146,718	33,817	6,315	2,288	189,138
Income and mining taxes	49,573	11,659	21,365	23,571	106,168
Net income (loss) for the period	$ 97,145	$ 22,158	$ (15,050)	$ (21,283)	$ 82,970
Net income (loss) per share – basic (US$)	$ 0.56	$ 0.12	$ (0.07)	$ (0.10)	$ 0.43
Net income (loss) per share – diluted (US$)	$ 0.56	$ 0.12	$ (0.10)	$ (0.12)	$ 0.39
Cash flows:					
Cash provided by operating activities	$ 250,396	$ 182,728	$ 71,244	$ 163,956	$ 668,324
Cash used in investing activities	$(108,288)	$(488,543)	$(131,662)	$(123,126)	$ (851,619)
Cash (used in) provided by financing activities	$ (98,087)	$ 381,951	$ (35,943)	$ (18,685)	$ 229,236

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended March 31, 2014	Three Months Ended June 30, 2014	Three Months Ended September 30, 2014	Three Months Ended December 31, 2014	Total 2014
Realized prices (US$):					
Gold (per ounce)	$ 1,308	$ 1,291	$ 1,249	$ 1,202	$ 1,261
Silver (per ounce)	$ 20.62	$ 19.45	$ 17.72	$ 15.60	$ 18.27
Zinc (per tonne)	$ 2,027	$ 2,142	$ 2,365	$ 2,216	$ 2,224
Copper (per tonne)	$ 6,386	$ 6,893	$ 7,500	$ 5,961	$ 6,596
Payable production(iii):					
Gold (ounces):					
Northern Business					
LaRonde mine	59,352	48,494	37,490	59,316	204,652
Lapa mine	23,409	18,821	24,781	25,611	92,622
Goldex mine	19,430	23,929	27,611	29,463	100,433
Meadowbank mine	156,444	118,161	91,557	86,715	452,877
Canadian Malartic mine(ii)	–	11,878	64,761	66,369	143,008
Kittila mine	38,552	31,830	28,230	43,130	141,742
Southern Business					
Pinos Altos mine	45,217	43,978	41,155	40,669	171,019
Creston Mascota deposit at Pinos Altos	10,317	11,159	13,377	12,989	47,842
La India mine(v)	13,700	17,809	20,311	23,273	75,093
Total gold (ounces)	366,421	326,059	349,273	387,535	1,429,288
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	349	345	224	357	1,275
Meadowbank mine	26	25	34	49	134
Canadian Malartic mine(ii)	–	10	66	75	151
Kittila mine	2	1	1	3	7
Southern Business					
Pinos Altos mine	460	422	425	424	1,731
Creston Mascota deposit at Pinos Altos	16	18	26	28	88
La India mine(v)	27	40	44	67	178
Total silver (thousands of ounces)	880	861	820	1,003	3,564
Zinc (tonnes)	2,060	3,793	2,230	2,432	10,515
Copper (tonnes)	1,554	1,058	989	1,396	4,997

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	Total 2014
Payable metal sold:					
Gold (ounces):					
Northern Business					
LaRonde mine	58,100	48,115	39,279	56,844	202,338
Lapa mine	23,451	18,162	22,422	28,054	92,089
Goldex mine	19,607	22,255	26,762	31,702	100,326
Meadowbank mine	147,502	118,176	98,604	87,741	452,023
Canadian Malartic mine(ii)(iv)	–	16,377	60,093	66,219	142,689
Kittila mine	37,429	31,519	28,209	42,609	139,766
Southern Business					
Pinos Altos mine	46,810	43,058	41,143	45,457	176,468
Creston Mascota deposit at Pinos Altos	10,228	10,737	12,793	12,940	46,698
La India mine(v)	14,632	15,025	19,265	24,019	72,941
Total gold (ounces)	357,759	323,424	348,570	395,585	1,425,338
Silver (thousands of ounces):					
Northern Business					
LaRonde mine	340	322	249	367	1,278
Meadowbank mine	28	24	32	49	133
Canadian Malartic mine(ii)(iv)	–	15	57	68	140
Kittila mine	2	1	1	2	6
Southern Business					
Pinos Altos mine	507	430	430	456	1,823
Creston Mascota deposit at Pinos Altos	14	18	18	34	84
La India mine(v)	26	34	42	67	169
Total silver (thousands of ounces)	917	844	829	1,043	3,633
Zinc (tonnes)	1,673	2,458	3,936	2,468	10,535
Copper (tonnes)	1,542	1,074	988	1,399	5,003

Notes:

(i) Operating margin is calculated as revenues from mining operations less production costs.

(ii) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko (now Canadian Malartic Corporation) and Canadian Malartic GP, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine since the date of acquisition.

(iii) Payable production (a non-GAAP non-financial performance measure) is the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventories at the end of the period.

(iv) The Canadian Malartic mine's payable metal sold excludes the 5.0% net smelter royalty transferred to Osisko Gold Royalties Ltd., pursuant to the Arrangement.

(v) The La India mine achieved commercial production on February 1, 2014.

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
Revenues from mining operations	$1,985,432	$1,896,766	$1,638,406
Production costs	995,295	1,004,559	866,082
Operating margin[i]	990,137	892,207	772,324
Amortization of property, plant and mine development	608,609	433,628	313,890
Impairment loss	–	–	1,014,688
Exploration, corporate and other	298,900	269,441	262,033
Income (loss) before income and mining taxes	82,628	189,138	(818,287)
Income and mining taxes (recovery) expense	58,045	106,168	(131,582)
Net income (loss) for the year	$ 24,583	$ 82,970	$ (686,705)
Net income (loss) per share – basic	$ 0.11	$ 0.43	$ (3.97)
Net income (loss) per share – diluted	$ 0.11	$ 0.39	$ (3.97)
Operating cash flow	$ 616,238	$ 668,324	$ 481,043
Investing cash flow	$ (374,519)	$ (851,619)	$ (687,220)
Financing cash flow	$ (280,760)	$ 229,236	$ 48,729
Dividends declared per share	$ 0.32	$ 0.32	$ 0.66
Capital expenditures	$ 449,758	$ 475,412	$ 620,536
Average gold price per ounce realized	$ 1,156	$ 1,261	$ 1,366
Average exchange rate – C$ per $	C$ 1.2788	C$ 1.1047	C$ 1.0301
Weighted average number of common shares outstanding – basic (thousands)	216,168	195,223	172,893
Working capital (including undrawn credit lines)	$1,441,991	$1,274,627	$1,586,676
Total assets	$6,683,180	$6,840,538	$4,580,081
Long-term debt	$1,118,187	$1,374,643	$ 987,356
Shareholders' equity	$4,141,020	$4,068,490	$2,717,406

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
Operating Summary			
LaRonde mine			
Revenues from mining operations	$ 318,207	$ 308,794	$ 329,900
Production costs	172,283	188,736	228,640
Operating margin(i)	$ 145,924	$ 120,058	$ 101,260
Amortization of property, plant and mine development	80,298	64,945	59,455
Gross profit	$ 65,626	$ 55,113	$ 41,805
Tonnes of ore milled	2,241,424	2,085,300	2,319,132
Gold – grams per tonne	3.91	3.24	2.63
Gold production – ounces	267,921	204,652	181,781
Silver production – thousands of ounces	916	1,275	2,102
Zinc production – tonnes	3,501	10,515	19,814
Copper production – tonnes	4,941	4,997	4,835
Total cash costs per ounce of gold produced ($ per ounce basis):			
Production costs	$ 643	$ 922	$ 1,258
Adjustments:			
Inventory and other adjustments(ii)	117	133	175
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 760	$ 1,055	$ 1,433
By-product metal revenues	(170)	(387)	(666)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 590	$ 668	$ 767
Minesite costs per tonne(iv)	C$ 99	C$ 99	C$ 99
Lapa mine			
Revenues from mining operations	$ 104,785	$ 115,254	$ 141,167
Production costs	52,571	61,056	69,371
Operating margin(i)	$ 52,214	$ 54,198	$ 71,796
Amortization of property, plant and mine development	30,939	25,991	43,986
Gross profit	$ 21,275	$ 28,207	$ 27,810
Tonnes of ore milled	559,926	638,800	640,422
Gold – grams per tonne	5.83	5.59	6.06
Gold production – ounces	90,967	92,622	100,730

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
Total cash costs per ounce of gold produced ($ per ounce basis):			
Production costs	$ 578	$ 659	$ 689
Adjustments:			
Inventory and other adjustments(ii)	13	8	(11)
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 591	$ 667	$ 678
By-product metal revenues	$ (1)	–	(1)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 590	$ 667	$ 677
Minesite costs per tonne(iv)	C$ 117	C$ 107	C$ 110
Goldex mine			
Revenues from mining operations	$ 133,845	$ 125,574	$ 21,418
Production costs	61,278	64,836	15,339
Operating margin(i)	$ 72,567	$ 60,738	$ 6,079
Amortization of property, plant and mine development	55,728	52,552	8,915
Gross profit	$ 16,839	$ 8,186	$ (2,836)
Tonnes of ore milled	2,312,567	2,116,777	527,654
Gold – grams per tonne	1.66	1.60	1.35
Gold production – ounces	115,426	100,433	20,810
Total cash costs per ounce of gold produced ($ per ounce basis)(v):			
Production costs	$ 531	$ 646	$ 795
Adjustments:			
Inventory and other adjustments(ii)	7	(8)	99
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 538	$ 638	$ 894
By-product metal revenues	–	–	–
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 538	$ 638	$ 894
Minesite costs per tonne(iv)(v)	C$ 33	C$ 33	C$ 37
Meadowbank mine			
Revenues from mining operations	$ 446,898	$ 575,856	$ 591,473
Production costs	230,564	270,824	318,414
Operating margin(i)	$ 216,334	$ 305,032	$ 273,059
Amortization of property, plant and mine development	144,931	119,545	130,373
Gross profit	$ 71,403	$ 185,487	$ 142,686

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
Tonnes of ore milled	4,032,852	4,129,100	4,142,840
Gold – grams per tonne	3.16	3.61	3.43
Gold production – ounces	381,804	452,877	430,613
Silver production – thousands of ounces	221	135	100
Total cash costs per ounce of gold produced ($ per ounce basis):			
Production costs	$ 604	$ 598	$ 739
Adjustments:			
Inventory and other adjustments(ii)	19	6	(10)
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 623	$ 604	$ 729
By-product metal revenues	(10)	(5)	(6)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 613	$ 599	$ 723
Minesite costs per tonne(iv)	C$ 70	C$ 73	C$ 78
Canadian Malartic mine(vi)			
Revenues from mining operations	$ 333,280	$ 189,900	$ –
Production costs	171,473	113,916	–
Operating margin(i)	$ 161,807	$ 75,984	$ –
Amortization of property, plant and mine development	103,050	40,973	–
Gross profit	$ 58,757	$ 35,011	$ –
Tonnes of ore milled	9,544,763	5,263,100	–
Gold – grams per tonne	1.05	0.95	–
Gold production – ounces	285,809	143,008	–
Silver production – thousands of ounces	300	151	–
Total cash costs per ounce of gold produced ($ per ounce basis):			
Production costs	$ 600	$ 797	$ –
Adjustments:			
Inventory and other adjustments(ii)	13	(76)	–
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 613	$ 721	$ –
By-product metal revenues	(17)	(20)	–
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 596	$ 701	$ –
Minesite costs per tonne(iv)	C$ 23	C$ 22	C$ –

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
Kittila mine			
Revenues from mining operations	$ 206,357	$ 176,520	$ 209,723
Production costs	126,095	116,893	97,934
Operating margin(i)	$ 80,262	$ 59,627	$ 111,789
Amortization of property, plant and mine development	48,648	33,683	27,597
Gross profit	$ 31,614	$ 25,944	$ 84,192
Tonnes of ore milled	1,464,038	1,156,400	934,224
Gold – grams per tonne	4.44	4.57	5.40
Gold production – ounces	177,374	141,742	146,421
Silver production – thousands of ounces	11	7	6
Total cash costs per ounce of gold produced ($ per ounce basis)(vii):			
Production costs	$ 711	$ 825	$ 565
Adjustments:			
Inventory and other adjustments(ii)	(1)	21	34
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 710	$ 846	$ 599
By-product metal revenues	(1)	(1)	(1)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 709	$ 845	$ 598
Minesite costs per tonne(iv)(vii)	€ 76	€ 78	€ 73
Pinos Altos mine			
Revenues from mining operations	$ 250,909	$ 251,783	$ 303,203
Production costs	105,175	123,342	116,959
Operating margin(i)	$ 145,734	$ 128,441	$ 186,244
Amortization of property, plant and mine development	41,894	42,957	36,267
Gross profit	$ 103,840	$ 85,484	$ 149,977
Tonnes of ore processed	2,378,406	2,520,400	2,725,703
Gold – grams per tonne	2.68	2.22	2.20
Gold production – ounces	192,974	171,019	181,773
Silver production – thousands of ounces	2,384	1,731	2,366

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
Total cash costs per ounce of gold produced ($ per ounce basis):			
Production costs	$ 545	$ 721	$ 643
Adjustments:			
Inventory and other adjustments(ii)	33	(3)	14
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 578	$ 718	$ 657
By-product metal revenues	(191)	(185)	(285)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 387	$ 533	$ 372
Minesite costs per tonne(iv)	$ 45	$ 48	$ 43
Creston Mascota deposit at Pinos Altos			
Revenues from mining operations	$ 66,472	$ 59,573	$ 41,522
Production costs	26,278	28,007	19,425
Operating margin(i)	$ 40,194	$ 31,566	$ 22,097
Amortization of property, plant and mine development	17,868	9,626	7,297
Gross profit	$ 22,326	$ 21,940	$ 14,800
Tonnes of ore processed	2,098,812	1,793,800	1,276,159
Gold – grams per tonne	1.34	1.30	1.43
Gold production – ounces	54,703	47,842	34,027
Silver production – thousands of ounces	159	88	46
Total cash costs per ounce of gold produced ($ per ounce basis)(viii):			
Production costs	$ 480	$ 585	$ 508
Adjustments:			
Inventory and other adjustments(ii)	(6)	26	26
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 474	$ 611	$ 534
By-product metal revenues	(44)	(33)	(25)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 430	$ 578	$ 509
Minesite costs per tonne(iv)(viii)	$ 12	$ 16	$ 16

THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2015	2014	2013
La India mine [ix]			
Revenues from mining operations	$ 124,679	$ 93,512	$ –
Production costs	49,578	36,949	–
Operating margin [i]	$ 75,101	$ 56,563	$ –
Amortization of property, plant and mine development	81,430	43,356	–
Gross profit	$ (6,329)	$ 13,207	$ –
Tonnes of ore processed	5,371,419	4,773,190	–
Gold – grams per tonne	0.95	0.98	–
Gold production – ounces	104,362	75,093	–
Silver production – thousands of ounces	263	178	–
Total cash costs per ounce of gold produced ($ per ounce basis) [ix]:			
Production costs	$ 475	$ 516	$ –
Adjustments:			
Inventory and other adjustments [ii]	–	16	–
Total cash costs per ounce of gold produced – co-product basis [iii]	$ 475	$ 532	$ –
By-product metal revenues	(39)	(45)	–
Total cash costs per ounce of gold produced – by-product basis [iii]	$ 436	$ 487	$ –
Minesite costs per tonne [iv]	$ 9	$ 8	$ –

Notes:

(i) Operating margin is calculated as revenues from mining operations less production costs.

(ii) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. As total cash costs per ounce of gold produced are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.

(iii) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income and comprehensive income for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. The calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates

(iv) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting production costs as shown in the consolidated statements of income and comprehensive income for unsold concentrate inventory production costs, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be impacted by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.

(v) The Goldex mine's M and E Zones achieved commercial production on October 1, 2013. Excludes the Goldex mine's results for the third quarter of 2013. Initial non-commercial payable gold production of 1,505 ounces was achieved at the Goldex mine's M and E Zones during the third quarter of 2013.

(vi) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Osisko (now Canadian Malartic Corporation) and Canadian Malartic GP, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine since the date of acquisition.

(vii) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Kittila mine's results for the second quarter of 2013. Due to an extended maintenance shutdown, the Kittila mine only operated for 14 days during the second quarter of 2013. The Kittila mine incurred $18,159 in production costs during the second quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne.

(viii) The calculations of total cash costs per ounce of gold produced and minesite costs per tonne exclude the Creston Mascota deposit at Pinos Altos' results for the first quarter of 2013 due to the temporary suspension of active leaching between October 1, 2012 and March 13, 2013. The Creston Mascota deposit at Pinos Altos incurred $3,117 in production costs during the first quarter of 2013, which were removed from the calculation of total cash costs per ounce of gold produced and minesite costs per tonne.

(ix) The La India mine achieved commercial production on February 1, 2014. The calculation of total cash costs per ounce of gold produced for the year ended December 31, 2014 excludes 3,492 ounces of payable gold production as they were produced prior to the achievement of commercial production.

Annual Audited Consolidated Financial Statements

(PREPARED IN ACCORDANCE
WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS)

AGNICO EAGLE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors (the "Board") and Shareholders of Agnico Eagle Mines Limited:

We have audited Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (the "COSO criteria"). Agnico Eagle Mines Limited's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management certification report on internal control over financial reporting. Our responsibility is to express an opinion on Agnico Eagle Mines Limited's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that revenues and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Agnico Eagle Mines Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015 based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Agnico Eagle Mines Limited as of December 31, 2015 and December 31, 2014, and the consolidated statements of income and comprehensive income, equity and cash flows for each of the years ended December 31, 2015 and December 31, 2014, and our report dated March 23, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 23, 2016

MANAGEMENT CERTIFICATION

Management of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, the Company's management used the criteria outlined by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework* issued in 2013. Based on its assessment, management concluded that, as of December 31, 2015, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 23, 2016

By /s/ SEAN BOYD

Sean Boyd
Vice-Chairman and
Chief Executive Officer

By /s/ DAVID SMITH

David Smith
Senior Vice-President, Finance and
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board and Shareholders of Agnico Eagle Mines Limited:

We have audited the accompanying consolidated balance sheets of Agnico Eagle Mines Limited as of December 31, 2015 and December 31, 2014, and the related consolidated statements of income and comprehensive income, equity and cash flows for each of the years ended December 31, 2015 and December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Agnico Eagle Mines Limited at December 31, 2015 and December 31, 2014 and the consolidated results of its operations and its cash flows for each of the years ended December 31, 2015 and December 31, 2014 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 23, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 23, 2016

AGNICO EAGLE MINES LIMITED
CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, except share amounts)

	As at December 31, 2015	As at December 31, 2014(i)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 124,150	$ 177,537
Short-term investments	7,444	4,621
Restricted cash (note 7)	685	33,122
Trade receivables (notes 6 and 18)	7,714	59,716
Inventories (note 8)	461,976	446,660
Income taxes recoverable (note 24)	817	1,658
Available-for-sale securities (notes 6 and 9)	31,863	56,468
Fair value of derivative financial instruments (notes 6 and 21)	87	4,877
Other current assets (note 10(a))	194,689	123,401
Total current assets	829,425	908,060
Non-current assets:		
Restricted cash (note 7)	741	20,899
Goodwill (note 5)	696,809	696,809
Property, plant and mine development (note 11)	5,088,967	5,155,865
Other assets (note 10(b))	67,238	27,622
Total assets	$6,683,180	$6,809,255
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (note 12)	$ 243,786	$ 209,906
Reclamation provision (note 13)	6,245	6,769
Interest payable (note 15)	14,526	13,816
Income taxes payable (note 24)	14,852	19,328
Finance lease obligations (note 14(a))	9,589	22,142
Current portion of long-term debt (note 15)	14,451	52,182
Fair value of derivative financial instruments (notes 6 and 21)	8,073	8,249
Total current liabilities	311,522	332,392
Non-current liabilities:		
Long-term debt (note 15)	1,118,187	1,322,461
Reclamation provision (note 13)	276,299	249,917
Deferred income and mining tax liabilities (note 24)	802,114	797,192
Other liabilities (note 16)	34,038	38,803
Total liabilities	2,542,160	2,740,765
EQUITY		
Common shares (note 17):		
Outstanding – 218,028,368 common shares issued, less 377,573 shares held in trust	4,707,940	4,599,788
Stock options (notes 17 and 19)	216,232	200,830
Contributed surplus	37,254	37,254
Deficit	(823,734)	(779,382)
Accumulated other comprehensive income	3,328	10,000
Total equity	4,141,020	4,068,490
Total liabilities and equity	$6,683,180	$6,809,255
Commitments and contingencies (note 26)		

Note:

(i) As set out in Note 5, certain previously reported December 31, 2014 consolidated balance sheet line items have been updated to reflect adjusted final estimates of fair value related to the June 16, 2014 joint acquisition of Osisko Mining Corporation ("Osisko"), now Canadian Malartic Corporation.

On behalf of the Board:

Sean Boyd CPA, CA, Director

Dr. Leanne M. Baker, Director

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(thousands of United States dollars, except per share amounts)

	Year Ended December 31, 2015	Year Ended December 31, 2014
REVENUES		
Revenues from mining operations (note 18)	$1,985,432	$1,896,766
COSTS, EXPENSES AND OTHER INCOME		
Production[(i)]	995,295	1,004,559
Exploration and corporate development	110,353	56,002
Amortization of property, plant and mine development (note 11)	608,609	433,628
General and administrative	96,973	118,771
Impairment loss on available-for-sale securities (note 9)	12,035	15,763
Finance costs (note 15)	75,228	73,393
Loss on derivative financial instruments (note 21)	19,608	6,156
Gain on sale of available-for-sale securities (note 9)	(24,600)	(5,635)
Environmental remediation (note 13)	2,003	8,214
Foreign currency translation (gain) loss	(4,728)	3,781
Other expenses (income)	12,028	(7,004)
Income before income and mining taxes	82,628	189,138
Income and mining taxes expense (note 24)	58,045	106,168
Net income for the year	$ 24,583	$ 82,970
Net income per share – basic (note 17)	$ 0.11	$ 0.43
Net income per share – diluted (note 17)	$ 0.11	$ 0.39
Cash dividends declared per common share	$ 0.32	$ 0.32
COMPREHENSIVE INCOME		
Net income for the year	$ 24,583	$ 82,970
Other comprehensive income (loss):		
Items that may be subsequently reclassified to net income:		
Available-for-sale securities and other investments:		
Unrealized change in fair value of available-for-sale securities	4,822	(720)
Reclassification to impairment loss on available-for-sale securities (note 9)	12,035	15,763
Reclassification to gain on sale of available-for-sale securities (note 9)	(24,600)	(5,635)
Income tax impact of reclassification items (note 24)	1,684	(1,668)
Income tax impact of other comprehensive income (loss) items (note 24)	(613)	119
	(6,672)	7,859
Items that will not be subsequently reclassified to net income:		
Pension benefit obligations:		
Remeasurement losses of pension benefit obligations (note 16(a))	(205)	(858)
Income tax impact (note 24)	32	233
	(173)	(625)
Other comprehensive income (loss) for the year	(6,845)	7,234
Comprehensive income for the year	$ 17,738	$ 90,204

Note:

(i) Exclusive of amortization, which is shown separately.

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF EQUITY

(thousands of United States dollars, except share and per share amounts)

	Common Shares Outstanding						
	Shares	Amount	Stock Options	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
Balance December 31, 2013	173,953,975	$3,294,007	$184,078	$ 37,254	$(800,074)	$ 2,141	$2,717,406
Net income	–	–	–	–	82,970	–	82,970
Other comprehensive income (loss)	–	–	–	–	(625)	7,859	7,234
Total comprehensive income	–	–	–	–	82,345	7,859	90,204
Transactions with owners:							
Shares issued under employee stock option plan (notes 17 and 19(a))	582,925	21,083	(4,089)	–	–	–	16,994
Stock options (notes 17 and 19(a))	–	–	20,841	–	–	–	20,841
Shares issued under incentive share purchase plan (note 19(b))	517,721	15,543	–	–	–	–	15,543
Shares issued under dividend reinvestment plan	262,360	7,654	–	–	–	–	7,654
Shares issued for joint acquisition of Osisko (note 5)	34,794,843	1,164,237	–	–	–	–	1,164,237
Common shares held by a depository relating to CMGP Convertible Debentures previously issued by Osisko (notes 5 and 15)	(871,680)	(29,166)	–	–	–	–	(29,166)
Shares issued for Cayden acquisition (note 5)	4,853,875	121,655	–	–	–	–	121,655
Dividends declared ($0.32 per share)	–	–	–	–	(61,653)	–	(61,653)
Restricted Share Unit plan (notes 17 and 19(c))	142,215	4,775	–	–	–	–	4,775
Balance December 31, 2014	214,236,234	$4,599,788	$200,830	$ 37,254	$(779,382)	$10,000	$4,068,490
Net income	–	–	–	–	24,583	–	24,583
Other comprehensive loss	–	–	–	–	(173)	(6,672)	(6,845)
Total comprehensive income (loss)	–	–	–	–	24,410	(6,672)	17,738
Transactions with owners:							
Shares issued under employee stock option plan (notes 17 and 19(a))	747,683	22,326	(4,654)	–	–	–	17,672
Stock options (notes 17 and 19(a))	–	–	20,056	–	–	–	20,056
Shares issued under incentive share purchase plan (note 19(b))	512,438	14,033	–	–	–	–	14,033
Shares issued under dividend reinvestment plan	345,734	9,305	–	–	–	–	9,305
Shares issued for joint acquisition of Malartic CHL property (note 5)	459,197	13,441	–	–	–	–	13,441
Shares issued for acquisition of Soltoro Ltd. (note 5)	770,429	24,351	–	–	–	–	24,351
Shares issued to settle CMGP Convertible Debentures previously issued by Osisko (note 15)	871,680	24,779	–	–	–	–	24,779
Dividends declared ($0.32 per share)	–	–	–	–	(68,762)	–	(68,762)
Restricted Share Unit plan and Long Term Incentive Plan ("LTIP") (notes 17 and 19(c))	(292,600)	(83)	–	–	–	–	(83)
Balance December 31, 2015	217,650,795	$4,707,940	$216,232	$ 37,254	$(823,734)	$ 3,328	$4,141,020

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars)

	Year Ended December 31, 2015	2014
OPERATING ACTIVITIES		
Net income for the year	$ 24,583	$ 82,970
Add (deduct) items not affecting cash:		
Amortization of property, plant and mine development (note 11)	608,609	433,628
Deferred income and mining taxes (note 24)	6,550	37,058
Gain on sale of available-for-sale securities (note 9)	(24,600)	(5,635)
Stock-based compensation (note 19)	35,822	37,565
Impairment loss on available-for-sale securities (note 9)	12,035	15,763
Foreign currency translation (gain) loss	(4,728)	3,781
Other	3,145	23,430
Adjustment for settlement of reclamation provision	(1,385)	(4,160)
Changes in non-cash working capital balances:		
Trade receivables	52,019	17,237
Income taxes	(2,333)	30,771
Inventories	(40,547)	(1,354)
Other current assets	(74,106)	787
Accounts payable and accrued liabilities	20,464	(3,391)
Interest payable	710	(126)
Cash provided by operating activities	616,238	668,324
INVESTING ACTIVITIES		
Additions to property, plant and mine development (note 11)	(449,758)	(475,412)
Acquisitions, net of cash and cash equivalents acquired (note 5)	(12,983)	(400,032)
Net purchases of short-term investments	(2,823)	(2,404)
Net proceeds from sale of available-for-sale securities and warrants (note 9)	61,075	44,692
Purchase of available-for-sale securities and warrants (note 9)	(19,815)	(27,246)
Decrease in restricted cash (note 7)	49,785	8,783
Cash used in investing activities	(374,519)	(851,619)
FINANCING ACTIVITIES		
Dividends paid	(59,512)	(54,065)
Repayment of finance lease obligations (note 14(a))	(23,657)	(21,453)
Sale-leaseback financing (note 14(a))	–	1,027
Proceeds from long-term debt	436,000	1,010,000
Repayment of long-term debt	(697,086)	(724,050)
Note issuance (note 15)	50,000	–
Long-term debt financing (note 15)	(1,689)	(2,127)
Repurchase of common shares for Restricted Share Unit plan (notes 17 and 19(c))	(11,899)	(7,518)
Proceeds on exercise of stock options (note 19(a))	17,672	16,994
Common shares issued (note 17)	9,411	10,428
Cash (used in) provided by financing activities	(280,760)	229,236
Effect of exchange rate changes on cash and cash equivalents	(14,346)	(7,505)
Net (decrease) increase in cash and cash equivalents during the year	(53,387)	38,436
Cash and cash equivalents, beginning of year	177,537	139,101
Cash and cash equivalents, end of year	$ 124,150	$ 177,537
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (note 15)	$ 69,414	$ 67,632
Income and mining taxes paid	$ 81,112	$ 51,302

See accompanying notes

AGNICO EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2015

1. CORPORATE INFORMATION

Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development. The Company's mining operations are located in Canada, Mexico and Finland and the Company has exploration activities in Canada, Europe, Latin America and the United States. Agnico Eagle is a public company incorporated under the laws of the Province of Ontario, Canada with its head and registered office located at 145 King Street East, Suite 400, Toronto, Ontario, M5C 2Y7. The Company is listed on the Toronto Stock Exchange and the New York Stock Exchange. Agnico Eagle sells its gold production into the world market.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company (the "Board") on March 23, 2016.

2. BASIS OF PRESENTATION

A) Statement of Compliance

The accompanying consolidated financial statements of Agnico Eagle have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in United States ("US") dollars.

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. Significant accounting policies are presented in note 3 to these consolidated financial statements and have been consistently applied in each of the periods presented.

B) Basis of Presentation

Subsidiaries

These consolidated financial statements include the accounts of Agnico Eagle and its consolidated subsidiaries. All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation. Subsidiaries are consolidated where Agnico Eagle has the ability to exercise control. Control of an investee exists when Agnico Eagle is exposed to variable returns from the Company's involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Joint Arrangements

A joint arrangement is defined as an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement between two or more parties. This exists only when the decisions about the relevant activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. These consolidated financial statements include the Company's interests in the assets, liabilities, revenues and expenses of the joint operations, from the date that joint control commenced. Agnico Eagle's 50% interest in Canadian Malartic Corporation and Canadian Malartic GP, the general partnership that holds the Canadian Malartic mine located in Quebec, has been accounted for as a joint operation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Business Combinations

In a business combination, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition. Preliminary fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustments to those preliminary fair values effective as at the acquisition date. As set out in Note 5 to these consolidated financial statements, certain previously reported December 31, 2014 consolidated balance sheet line items have been updated to reflect final estimates of fair value related to the June 16, 2014 joint acquisition of Osisko. Acquisition related costs are expensed as incurred.

Purchase consideration may also include amounts payable if future events occur or conditions are met. Any such contingent consideration is measured at fair value and included in the purchase consideration at the acquisition date. Subsequent changes to the estimated fair value of contingent consideration are recorded through the consolidated statements of income, unless the preliminary fair value of contingent consideration as at the acquisition date is finalized before the twelve month measurement period in which case the adjustment is allocated to the identifiable assets acquired and liabilities assumed retrospectively to the acquisition date.

Where the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. A gain is recorded through the consolidated statements of income if the cost of the acquisition is less than the fair values of the identifiable net assets acquired.

Non-controlling interests represent the fair value of net assets in subsidiaries that are not held by the Company as at the date of acquisition. Non-controlling interests are presented in the equity section of the consolidated balance sheets.

In a business combination achieved in stages, the Company remeasures any previously held equity interest at its acquisition date fair value and recognizes any gain or loss in the consolidated statements of income.

B) Non-current Assets and Disposal Groups Held For Sale and Discontinued Operations

The Company classifies a non-current asset or disposal group as held for sale if it is highly probable that they will be sold in their current condition within one year from the date of classification. Assets and disposal groups that meet the criteria to be classified as an asset held for sale are measured at the lower of carrying amount and fair value less costs to dispose and the Company stops amortizing such assets from the date they are classified as held for sale. Assets and disposal groups that meet the criteria to be classified as held for sale are presented separately in the consolidated balance sheets.

If the carrying amount of the asset prior to being classified as held for sale is greater than the fair value less costs to dispose, the Company recognizes an impairment loss. Any subsequent change in the measurement amount of items classified as held for sale is recognized as a gain, to the extent of any cumulative impairment charges previously recognized to the related asset or disposal group, or as a further impairment loss.

A discontinued operation is a component of the Company that can be clearly distinguished from the rest of the entity, both operationally and for financial reporting purposes, that has been disposed of or is classified as held for sale and represents: a) a separate significant line of business or geographical area of operations; b) a part of a single co-ordinated plan to dispose of an area of operations; or c) a subsidiary acquired exclusively for resale. The results of the disposal groups or regions which are discontinued operations are presented separately in the consolidated statements of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Foreign Currency Translation

The functional currency of the Company, for each subsidiary and for joint arrangements, is the currency of the primary economic environment in which it operates. The functional currency of all of the Company's operations is the US dollar.

Once the Company determines the functional currency of an entity, it is not changed unless there is a change in the relevant underlying transactions, events and circumstances. Any change in an entity's functional currency is accounted for prospectively from the date of the change, and the consolidated balance sheets are translated using the exchange rate at that date.

At the end of each reporting period, the Company translates foreign currency balances as follows:

- Monetary items are translated at the closing rate in effect at the consolidated balance sheet date;
- Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Items measured at fair value are translated at the exchange rate in effect at the date the fair value was measured; and
- Revenue and expense items are translated using the average exchange rate during the period.

D) Cash and Cash Equivalents

The Company's cash and cash equivalents include cash on hand and short-term investments in money market instruments with remaining maturities of three months or less at the date of purchase. The Company places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

E) Short-term Investments

The Company's short-term investments include financial instruments with remaining maturities of greater than three months but less than one year at the date of purchase. Short-term investments are designated as held to maturity for accounting purposes and are carried at amortized cost, which approximates market value given the short-term nature of these investments.

F) Inventories

Inventories consist of ore stockpiles, concentrates, dore bars and supplies. Inventories are carried at the lower of cost and net realizable value ("NRV"). Cost is determined using the weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories includes direct costs of materials and labour related directly to mining and processing activities, including production phase stripping costs, amortization of property, plant and mine development directly involved in the related mining and production process, amortization of any stripping costs previously capitalized and directly attributable overhead costs. When interruptions to production occur, an adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

The current portion of ore stockpiles, ore in leach pads and inventories is determined based on the expected amounts to be processed within the next twelve months. Ore stockpiles, ore on leach pads and inventories not expected to be processed or used within the next twelve months are classified as long-term.

NRV is estimated by calculating the net selling price less costs to be incurred in converting the relevant inventories to saleable product and delivering it to a customer. Costs to complete are based on management's best estimate as

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

at the consolidated balance sheet date. An NRV impairment may be reversed in a subsequent period if the circumstances that triggered the impairment no longer exist.

G) Financial Instruments

The Company's financial assets and liabilities (financial instruments) include cash and cash equivalents, short-term investments, restricted cash, trade receivables, available-for-sale securities, accounts payable and accrued liabilities, long-term debt (including convertible debentures) and derivative financial instruments. All financial instruments are recorded at fair value at recognition. Subsequent to initial recognition, financial instruments classified as trade receivables, accounts payable and accrued liabilities and long-term debt (excluding convertible debentures) are measured at amortized cost using the effective interest method. Other financial assets and liabilities are recorded at fair value through the consolidated statements of income.

Available-for-sale Securities

The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry recorded using trade date accounting. Investments are designated as available-for-sale based on the criteria that the Company does not hold these for trading purposes. The cost basis of available-for-sale securities is determined using the average cost method and they are carried at fair value. Unrealized gains and losses recorded to measure available-for-sale securities at fair value are recognized in other comprehensive income.

In the event that a decline in the fair value of an investment in available-for-sale securities occurs and the decline in value is considered to be significant or prolonged, an impairment charge is recorded in the consolidated statements of income and comprehensive income. The Company assesses whether a decline in value is considered to be significant or prolonged by considering available evidence, including changes in general market conditions, specific industry and investee data, the length of time and the extent to which the fair value has been less than cost and the financial condition of the investee.

Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments (primarily option and forward contracts) to manage exposure to fluctuations in by-product metal prices, interest rates and foreign currency exchange rates and may use such means to manage exposure to certain input costs. The Company does not hold financial instruments or derivative financial instruments for trading purposes.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in the consolidated statements of income and comprehensive income or in equity as a component of accumulated other comprehensive income, depending on the nature of the derivative financial instrument and whether it qualifies for hedge accounting. Financial instruments designated as hedges are tested for effectiveness at each reporting period. Realized gains and losses on those contracts that are proven to be effective are reported as a component of the related transaction.

H) Goodwill

Goodwill is recognized in a business combination if the cost of the acquisition exceeds the fair values of the identifiable net assets acquired. Goodwill is then allocated to the cash generating unit ("CGU") or group of CGUs that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are not reversed.

The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal.

I) Mining Properties, Plant and Equipment and Mine Development Costs

Mining properties, plant and equipment and mine development costs are recorded at cost, less accumulated amortization and accumulated impairment losses.

Mining Properties

The cost of mining properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, underground mine development costs, deferred stripping, capitalized exploration and evaluation costs and capitalized borrowing costs.

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when commercial production commences, using the units-of-production method, based on estimated proven and probable mineral reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined that the property has no future economic value. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Assets under construction are not amortized until the end of the construction period or once commercial production is achieved. Upon achieving the production stage, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Plant and Equipment

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. The cost of an item of plant and equipment includes: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the estimate of the costs of dismantling and removing the item and restoring the site on which it is located other than costs that arise as a consequence of having used the item to produce inventories during the period.

Amortization of an asset begins when the asset is in the location and condition necessary for it to operate in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale or the date the asset is derecognized. Assets under construction are not amortized until the end of the construction period. Amortization is charged according to either the units-of-production method or on a straight-line basis, according to the pattern in which the asset's future economic benefits are expected to be consumed. The amortization method applied to an asset is reviewed at least annually.

Useful lives of property, plant and equipment are based on estimated mine lives as determined by proven and probable mineral reserves. Remaining mine lives at December 31, 2015 range from 1 to 20 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mine Development Costs

Mine development costs incurred after the commencement of commercial production are capitalized when they are expected to have a future economic benefit. Activities that are typically capitalized include costs incurred to build shafts, drifts, ramps and access corridors which enables the Company to extract ore underground.

The Company records amortization on underground mine development costs on a units-of-production basis based on the estimated tonnage of proven and probable mineral reserves of the identified component of the ore body. The units-of-production method defines the denominator as the total tonnage of proven and probable mineral reserves.

Deferred Stripping

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

During the development stage of the mine, stripping costs are capitalized as part of the cost of building, developing and constructing the mine and are amortized once the mine has entered the production stage.

During the production stage of a mine, stripping costs are recorded as a part of the cost of inventories unless these costs are expected to provide a future economic benefit and, in such cases, are capitalized to property, plant and mine development.

Production stage stripping costs provide a future economic benefit when:

- It is probable that the future economic benefit (*e.g.*, improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Capitalized production stage stripping costs are amortized over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Borrowing Costs

Borrowing costs are capitalized to qualifying assets. Qualifying assets are assets that take a substantial period of time to prepare for the Company's intended use, which includes projects that are in the exploration and evaluation, development or construction stages.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Company are classified as finance leases. Finance leases are recorded as an asset with a corresponding liability at an amount

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

equal to the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs using the effective interest rate method, whereby a constant rate of interest expense is recognized on the balance of the liability outstanding. The interest element of the lease is charged to the consolidated statement of income as a finance cost. An asset leased under a finance lease is amortized over the shorter of the lease term and its useful life.

All other leases are recognized as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statements of income on a straight-line basis over the lease term.

J) Development Stage Expenditures

Development stage expenditures are costs incurred to obtain access to proven and probable mineral reserves and provide facilities for extracting, treating, gathering, transporting and storing the minerals. The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs that are directly attributable to mine development are capitalized as property, plant and mine development to the extent that they are necessary to bring the property to commercial production.

Abnormal costs are expensed as incurred. Indirect costs are included only if they can be directly attributed to the area of interest. General and administrative costs are capitalized as part of the development expenditures when the costs are directly attributed to a specific mining development project.

Commercial Production

A mine construction project is considered to have entered the production stage when the mine construction assets are available for use. In determining whether mine construction assets are considered available for use, the criteria considered include, but are not limited to, the following:

- Completion of a reasonable period of testing mine plant and equipment;
- Ability to produce minerals in saleable form (within specifications); and
- Ability to sustain ongoing production of minerals.

When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

K) Impairment of Long-lived Assets

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount. The impairment loss related to a CGU is first allocated to goodwill and the remaining loss is allocated on a pro-rata basis to the remaining long-lived assets of the CGU based on their carrying amounts.

Any impairment charge that is taken on a long-lived asset except goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, a recovery should be recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. Impairments and subsequent reversals are recorded in the consolidated statement of income in the period in which they occur.

L) Debt

Debt is initially recorded at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between the amounts received and the redemption value of the debt is recognized in the consolidated statements of income over the period to maturity using the effective interest rate method. Convertible debentures are accounted for as a financial liability measured at fair value in the consolidated statements of income.

M) Reclamation Provisions

Asset retirement obligations ("AROs") arise from the acquisition, development and construction of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure and rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes an ARO at the time the environmental disturbance occurs or a constructive obligation is determined to exist based on the Company's best estimate of the timing and amount of expected cash flows expected to be incurred. When the ARO provision is recognized, the corresponding cost is capitalized to the related item of property, plant and mine development. Reclamation provisions that result from disturbance in the land to extract ore in the current period is included in the cost of inventories.

The timing of the actual environmental remediation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate. AROs are adjusted each period to reflect the passage of time (accretion). Accretion expense is recorded in financing costs each period. Upon settlement of an ARO, the Company records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains or losses are recorded in the consolidated statements of income.

Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the quantities of material in proven and probable mineral reserves and a corresponding change in the life-of-mine plan, changing ore characteristics that impact required environmental protection measures and related costs, changes in water quality that impact the extent of water treatment required and changes in laws and regulations governing the protection of the environment.

Each reporting period, provisions for AROs are remeasured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of income.

Environmental remediation liabilities ("ERLs") are differentiated from AROs in that ERLs do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal or constructive obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income. Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income.

N) Post-employment Benefits

In Canada, the Company maintains a defined contribution plan covering all of its employees (the "Basic Plan"). The Basic Plan is funded by Company contributions based on a percentage of income for services rendered by employees. In addition, the Company has a supplemental plan for designated executives at the level of Vice-President or above (the "Supplemental Plan"). Under the Supplemental Plan, an additional 10.0% of the designated executives' income is contributed by the Company. The Company does not offer any other post-retirement benefits to its employees.

The Company also provides a non-registered supplementary executive retirement defined benefit plan for certain current and former senior officers (the "Executives Plan"). The Executives Plan benefits are generally based on the employee's years of service and level of compensation. Pension expense related to the Executives Plan is the net of the cost of benefits provided (including the cost of any benefits provided for past service), the net interest cost on the net defined liability/asset, and the effects of settlements and curtailments related to special events. Pension fund assets are measured at their current fair values. The costs of pension plan improvements are recognized immediately in expense when they occur. Remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income (loss) and are subsequently transferred to retained earnings.

Defined Contribution Plan

The Company recognizes the contributions payable to a defined contribution plan in exchange for services rendered by employees as an expense, unless another policy requires or permits the inclusion of the contribution in the cost of an asset. After deducting contributions already paid, a liability is recorded throughout each period to reflect unpaid but earned contributions. If the contribution paid exceeds the contribution due for the service before the end of the reporting period, the Company recognizes that excess as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined Benefit Plan

Plan assets are measured at their fair value at the consolidated balance sheet date and are deducted from the present value of plan liabilities to arrive at a net defined benefit liability/asset. The defined benefit obligation reflects the expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Current service cost represents the actuarially calculated present value of the benefits earned by the active employees in each period and reflects the economic cost for each period based on current market conditions. The current service cost is based on the most recent actuarial valuation. The net interest on the net defined benefit liability/asset is the change during the period in the defined benefit liability/asset that arises from the passage of time.

Past service cost represents the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service costs from plan amendments that increase or decrease vested or unvested

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

benefits are recognized immediately in net income at the earlier of when the related plan amendment occurs or when the entity recognizes related restructuring costs or termination benefits.

Gains or losses on plan settlements are measured as the difference in the present value of the defined benefit obligation and settlement price. This results in a gain or loss being recognized when the benefit obligation settles. Actuarial gains and losses are recorded on the consolidated balance sheets as part of the benefit plan's funded status. Gains and losses are recognized immediately in other comprehensive income and are subsequently transferred to retained earnings and are not subsequently recognized in net income.

O) *Contingent Liabilities and Other Provisions*

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date, measured using the expected cash flows discounted for the time value of money. The increase in provision (accretion) due to the passage of time is recognized as a finance cost in the consolidated statements of income.

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control, or present obligations that are not recognized because it is not probable that an outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent liabilities are not recognized but are disclosed and described in the notes to the consolidated financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, with assistance from its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

P) *Stock-based Compensation*

The Company offers equity-settled awards (the employee stock option plan, incentive share purchase plan and Restricted Share Unit plan) to certain employees, officers and directors of the Company.

Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of income and comprehensive income or in the consolidated balance sheets if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

Fair value is determined using the Black-Scholes option valuation model, which requires the Company to estimate the expected volatility of the Company's share price and the expected life of the stock options. Limitations with existing option valuation models and the inherent difficulties associated with estimating these variables create difficulties in determining a reliable single measure of the fair value of stock option grants. The cost is recorded over the vesting period of the award to the same expense category of the award recipient's payroll costs and the corresponding entry is recorded in equity. Equity-settled awards are not remeasured subsequent to the initial grant date. The dilutive impact of stock option grants is factored into the Company's reported diluted net income per

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

share. The stock option expense incorporates an expected forfeiture rate, estimated based on expected employee turnover.

Incentive Share Purchase Plan ("ISPP")

Under the ISPP, directors (excluding non-executive directors), officers and employees (the participants) of the Company may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each participant's contribution. All common shares subscribed for under the ISPP are issued by the Company.

The Company records an expense equal to its cash contribution to the ISPP. No forfeiture rate is applied to the amounts accrued. Where an employee leaves prior to the vesting date, any accrual for contributions by the Company during the vesting period related to that employee is reversed.

Restricted Share Unit ("RSU") Plan

The RSU plan is open to directors and certain employees including senior executives of the Company. Common shares are purchased and held in a trust until they have vested. The cost is recorded over the vesting period of the award to the same expense category as the award recipient's payroll costs. The cost of the RSUs is recorded within equity until settled. Equity-settled awards are not remeasured subsequent to the initial grant date.

Q) Revenue Recognition

Revenue from mining operations consists of gold revenues, net of smelting, refining, transportation and other marketing charges. Revenues from by-product metal sales are shown net of smelter charges as part of revenues from mining operations.

Revenue from the sale of gold and silver is recognized when the following conditions have been met:

- The Company has transferred to the buyer the significant risks and rewards of ownership;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from gold and silver in the form of dore bars is recorded when the refined gold or silver is sold and delivered to the customer. Generally, all of the gold and silver in the form of dore bars recovered in the Company's milling process is sold in the period in which it is produced.

Under the terms of the Company's concentrate sales contracts with third-party smelters, final prices for the metals contained in the concentrate are determined based on the prevailing spot market metal prices on a specified future date, which is established as of the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when the risks and rewards of ownership of the concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition.

Exploration and evaluation expenditures are expensed as incurred unless it can be demonstrated that the project will generate future economic benefit. When it is determined that a project can generate future economic benefit the costs are capitalized in the property, plant and mine development line item of the consolidated balance sheets.

The exploration and evaluation phase ends when the technical feasibility and commercial viability of extracting the mineral is demonstrable.

S) Net Income Per Share

Basic net income per share is calculated by dividing net income for a given period by the weighted average number of common shares outstanding during that same period. Diluted net income per share reflects the potential dilution that could occur if holders with rights to convert instruments to common shares exercise these rights. Convertible debt is dilutive whenever its impact on net income, including mark-to-market gains (losses), interest and tax expense, per ordinary share obtainable on conversion is less than basic net income per share. The weighted average number of common shares used to determine diluted net income per share includes an adjustment, using the treasury stock method, for stock options outstanding. Under the treasury stock method:

- The exercise of options is assumed to occur at the beginning of the period (or date of issuance, if later);
- The proceeds from the exercise of options plus the future period compensation expense on options granted are assumed to be used to purchase common shares at the average market price during the period; and
- The incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted net income per share calculation.

T) Income Taxes

Current tax and deferred tax expenses are recognized in the consolidated statements of income except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income (loss).

Current tax expense is based on substantively enacted statutory tax rates and laws at the consolidated balance sheet date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities measured using tax rates and laws that are substantively enacted at the consolidated balance sheet date and effective for the reporting period when the temporary differences are expected to reverse.

Deferred taxes are not recognized in the following circumstances:

- Where the deferred tax liability arises from the initial recognition of goodwill;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Where the deferred tax asset or liability arises on the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither net income nor income before income and mining taxes; and
- For temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that the Company can control the timing of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused losses carried forward and deductible temporary differences to the extent that it is probable that future taxable net income will be available against which they can be utilized except as noted above.

At each reporting period, previously unrecognized deferred tax assets are reassessed to determine whether it has become probable that future taxable net income will allow the deferred tax assets to be recovered.

Recently Issued Accounting Pronouncements

IFRS 9 – Financial Instruments

In July 2014, the IASB issued IFRS 9 – *Financial Instruments* which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. Agnico Eagle is evaluating the impact of the adoption of IFRS 9 on the Company's consolidated financial statements along with the timing of adoption.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2018, with earlier adoption permitted. Agnico Eagle is evaluating the impact of the adoption of IFRS 15 on the Company's consolidated financial statements along with the timing of adoption.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – *Leases* which brings most leases on-balance sheet for lessees by eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17 – *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Agnico Eagle is currently evaluating the impact of the adoption of IFRS 16 on the Company's consolidated financial statements along with the timing of adoption.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable; however, actual results may differ materially from these estimates. The key areas where significant judgments, estimates and assumptions have been made are summarized below.

Proven and Probable Mineral Reserves

Proven and probable mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The estimates are based on information compiled by "qualified persons" as defined under the Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Such an analysis relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates requires complex geological judgments to interpret the data. The estimation of recoverable proven and probable mineral reserves is based upon factors such as estimates of commodity prices, future capital requirements and production costs, geological assumptions and judgments made in estimating the size and grade of the ore body and foreign exchange rates.

As the economic assumptions used may change and as additional geological information is acquired during the operation of a mine, estimates of proven and probable mineral reserves may change. Such changes may impact the Company's consolidated balance sheets and consolidated statements of income and comprehensive income, including:

- The carrying value of the Company's property, plant and mine development and goodwill may be affected due to changes in estimated future cash flows;
- Amortization charges in the consolidated statements of income and comprehensive income may change where such charges are determined using the units-of-production method or where the useful life of the related assets change;
- Capitalized stripping costs recognized in the consolidated balance sheets as either part of mining properties or as part of inventories or charged to income may change due to changes in the ratio of ore to waste extracted; and
- Reclamation provisions may change where changes to the proven and probable mineral reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely to arise and whether activities have reached a stage that permits a reasonable assessment of the existence of proven and probable mineral reserves.

Production Stage of a Mine

As each mine is unique, significant judgment is required to determine the date that a mine enters the production stage. The Company considers the factors outlined in note 3 to these consolidated financial statements to make this determination.

Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Reclamation Provisions

Environmental remediation costs will be incurred by the Company at the end of the operating life of the Company's mining properties. Management assesses its reclamation provision each reporting period or when new information becomes available. The ultimate environmental remediation costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of reclamation activities, technological changes, regulatory changes, cost increases as compared to the inflation rate and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amount of the current provision. As a result, there could be significant adjustments to the provisions established that would affect future financial results. The reclamation provision as at the reporting date represents management's best estimate of the present value of the future environmental remediation costs required.

Income and Mining Taxes

Management is required to make estimates regarding the tax basis of assets and liabilities and related deferred income and mining tax assets and liabilities, amounts recorded for uncertain tax positions, the measurement of income and mining tax expense, and estimates of the timing of repatriation of income. Several of these estimates require management to make assessments of future taxable profit and, if actual results are significantly different than the Company's estimates, the ability to realize the deferred income and mining tax assets recorded on the consolidated balance sheets could be affected.

Impairment of Goodwill and Non-current Assets

The Company evaluates each asset or CGU (excluding goodwill, which is assessed annually regardless of indicators) in each reporting period to determine if any indicators of impairment exist. When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions with respect to items such as future production levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, exploration potential, and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Accordingly, it is possible that some or the entire carrying amount of the assets or CGUs may be further impaired or the impairment charge reduced with the impact recognized in the consolidated statements of income and comprehensive income.

Joint Arrangements

Judgment is required to determine when the Company has joint control of a contractual arrangement, which requires a continuous assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. Judgment is also continually required to classify a joint arrangement as either a joint operation or a joint venture when the arrangement has been structured through a separate vehicle. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. Specifically, the Company considers the legal form of the separate vehicle, the terms of the contractual arrangement and other relevant facts and circumstances. This assessment often requires significant judgment, and a different conclusion on joint control, or whether the arrangement is a joint operation or a joint venture, may have a material impact on the accounting treatment.

Management evaluated its joint arrangement with Yamana Gold Inc. ("Yamana") to each acquire 50.0% of the shares of Osisko (now Canadian Malartic Corporation) under the principles of IFRS 11 *Joint Arrangements*. The Company concluded that the arrangement qualified as a joint operation upon considering the following significant factors:

- The requirement that the joint operators purchase all output from the investee and investee restrictions on selling the output to any third party;

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

- The parties to the arrangement are substantially the only source of cash flow contributing to the continuity of the arrangement; and
- If the selling price drops below cost, the joint operators are required to cover any obligations the entity cannot satisfy.

5. ACQUISITIONS

Gunnarn Mining AB

On June 11, 2015, Agnico Eagle Sweden AB ("AE Sweden") an indirect wholly-owned subsidiary of the Company, acquired 55.0% of the issued and outstanding common shares of Gunnarn Mining AB ("Gunnarn") from Orex Minerals Inc. ("Orex"), by way of a share purchase agreement (the "Gunnarn SPA"). The operation and governance of Gunnarn and the Barsele project are governed by a joint venture agreement among the Company, AE Sweden, Orex and Gunnarn (the "Gunnarn JVA").

Under the Gunnarn SPA, the consideration for the acquisition of the 55.0% of Gunnarn's outstanding common shares was $10.0 million, comprised of $6.0 million in cash payable at closing and payments of $2.0 million in cash or, at AE Sweden's sole discretion, shares of the Company on each of the first and second anniversary of the closing. Under the Gunnarn JVA, AE Sweden committed to incur an aggregate of $7.0 million of exploration expenses at the Barsele project by June 11, 2018, 45.0% or $3.1 million of which is considered accrued purchase consideration. Accordingly, the Company's total purchase consideration for the acquisition of its 55.0% interest in Gunnarn was $13.1 million. AE Sweden may earn an additional 15.0% interest in Gunnarn under the Gunnarn JVA if it completes a feasibility study in respect of the Barsele project.

The Gunnarn JVA also provides AE Sweden with the right to nominate a majority of the members of the board of directors of Gunnarn (based on current shareholdings) and AE Sweden is the sole operator of the Barsele project and paid customary management fees.

In connection with the transaction, Orex also obtained a 2.0% net smelter return royalty on production from the Barsele property, which the Company may repurchase at any time for $5.0 million.

The Gunnarn acquisition was accounted for by the Company as an asset acquisition and transaction costs associated with the acquisition totaling $0.6 million were capitalized to the mining properties acquired.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

5. ACQUISITIONS (Continued)

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value:

Total purchase price:	
Cash paid for acquisition	$ 5,994
Accrued consideration	7,150
Total purchase price to allocate	$13,144
Fair value of assets acquired and liabilities assumed:	
Mining properties	$20,021
Cash and cash equivalents	3
Other current assets	35
Accounts payable and accrued liabilities	(80)
Long-term debt	(29)
Other liabilities	(6,806)
Net assets acquired	$13,144

Soltoro Ltd.

On June 9, 2015, the Company acquired all of the issued and outstanding common shares of Soltoro Ltd. ("Soltoro"), including common shares issuable on the exercise of Soltoro's outstanding options and warrants, by way of a plan of arrangement under the *Canada Business Corporations Act* (the "Soltoro Arrangement"). At the time of its acquisition, Soltoro was a TSX Venture listed exploration company focused on the discovery of precious metals in Mexico.

Each outstanding share of Soltoro was exchanged under the Soltoro Arrangement for: (i) C$0.01 in cash; (ii) 0.00793 of an Agnico Eagle common share; and (iii) one common share of Palamina Corp., a company that was newly formed in connection with the Soltoro Arrangement.

Pursuant to the Soltoro Arrangement, Soltoro transferred all mining properties located outside of the state of Jalisco, Mexico to Palamina Corp., and retained all mining properties located within the state of Jalisco, Mexico. Agnico Eagle had no interest in Palamina Corp. upon the closing of the Soltoro Arrangement.

Agnico Eagle's total purchase price of $26.7 million was comprised of $2.4 million in cash, including $1.6 million in cash contributed to Palamina Corp., and 770,429 Agnico Eagle common shares issued from treasury. The Soltoro acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totaling $1.4 million were capitalized to the mining properties acquired separately from the purchase price allocation set out below.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

5. ACQUISITIONS (Continued)

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value:

Total purchase price:	
Cash paid for acquisition	$ 2,366
Agnico Eagle common shares issued for acquisition	24,351
Total purchase price to allocate	$26,717
Fair value of assets acquired and liabilities assumed:	
Mining properties	$27,053
Cash and cash equivalents	2,375
Available-for-sale securities	17
Other current assets	130
Plant and equipment	33
Accounts payable and accrued liabilities	(1,134)
Other current liabilities	(1,757)
Net assets acquired	$26,717

Malartic CHL Property

On March 19, 2015, Agnico Eagle, Yamana and Canadian Malartic GP completed the purchase of a 30.0% interest in the Malartic CHL property from Abitibi Royalties Inc. ("Abitibi") in exchange for 459,197 Agnico Eagle common shares, 3,549,695 Yamana common shares and 3.0% net smelter return royalties to each of Abitibi and Osisko Gold Royalties Ltd. on the Malartic CHL property. Total Agnico Eagle common share consideration issued was valued at $13.4 million based on the closing price of the common shares on March 18, 2015. The Malartic CHL property is located adjacent to the Company's jointly owned Canadian Malartic mine and the remaining 70.0% interest in the Malartic CHL property was jointly acquired through the June 16, 2014 acquisition of Osisko (the predecessor to Canadian Malartic Corporation). Concurrent with the transaction closing, each of Abitibi, Agnico Eagle, Yamana, Canadian Malartic GP and Canadian Malartic Corporation released and discharged the others with respect to all proceedings previously commenced by Abitibi with respect to the Malartic CHL property. As a result of the transaction, Agnico Eagle and Yamana jointly own a 100% interest in the Malartic CHL property through their respective indirect interests in Canadian Malartic GP.

Cayden Resources Inc.

On November 28, 2014, the Company acquired all of the issued and outstanding common shares of Cayden Resources Inc. ("Cayden"), including common shares issued on the exercise of Cayden's then outstanding options and warrants, pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia). At the time of its acquisition, Cayden was a TSX Venture listed exploration company focused on the discovery of precious metals in Mexico.

The total purchase price of $122.1 million was comprised of $0.5 million in cash and 4,853,875 Agnico Eagle common shares issued from treasury. The Cayden acquisition was accounted for as an asset acquisition and transaction costs associated with the acquisition totaling $3.2 million were capitalized to the mining properties acquired.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

5. ACQUISITIONS (Continued)

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed, based on management's estimates of fair value:

Total purchase price:	
Cash paid for acquisition	$ 476
Agnico Eagle common shares issued for acquisition	121,655
Total purchase price to allocate	$122,131
Fair value of assets acquired and liabilities assumed:	
Mining properties	$117,178
Cash and cash equivalents	3,953
Trade receivables	141
Income taxes recoverable	1,942
Other current assets	129
Plant and equipment	68
Accounts payable and accrued liabilities	(1,280)
Net assets acquired	$122,131

Osisko Mining Corporation

On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of the issued and outstanding shares of Osisko by way of a court-approved plan of arrangement (the "Osisko Arrangement") under the *Canada Business Corporations Act*. Under the Osisko Arrangement, Agnico Eagle and Yamana each indirectly acquired 50.0% of Osisko's issued and outstanding shares. As part of the Osisko Arrangement, the Canadian Malartic mine in Quebec was transferred to the newly formed Canadian Malartic GP in which each of Agnico Eagle and Yamana have an indirect 50.0% interest. Agnico Eagle and Yamana will also jointly explore the Kirkland Lake assets, the Hammond Reef project and the Pandora and Wood-Pandora properties through their indirect joint ownership of Canadian Malartic Corporation (the successor to Osisko). Together, the acquired properties constitute the Canadian Malartic joint operation segment (see note 22 to these consolidated financial statements for details).

Each outstanding share of Osisko was exchanged under the Osisko Arrangement for: (i) C$2.09 in cash (Agnico Eagle's 50.0% share was C$1.045); (ii) 0.07264 of an Agnico Eagle common share (a value of C$2.64 based on the closing price of C$36.29 for Agnico Eagle common shares on the Toronto Stock Exchange as of June 16, 2014); (iii) 0.26471 of a Yamana common share; and (iv) 0.1 of one common share of Osisko Gold Royalties Ltd., a company that was newly formed in connection with the Osisko Arrangement that is now traded on the Toronto Stock Exchange.

Pursuant to the Osisko Arrangement, the following assets of Osisko were transferred to Osisko Gold Royalties Ltd.: (i) a 5.0% net smelter royalty on the Canadian Malartic mine; (ii) C$157.0 million in cash; (iii) a 2.0% net smelter royalty on the Kirkland Lake assets, the Hammond Reef project, and certain other exploration properties retained by Canadian Malartic Corporation; (iv) all assets and liabilities of Osisko in its Guerrero camp in Mexico; and (v) certain other investments and assets.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

5. ACQUISITIONS (Continued)

Agnico Eagle has recognized its interest in the assets, liabilities, revenues and expenses of Osisko in accordance with the Company's rights and obligations prescribed by the Osisko Arrangement, as the joint arrangement was determined to be a joint operation under IFRS.

Agnico Eagle's transaction costs associated with the acquisition totaling $16.7 million were expensed through the general and administrative line item of the annual audited consolidated statements of income and comprehensive income for the year ended December 31, 2014.

Agnico Eagle's share of the June 16, 2014 purchase price of Osisko was comprised of the following:

Cash paid for acquisition	$ 462,728
Agnico Eagle common shares issued for acquisition	1,135,071
Total Agnico Eagle purchase price to allocate	$1,597,799

A fair value approach was applied by management in developing estimates of the fair value of identifiable assets and liabilities contributed to the newly formed Osisko joint operation. These estimates of fair value have now been finalized as all relevant information about facts and circumstances that existed at the acquisition date have been received.

Certain previously reported Agnico Eagle consolidated balance sheet line items as at December 31, 2014 were updated to reflect adjusted final estimates of the fair value of identifiable assets acquired and liabilities assumed related to the June 16, 2014 joint acquisition of Osisko. As a result of new information obtained about the facts and circumstances that existed as of the Osisko acquisition date, the following adjustments were recorded to both the adjusted final purchase price allocation and the December 31, 2014 balance sheet as previously reported: the property, plant and mine development line item decreased by $145.6 million; the goodwill line item (not deductible for tax purposes) increased by $114.3 million; the accounts payable and accrued liabilities line item increased by $3.7 million and the deferred income and mining tax liabilities line item decreased by $35.0 million.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

5. ACQUISITIONS (Continued)

The following table sets out the allocation of Agnico Eagle's share of the purchase price to attributable assets acquired and liabilities assumed pursuant to the Osisko Arrangement, based on management's previously reported preliminary estimates of fair value and adjusted final estimates of fair value:

Fair value of assets acquired and liabilities assumed:

	Preliminary[i]	Adjustments	Adjusted Final
Property, plant and mine development	$1,452,148	$(145,631)	$1,306,517
Goodwill[ii]	543,444	114,348	657,792
Cash and cash equivalents	59,219	–	59,219
Restricted cash	35,528	–	35,528
Trade receivables[iii]	9,653	–	9,653
Inventories	51,477	–	51,477
Other current assets	11,420	–	11,420
Accounts payable and accrued liabilities	(49,391)	(3,726)	(53,117)
Reclamation provision	(20,776)	–	(20,776)
Long-term debt	(151,333)	–	(151,333)
Deferred income and mining tax liabilities	(343,590)	35,009	(308,581)
Net assets acquired	$1,597,799	$ –	$1,597,799

Notes:

(i) Preliminary estimates of the fair value of assets acquired and liabilities assumed are presented as reported in the Company's 2014 annual audited consolidated financial statements.

(ii) Goodwill is not deductible for tax purposes and is allocated to the Canadian Malartic joint operation segment.

(iii) The fair value of trade receivables approximates the gross contractual amounts receivable.

The joint acquisition of Osisko was a strategic fit with the Company's skill set and its other operating assets in the area. The Company believes that goodwill associated with the joint acquisition of Osisko arose principally because of the following factors: (1) the value implicit in the Company's ability to sustain and/or grow its business by increasing proven and probable mineral reserves and mineral resources through new discoveries; and (2) the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value. The amount of goodwill associated with the joint acquisition of Osisko that is expected to be deductible for tax purposes is nil. Upon finalization of management's estimates of the fair value of identifiable assets and liabilities, the Company conducted a retrospective goodwill impairment test as at December 31, 2014 based on the adjusted final value of goodwill, with no impairment losses required.

The Company's indirect 50.0% interest in Canadian Malartic GP resulted in revenues from mining operations of $189.9 million and a net loss of $15.8 million between the June 16, 2014 completion of the Osisko Arrangement and December 31, 2014.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

6. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

For items that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing their classification at the end of each reporting period.

During the year ended December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Company's financial assets and liabilities include cash and cash equivalents, short-term investments, restricted cash, trade receivables, available-for-sale securities, accounts payable and accrued liabilities, long-term debt and derivative financial instruments.

The fair values of cash and cash equivalents, short-term investments, restricted cash and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Long-term debt is recorded on the consolidated balance sheets at December 31, 2015 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating, to future related cash flows which is categorized within Level 2 of the fair value hierarchy. As at December 31, 2015, the Company's long-term debt had a fair value of $1,226.5 million (December 31, 2014 – $1,498.4 million).

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2015 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	$ –	$ 7,714	$ –	$ 7,714
Available-for-sale securities	27,630	4,233	–	31,863
Fair value of derivative financial instruments	–	87	–	87
Total financial assets	$27,630	$12,034	$ –	$ 39,664
Financial liabilities:				
Fair value of derivative financial instruments	$ –	$ 8,073	$ –	$ 8,073
Total financial liabilities	$ –	$ 8,073	$ –	$ 8,073

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

6. FAIR VALUE MEASUREMENT (Continued)

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2014 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	$ –	$59,716	$ –	$ 59,716
Available-for-sale securities	51,653	4,815	–	56,468
Fair value of derivative financial instruments	–	4,877	–	4,877
Total financial assets	$51,653	$69,408	$ –	$121,061
Financial liabilities:				
CMGP Convertible Debentures	$ –	$ –	$34,678	$ 34,678
Fair value of derivative financial instruments	–	8,249	–	8,249
Total financial liabilities	$ –	$ 8,249	$34,678	$ 42,927

Valuation Techniques

Trade Receivables

Trade receivables from provisional invoices for concentrate sales are valued using quoted forward rates derived from observable market data based on the month of expected settlement (classified within Level 2 of the fair value hierarchy).

Available-for-sale Securities

Available-for-sale securities representing shares of publicly traded entities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy). Available-for-sale securities representing shares of non-publicly traded entities are recorded at fair value using external broker-dealer quotations corroborated by option pricing models (classified within Level 2 of the fair value hierarchy).

Derivative Financial Instruments

Derivative financial instruments classified within Level 2 of the fair value hierarchy are recorded at fair value using external broker-dealer quotations corroborated by option pricing models or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. Derivative financial instruments are classified as at fair value through the consolidated statements of income.

CMGP Convertible Debentures

On June 30, 2015, the negotiated early settlement of all of the senior unsecured convertible debentures issued by Osisko and subsequently an obligation of Canadian Malartic GP (the "CMGP Convertible Debentures") was completed. The CMGP Convertible Debentures were reported at fair value and classified within Level 3 of the fair value hierarchy and constituted contracts which resulted in the payment of cash and the issuance of publicly-traded shares. Fair value was calculated with consideration given to the influence of a variety of inputs including quoted market prices and interest rates. CMGP Convertible Debentures were included in the current portion of long-term debt line item of the consolidated balance sheets prior to settlement.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

7. RESTRICTED CASH

As part of the Company's insurance programs fronted by a third party provider and reinsured through the Company's internal insurance program, the third party provider requires that cash of $0.4 million be restricted as at December 31, 2015 (December 31, 2014 – $5.8 million).

As part of the Company's tax planning, $32.0 million was contributed to a qualified environmental trust ("QET") in December 2011 to fulfill the requirement of financial security for costs related to the environmental remediation of the Goldex mine. During the year ended December 31, 2015, $13.1 million (2014 – $0.1 million) was withdrawn from the QET. As at December 31, 2015, $0.1 million (December 31, 2014 – $15.5 million) remained in the QET.

At December 31, 2015, cash of nil (December 31, 2014 – $11.8 million) was restricted representing 50.0% of amounts held by a depositary to satisfy obligations in connection with the CMGP Convertible Debentures.

As at December 31, 2015, cash of $0.7 million (December 31, 2014 – $20.9 million) was restricted representing 50.0% of the deposits in respect of environmental guarantees in the Province of Quebec made by Canadian Malartic GP in connection with its ownership of the Canadian Malartic mine.

8. INVENTORIES

	As at December 31, 2015	As at December 31, 2014
Ore in stockpiles and on leach pads	$ 26,319	$ 51,970
Concentrates and dore bars	170,971	111,912
Supplies	264,686	282,778
Total current inventories	$461,976	$446,660
Non-current ore in stockpiles and on leach pads(i)	61,167	25,125
Total inventories	$523,143	$471,785

Note:

(i) Ore that the Company does not expect to process within 12 months is classified as long-term and is recorded in the other assets line item on the consolidated balance sheets.

During the year ended December 31, 2015, a charge of $8.6 million (2014 – $4.6 million) was recorded within production costs to reduce the carrying value of inventories to their net realizable value.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

9. AVAILABLE-FOR-SALE SECURITIES

	As at December 31, 2015	As at December 31, 2014
Cost	$ 64,832	$ 74,928
Accumulated impairment losses	(36,842)	(30,090)
Unrealized gains in accumulated other comprehensive income	4,030	11,815
Unrealized losses in accumulated other comprehensive income	(157)	(185)
Total estimated fair value of available-for-sale securities	$ 31,863	$ 56,468

During the year ended December 31, 2015, the Company received proceeds of $54.4 million (2014 – $41.4 million) and recognized a gain before income taxes of $24.6 million (2014 – $5.6 million) on the sale of certain available-for-sale securities.

During the year ended December 31, 2015, the Company recorded an impairment loss of $12.0 million (2014 – $15.8 million) on certain available-for-sale securities that were determined to have an impairment that was significant or prolonged.

10. OTHER ASSETS

(a) Other Current Assets

	As at December 31, 2015	As at December 31, 2014
Federal, provincial and other sales taxes receivable	$ 89,313	$ 70,143
Prepaid expenses	71,811	39,608
Insurance receivable	12,288	113
Other	21,277	13,537
Total other current assets	$194,689	$123,401

(b) Other Assets

	As at December 31, 2015	As at December 31, 2014
Non-current ore in stockpiles and on leach pads	$61,167	$25,125
Other assets	6,071	2,497
Total other assets	$67,238	$27,622

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

11. PROPERTY, PLANT AND MINE DEVELOPMENT

	Mining Properties	Plant and Equipment	Mine Development Costs	Total
As at December 31, 2013	$ 820,253	$ 1,683,902	$1,190,306	$ 3,694,461
Additions	94,081	204,661	208,342	507,084
Disposals	(2,526)	(6,142)	–	(8,668)
Acquisitions	1,105,961	111,844	205,958	1,423,763
Amortization	(79,363)	(290,530)	(90,882)	(460,775)
Transfers between categories	1,534	305,512	(307,046)	–
As at December 31, 2014	1,939,940	2,009,247	1,206,678	5,155,865
Additions	103,664	174,477	283,221	561,362
Disposals	(88)	(6,269)	(1,757)	(8,114)
Amortization	(168,612)	(352,090)	(99,444)	(620,146)
Transfers between categories	(209,294)	239,041	(29,747)	–
As at December 31, 2015	$ 1,665,610	$ 2,064,406	$1,358,951	$ 5,088,967
As at December 31, 2014:				
Cost	$ 3,485,005	$ 3,832,709	$1,615,431	$ 8,933,145
Accumulated amortization and net impairments	(1,545,065)	(1,823,462)	(408,753)	(3,777,280)
Net carrying amount – December 31, 2014	$ 1,939,940	$ 2,009,247	$1,206,678	$ 5,155,865
As at December 31, 2015:				
Cost	$ 3,330,464	$ 4,273,798	$1,867,172	$ 9,471,434
Accumulated amortization and net impairments	(1,664,854)	(2,209,392)	(508,221)	(4,382,467)
Net carrying amount — December 31, 2015	$ 1,665,610	$ 2,064,406	$1,358,951	$ 5,088,967

As at December 31, 2015, assets under construction, and therefore not yet being depreciated, included in the net carrying amount of property, plant and mine development amounted to $350.7 million (December 31, 2014 – $270.6 million).

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

11. PROPERTY, PLANT AND MINE DEVELOPMENT (Continued)

Geographic Information:

	As at December 31, 2015	As at December 31, 2014
Northern Business:		
Canada	$3,196,494	$3,272,656
Finland	851,867	825,292
Southern Business:		
Mexico	1,030,364	1,047,669
United States	10,242	10,248
Total property, plant and mine development	$5,088,967	$5,155,865

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2015	As at December 31, 2014
Trade payables	$132,914	$ 92,275
Wages payable	40,020	37,025
Accrued liabilities	40,252	37,886
Other liabilities	30,600	42,720
Total accounts payable and accrued liabilities	$243,786	$209,906

In 2015 and 2014, the other liabilities balance consisted primarily of various employee payroll tax withholdings and other payroll taxes.

13. RECLAMATION PROVISION

Agnico Eagle's reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation, third party estimates, management's estimates and feasibility study calculations. Assumptions based on current economic conditions, which the Company believes are reasonable, have been used to estimate the reclamation provision. However, actual reclamation costs will ultimately depend on future economic conditions and costs for the necessary reclamation work. Changes in reclamation provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates. The discount rates used in the calculation of the reclamation provision at December 31, 2015 ranged between 0.48% and 2.37% (December 31, 2014 – between 1.03% and 2.54%).

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

13. RECLAMATION PROVISION (Continued)

The following table reconciles the beginning and ending carrying amounts of the Company's asset retirement obligations. The settlement of the obligation is estimated to occur through to 2068.

	Year Ended December 31, 2015	Year Ended December 31, 2014
Asset retirement obligations – long-term, beginning of year	$242,615	$171,472
Asset retirement obligations – current, beginning of year	2,863	1,029
Current year additions and changes in estimate, net	64,305	69,420
Current year attributable additions upon joint acquisition of Osisko	–	20,776
Current year accretion	4,178	5,173
Liabilities settled	(1,496)	(1,714)
Foreign exchange revaluation	(38,954)	(20,678)
Reclassification from long-term to current, end of year	(4,443)	(2,863)
Asset retirement obligations – long-term, end of year	$269,068	$242,615

The following table reconciles the beginning and ending carrying amounts of the Company's environmental remediation liability. The settlement of the obligation is estimated to occur through to 2020.

	Year Ended December 31, 2015	Year Ended December 31, 2014
Environmental remediation liability – long-term, beginning of year	$ 7,302	$12,537
Environmental remediation liability – current, beginning of year	3,906	2,423
Current year additions and changes in estimate, net	180	563
Liabilities settled	(562)	(3,202)
Foreign exchange revaluation	(1,793)	(1,113)
Reclassification from long-term to current, end of year	(1,802)	(3,906)
Environmental remediation liability – long-term, end of year	$ 7,231	$ 7,302

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

14. LEASES

(a) Finance Leases

The Company has entered into sale-leaseback agreements with third parties for various fixed and mobile equipment within Canada. These arrangements represent sale-leaseback transactions in accordance with IAS 17 – *Leases*. The sale-leaseback agreements have an average effective annual interest rate of 3.3% and the average length of the contracts is five years.

All of the sale-leaseback agreements have end of lease clauses that qualify as bargain purchase options that the Company expects to execute. As at December 31, 2015, the total net book value of assets recorded under sale-leaseback finance leases amounted to $7.1 million (December 31, 2014 – $12.9 million).

The Company has agreements with third party providers of mobile equipment. These arrangements represent finance leases in accordance with the guidance in IAS 17 – *Leases*. The leases are for five to seven years and have an average effective annual interest rate of 4.2%.

As a result of its June 16, 2014 joint acquisition of Osisko, Agnico Eagle assumed indirect attributable secured finance lease obligations of C$38.3 million ($35.3 million) provided in separate tranches with maturities ranging between 2015 and 2019 and a 7.5% interest rate. As at December 31, 2015, the Company's attributable finance lease obligations amounted to $13.7 million (December 31, 2014 – $31.7 million).

The following table sets out future minimum lease payments under finance leases together with the present value of the net minimum lease payments:

	As at December 31, 2015			As at December 31, 2014		
	Minimum Finance Lease Payments	Interest	Present Value	Minimum Finance Lease Payments	Interest	Present Value
Within 1 year	$10,191	$ 602	$ 9,589	$23,587	$1,445	$22,142
Between 1 – 5 years	10,057	510	9,547	22,232	1,095	21,137
Total	$20,248	$1,112	$19,136	$45,819	$2,540	$43,279

As at December 31, 2015, the total net book value of assets recorded under finance leases, including sale-leaseback finance leases, was $38.0 million (December 31, 2014 – $61.7 million). The amortization of assets recorded under finance leases is included in the amortization of property, plant and mine development line item of the consolidated statements of income and comprehensive income.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

14. LEASES (Continued)

(b) Operating Leases

The Company has a number of operating lease agreements involving office facilities. Some of the leases for office facilities contain escalation clauses for increases in operating costs and property taxes. Future minimum lease payments required to meet obligations that have initial or remaining non-cancellable lease terms in excess of one year are as follows:

	As at December 31, 2015	As at December 31, 2014
Within 1 year	$ 1,780	$1,051
Between 1 – 3 years	2,479	1,619
Between 3 – 5 years	2,205	1,452
Thereafter	10,272	1,549
Total	$16,736	$5,671

During the year ended December 31, 2015, $1.4 million (year ended December 31, 2014 – $1.2 million) of operating lease payments were recognized in the consolidated statements of income.

15. LONG-TERM DEBT

	As at December 31, 2015	As at December 31, 2014
Credit Facility[(i)]	$ 258,083	$ 492,470
2015 Note[(i)]	49,364	–
2012 Notes[(i)]	198,722	198,549
2010 Notes[(i)]	597,567	596,966
Attributable CMGP Convertible Debentures	–	34,679
Other attributable debt instruments	28,902	51,979
Total debt	1,132,638	1,374,643
Less: current portion	14,451	52,182
Total long-term debt	$1,118,187	$1,322,461

(i) Inclusive of deferred financing costs.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

15. LONG-TERM DEBT (Continued)

Scheduled Debt Principal Repayments

	2016	2017	2018	2019	2020	2021 and Thereafter	Total
Credit Facility	$ –	$ –	$ –	$ –	$265,000	$ –	$ 265,000
2015 Note	–	–	–	–	–	50,000	50,000
2012 Notes	–	–	–	–	–	200,000	200,000
2010 Notes	–	115,000	–	–	360,000	125,000	600,000
Other attributable debt instruments	14,451	14,451	–	–	–	–	28,902
Total	$14,451	$129,451	$ –	$ –	$625,000	$375,000	$1,143,902

Credit Facility

On September 5, 2014, the Company amended its unsecured revolving bank credit facility (the "Credit Facility"), extending the maturity date from June 22, 2017 to June 22, 2019 and amending pricing terms.

On September 30, 2015, the Company further amended the Credit Facility, among other things, extending the maturity date from June 22, 2019 to June 22, 2020 and amending pricing terms.

At December 31, 2015, the Credit Facility was drawn down by $265.0 million (December 31, 2014 – $500.0 million). Amounts drawn down, together with outstanding letters of credit under the Credit Facility, resulted in Credit Facility availability of $924.1 million at December 31, 2015.

2015 Note

On September 30, 2015, the Company closed a private placement consisting of a $50.0 million guaranteed senior unsecured note (the "2015 Note") with a September 30, 2025 maturity date and a yield of 4.15% (together with the 2010 Notes and the 2012 Notes, the "Notes"). An amount equal to or greater than the net proceeds from the 2015 Note are to be applied toward mining projects in the Province of Quebec, Canada.

2012 Notes

On July 24, 2012, the Company closed a $200.0 million private placement of guaranteed senior unsecured notes (the "2012 Notes") which, on issuance, had a weighted average maturity of 11.0 years and weighted average yield of 4.95%.

The following table sets out details of the individual series of the 2012 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$100,000	4.87%	7/23/2022
Series B	100,000	5.02%	7/23/2024
Total	$200,000		

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

15. LONG-TERM DEBT (Continued)

2010 Notes

On April 7, 2010, the Company closed a $600.0 million private placement of guaranteed senior unsecured notes (the "2010 Notes") which, on issuance, had a weighted average maturity of 9.84 years and weighted average yield of 6.59%.

The following table sets out details of the individual series of the 2010 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$115,000	6.13%	4/7/2017
Series B	360,000	6.67%	4/7/2020
Series C	125,000	6.77%	4/7/2022
Total	$600,000		

CMGP Convertible Debentures

In connection with its joint acquisition of Osisko on June 16, 2014, Canadian Malartic GP was assigned and assumed certain outstanding debt obligations of Osisko relating to the Canadian Malartic mine. Agnico Eagle's indirect attributable interest in such debt instruments included the CMGP Convertible Debentures with principal outstanding of C$37.5 million ($34.6 million), a November 2017 maturity date and a 6.875% interest rate.

On June 30, 2015, the negotiated early settlement of all of the CMGP Convertible Debentures was completed. As a result of this settlement, 871,680 Agnico Eagle common shares with a fair value of $24.8 million were released from a depositary to the holders of the CMGP Convertible Debentures along with a cash payment of $10.1 million to settle the Company's obligation. In the year ended December 31, 2015 a $2.4 million mark-to-market loss was recorded in the other expenses (income) line item of the consolidated statements of income and comprehensive income related to the CMGP Convertible Debentures. In the year ended December 31, 2014, a mark-to-market gain of $8.0 million was recorded related to the CMGP Convertible Debentures. Additional cash consideration of $3.2 million was paid to the holders of the CMGP Convertible Debentures upon settlement and was recorded in the other expenses (income) line item of the consolidated statements of income and comprehensive income. As at December 31, 2015, the CMGP Convertible Debentures had principal outstanding of nil.

Other Loans

In connection with its joint acquisition of Osisko on June 16, 2014, Canadian Malartic GP was assigned and assumed certain outstanding debt obligations of Osisko relating to the Canadian Malartic mine. Agnico Eagle's indirect attributable interest in such debt obligations included a secured loan facility (the "CMGP Loan"). A scheduled repayment of C$20.0 million ($16.0 million) was made on June 30, 2015, resulting in attributable outstanding principal of C$40.0 million ($28.9 million) as at December 31, 2015 (December 31, 2014 – $51.7 million).

Covenants

Payment and performance of Agnico Eagle's obligations under the Credit Facility and the Notes is guaranteed by each of its material subsidiaries and certain of its other subsidiaries (the "Guarantors").

The Credit Facility contains covenants that limit, among other things, the ability of the Company to incur additional indebtedness, make distributions in certain circumstances and sell material assets.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

15. LONG-TERM DEBT (Continued)

The note purchase agreements pursuant to which the Notes were issued (the "Note Purchase Agreements") contain covenants that restrict, among other things, the ability of the Company to amalgamate or otherwise transfer its assets, sell material assets, carry on a business other than one related to mining and the ability of the Guarantors to incur indebtedness.

The Credit Facility and Note Purchase Agreements also require the Company to maintain a total net debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio below a specified maximum value.

The CMGP Loan requires Canadian Malartic GP to maintain a minimum EBITDA to interest expense ratio and a maximum debt to EBITDA ratio.

The Company was in compliance with all covenants contained in the Credit Facility and Note Purchase Agreements as at December 31, 2015. Canadian Malartic GP was in compliance with all CMGP Loan covenants as at December 31, 2015.

Interest on Long-term Debt

Total long-term debt interest costs incurred during the year ended December 31, 2015 were $58.8 million (2014 – $56.9 million).

Total borrowing costs capitalized to property, plant and mine development during the year ended December 31, 2015 were $1.7 million (2014 – $1.7 million) at a capitalization rate of 1.25% (2014 – 1.28%).

During the year ended December 31, 2015, cash interest paid on the Credit Facility was $8.7 million (2014 – $7.5 million), cash standby fees paid on the Credit Facility were $3.8 million (2014 – $5.1 million) and cash interest paid on the Notes was $49.4 million (2014 – $49.4 million).

16. OTHER LIABILITIES

Other liabilities consist of the following:

	As at December 31, 2015	As at December 31, 2014
Long-term portion of capital lease obligations (note 14(a))	$ 9,547	$21,137
Pension benefit obligations (note 16(a))	17,146	17,507
Other	7,345	159
Total other liabilities	$34,038	$38,803

(a) Pension Benefit Obligations

Executives Plan

Agnico Eagle provides the Executives Plan for certain current and former senior officers. It is considered a defined benefit plan as defined in IAS 19 – *Employee Benefits* with a pension formula based on final average earnings in excess of the amounts payable from the registered plan. Assets for the Executives Plan consist of deposits on hand with regulatory authorities that are refundable when benefit payments are made or on the ultimate wind-up of the plan. The estimated average remaining service life of the plan at December 31, 2015 is 3.0 years. The funded status of the Executives Plan is based on actuarial valuations performed as of December 31, 2015.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

16. OTHER LIABILITIES (Continued)

The funded status of the Executives Plan for 2015 and 2014 is as follows:

	Year Ended December 31,	
	2015	**2014**
Reconciliation of the Executives Plan assets:		
Executives Plan assets, beginning of year	$ 2,278	$ 2,346
Agnico Eagle's contributions	312	372
Benefit payments	(202)	(239)
Interest on Executives Plan assets	83	111
Net return on Executives Plan assets excluding interest	(83)	(111)
Effect of exchange rate changes	(377)	(201)
Executives Plan assets, end of year	2,011	2,278
Reconciliation of Executives Plan defined benefit obligation:		
Defined benefit obligation, beginning of year	11,895	11,298
Service cost	435	470
Benefit payments	(202)	(239)
Interest cost	445	550
Actuarial losses arising from changes in economic assumptions	–	1,581
Actuarial gains arising from changes in demographic assumptions	–	(164)
Actuarial losses (gains) arising from Executives Plan experience	48	(584)
Effect of exchange rate changes	(1,980)	(1,017)
Defined benefit obligation, end of year	10,641	11,895
Net defined benefit liability, end of year	$ 8,630	$ 9,617

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

16. OTHER LIABILITIES (Continued)

The components of Agnico Eagle's pension expense recognized in the consolidated statements of income relating to the Executives Plan are as follows:

	Year Ended December 31,	
	2015	**2014**
Service cost	$ 435	$470
Interest cost on defined benefit obligation	445	550
Interest on Executives Plan assets	(83)	(111)
Pension expense	$ 797	$909

The remeasurements of the net defined benefit liability recognized in other comprehensive income (loss) relating to the Executives Plan are as follows:

	Year Ended December 31,	
	2015	**2014**
Actuarial losses relating to the defined benefit obligation	$ 48	$833
Net return on Executives Plan assets excluding interest	83	111
Total remeasurements of the net defined benefit liability	$131	$944

In 2016, the Company expects to make contributions of $0.2 million and benefit payments of $0.1 million related to the Executives Plan.

The following table sets out significant weighted average assumptions used in measuring the Company's Executives Plan defined benefit obligation:

	As at December 31,	
	2015	**2014**
Assumptions:		
Discount rate – beginning of year	4.0%	4.9%
Discount rate – end of year	4.0%	4.0%
Rate of compensation increase	3.0%	3.0%

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

16. OTHER LIABILITIES (Continued)

The following is a summary of the effect of changes in significant actuarial assumptions on the Company's Executives Plan defined benefit obligation:

	As at December 31, 2015
Change in assumption:	
0.5% increase in discount rate	$(726)
0.5% decrease in discount rate	802
0.5% increase in the rate of compensation increase	50
0.5% decrease in the rate of compensation increase	(50)

The summary of the effect of changes in significant actuarial assumptions was prepared using the same methods and actuarial assumptions as those used for the calculation of the Executives Plan defined benefit obligation as at the end of the fiscal year, except for the change in the single actuarial assumption being evaluated. The modification of several actuarial assumptions at the same time could lead to different results.

Other Plans

In addition to the Executives Plan, the Company maintains the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico Eagle contributes 5.0% of certain employees' base employment compensation to a defined contribution plan. In 2015, $9.8 million (2014 – $11.1 million) was contributed to the Basic Plan, $0.1 million of which related to contributions for key management personnel (2014 – $0.1 million). Effective January 1, 2008, the Company adopted the Supplemental Plan for designated executives at the level of Vice-President or above. The Supplemental Plan is funded by the Company through notional contributions equal to 10.0% of the designated executive's earnings for the year (including salary and short-term bonus). In 2015, the Company made $1.3 million (2014 – $1.5 million) in notional contributions to the Supplemental Plan, $0.2 million (2014 – $0.1 million) of which related to contributions for key management personnel. The Company's liability related to the Supplemental Plan is $5.3 million at December 31, 2015 (December 31, 2014 – $5.0 million). The Supplemental Plan is accounted for as a cash balance plan.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

17. EQUITY

Common Shares

The Company's authorized share capital includes an unlimited number of common shares with no par value. As at December 31, 2015, Agnico Eagle's issued common shares totaled 218,028,368 (December 31, 2014 – 215,192,887), less 377,573 common shares held in a trust (December 31, 2014 – 956,653 common shares held in a trust related to the RSU plan or by a depositary to satisfy obligations in connection with the CMGP Convertible Debentures that were settled on June 30, 2015).

373,785 common shares are held in a trust in connection with the Company's RSU plan (December 31, 2014 – 84,973 common shares held in a trust).

In the first quarter of 2015, a Long Term Incentive Plan ("LTIP") was implemented for certain employees of the jointly owned Canadian Malartic GP and Canadian Malartic Corporation comprised of 50.0% deferred cash, 25.0% Agnico Eagle common shares and 25.0% Yamana common shares and vesting over a period ranging between 18 to 36 months. As at December 31, 2015, 3,788 Agnico Eagle common shares were held in a trust in connection with the LTIP.

The trusts have been evaluated under IFRS 10 – *Consolidated Financial Statements* and are consolidated in the accounts of the Company, with shares held in trust offset against the Company's issued shares in its consolidated financial statements. The common shares purchased and held in a trust are excluded from the basic net income per share calculations until they have vested. All of the non-vested common shares held in a trust are included in the diluted net income per share calculations, unless the impact is anti-dilutive.

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at December 31, 2015 were exercised:

Common shares outstanding at December 31, 2015	217,650,795
Employee stock options	12,082,212
Common shares held in a trust in connection with the RSU plan (note 19(c)) and LTIP	377,573
Total	230,110,580

17. EQUITY (Continued)

Net Income Per Share

The following table sets out the weighted average number of common shares used in the calculation of basic and diluted net income per share:

	Year Ended December 31,	
	2015	2014
Net income for the year – basic	$ 24,583	$ 82,970
Less: Dilutive impact of CMGP Convertible Debentures(i)	–	(7,345)
Net income for the year – diluted	$ 24,583	$ 75,625
Weighted average number of common shares outstanding – basic (in thousands)	216,168	195,223
Add: Dilutive impact of common shares held by a depositary relating to CMGP Convertible Debentures(i)	–	475
Add: Dilutive impact of common shares related to the RSU plan and LTIP	300	259
Add: Dilutive impact of employee stock options	633	244
Weighted average number of common shares outstanding – diluted (in thousands)	217,101	196,201
Net income per share – basic	$ 0.11	$ 0.43
Net income per share – diluted	$ 0.11	$ 0.39

Note:

(i) In connection with the joint acquisition of Osisko Mining Corporation on June 16, 2014, Agnico Eagle indirectly assumed its attributable interest in the CMGP Convertible Debentures. On June 30, 2015, the negotiated early settlement of all the CMGP Convertible Debentures was completed, resulting in principal outstanding of nil. The impact of the CMGP Convertible Debentures has been included in the calculation of diluted net income per share where dilutive and has been excluded from the calculation of diluted net income per share where anti-dilutive. The dilutive impact of the CMGP Convertible Debentures, including both their impact on diluted net income and the dilutive impact of related common shares held by a depositary in connection with any conversion thereof, was excluded from the calculation of diluted net income per share for the year ended December 31, 2015 as their impact would have been anti-dilutive for the portion of the year they were outstanding.

Diluted net income per share has been calculated using the treasury stock method. In applying the treasury stock method, outstanding employee stock options with an exercise price greater than the average quoted market price of the common shares for the period outstanding are not included in the calculation of diluted net income per share as the impact would be anti-dilutive.

For the year ended December 31, 2015, 6,806,055 (year ended December 31, 2014 – 9,102,210) employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive.

18. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES

Agnico Eagle is a gold mining company with mining operations in Canada, Mexico and Finland. The Company earns a significant proportion of its revenues from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals. The revenue from by-product metals is primarily generated by production at the LaRonde mine in Canada (silver, zinc and copper) and the Pinos Altos mine in Mexico (silver).

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

18. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

The cash flow and profitability of the Company's operations are significantly affected by the market price of gold and, to a lesser extent, silver, zinc and copper. The prices of these metals can fluctuate significantly and are affected by numerous factors beyond the Company's control.

During the year ended December 31, 2015, four customers each contributed more than 10.0% of total revenues from mining operations for a combined total of approximately 78.0% of revenues from mining operations in the Northern and Southern business units. However, gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sale of its product.

Trade receivables are recognized once the transfer of ownership for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of dore bars or concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties. As at December 31, 2015, the Company had $7.7 million (December 31, 2014 – $59.7 million) in receivables relating to provisionally priced concentrate sales. For the year ended December 31, 2015, the Company recognized mark-to-market losses of $0.5 million (2014 – $0.8 million) on concentrate receivables.

	Year Ended December 31,	
	2015	2014
Revenues from mining operations:		
Gold	$1,911,500	$1,807,927
Silver	66,991	62,466
Zinc	505	9,901
Copper	6,436	16,479
Lead(i)	–	(7)
Total revenues from mining operations	$1,985,432	$1,896,766

Note:

(i) *Lead concentrate revenues of nil in 2015 (2014 – $0.1 million) are netted against direct fees of nil (2014 – $0.1 million). Other metal revenues derived from lead concentrate are included in their respective metal categories in the above table.*

In 2015, precious metals (gold and silver) accounted for 99.7% of Agnico Eagle's revenues from mining operations (2014 – 98.6%). The remaining revenues from mining operations consisted of net by-product metal revenues from non-precious metals.

19. STOCK-BASED COMPENSATION

(a) Employee Stock Option Plan

The Company's ESOP provides for the grant of stock options to directors, officers, employees and service providers to purchase common shares. Under the ESOP, stock options are granted at the fair market value of the underlying shares on the day prior to the date of grant. The number of common shares that may be reserved for issuance to any one person pursuant to stock options (under the ESOP or otherwise), warrants, share purchase plans or other arrangements may not exceed 5.0% of the Company's common shares issued and outstanding at the date of grant.

On April 24, 2001, the Compensation Committee of the Board adopted a policy pursuant to which stock options granted after that date have a maximum term of five years. In 2013, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP to 27,800,000.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

19. STOCK-BASED COMPENSATION (Continued)

Of the 3,068,080 stock options granted under the ESOP in 2015, 688,995 stock options vested immediately. The remaining stock options, all of which expire in 2020, vest in equal installments on each anniversary date of the grant over a three-year period. Of the 3,187,500 stock options granted under the ESOP in 2014, 796,875 stock options vested immediately. The remaining stock options, all of which expire in 2019, vest in equal installments on each anniversary date of the grant over a three-year period. Upon the exercise of stock options under the ESOP, the Company issues common shares from treasury to settle the obligation.

The following table sets out activity with respect to Agnico Eagle's outstanding stock options:

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	11,913,210	C$48.84	11,283,535	C$56.02
Granted	3,068,080	29.09	3,187,500	28.07
Exercised	(747,683)	29.68	(582,925)	31.46
Forfeited	(92,314)	40.40	(250,750)	53.08
Expired	(2,059,081)	57.20	(1,724,150)	62.64
Outstanding, end of year	12,082,212	C$43.65	11,913,210	C$48.84
Options exercisable, end of year	7,519,120	C$50.71	7,503,335	C$55.98

The average share price of Agnico Eagle's common shares during the year ended December 31, 2015 was C$36.16 (2014 – C$34.83)

The weighted average grant date fair value of stock options granted in 2015 was C$8.10 (2014 – C$6.53).

The following table sets out information about Agnico Eagle's stock options outstanding and exercisable at December 31, 2015:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
C$28.03 – C$39.46	7,274,207	2.83 years	C$30.99	3,386,865	C$33.74
C$40.66 – C$53.14	2,674,500	2.03 years	$51.94	1,998,750	$52.02
C$63.39 – C$76.60	2,133,505	0.02 years	$76.44	2,133,505	$76.44
C$28.03 – C$76.60	12,082,212	2.15 years	C$43.65	7,519,120	C$50.71

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

19. STOCK-BASED COMPENSATION (Continued)

The weighted average remaining contractual term of stock options exercisable at December 31, 2015 was 1.41 years.

The Company has reserved for issuance 12,082,212 common shares in the event that these stock options are exercised.

The number of common shares available for the grant of stock options under the ESOP as at December 31, 2015 and December 31, 2014 was 2,678,591 and 3,595,276, respectively.

Subsequent to the year ended December 31, 2015, 2,140,075 stock options were granted under the ESOP, of which 535,019 stock options vested within 30 days of the grant. The remaining stock options, all of which expire in 2021, vest in equal installments on each anniversary date of the grant over a three-year period.

Agnico Eagle estimated the fair value of stock options under the Black-Scholes option pricing model using the following weighted average assumptions:

	Year Ended December 31,	
	2015	2014
Risk-free interest rate	1.50%	1.52%
Expected life of stock options (in years)	2.7	2.6
Expected volatility of Agnico Eagle's share price	45.0%	42.5%
Expected dividend yield	1.69%	3.82%

The Company uses historical volatility to estimate the expected volatility of Agnico Eagle's share price. The expected term of stock options granted is derived from historical data on employee exercise and post-vesting employment termination experience.

The total compensation expense for the ESOP recorded in the general and administrative line item of the consolidated statements of income and comprehensive income for 2015 was $20.1 million (2014 – $20.8 million). Of the total compensation cost for the ESOP, $0.6 million was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in 2015 (2014 – $0.8 million).

(b) Incentive Share Purchase Plan

On June 26, 1997, the Company's shareholders approved the ISPP to encourage directors, officers and employees ("Participants") to purchase Agnico Eagle's common shares at market value. In 2009, the ISPP was amended to remove non-executive directors as eligible Participants.

Under the ISPP, Participants may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each Participant's contribution. All common shares subscribed for under the ISPP are issued by the Company. The total compensation cost recognized in 2015 related to the ISPP was $4.7 million (2014 – $5.2 million).

In 2015, 512,438 common shares were subscribed for under the ISPP (2014 – 517,721) for a value of $14.0 million (2014 – $15.5 million). In May 2015, the Company's shareholders approved an increase in the maximum number of common shares reserved for issuance under the ISPP to 7,100,000 from 6,100,000. As at December 31, 2015, Agnico Eagle has reserved for issuance 1,899,748 common shares (2014 – 1,412,186) under the ISPP.

19. STOCK-BASED COMPENSATION (Continued)

(c) Restricted Share Unit Plan

In 2009, the Company implemented the RSU plan for certain employees. Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company.

A deferred compensation balance is recorded for the total grant date value on the date of each RSU plan grant. The deferred compensation balance is recorded as a reduction of equity and is amortized as compensation expense over the vesting period of three years.

In 2015, 423,822 (2014 – 298,877) RSUs were granted with a grant date fair value of $27.99 (2014 – $28.62). In 2015, the Company funded the RSU plan by transferring $11.5 million (2014 – $7.5 million) to an employee benefit trust that then purchased common shares of the Company in the open market. The grant date fair value of the RSUs generally approximates the cost of purchasing the shares in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding.

Compensation expense related to the RSU plan was $12.0 million in 2015 (2014 – $12.8 million). Compensation expense related to the RSU plan is included as part of the general and administrative line item of the consolidated statements of income and comprehensive income.

Subsequent to the year ended December 31, 2015, 340,042 RSUs were granted under the RSU plan.

20. CAPITAL AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management policy is to support the delivery of the Company's financial targets while minimizing the potential adverse effects on the Company's performance.

Risk management is carried out by a centralized treasury department under policies approved by the Board. The Company's financial activities are governed by policies and procedures and its financial risks are identified, measured and managed in accordance with its policies and risk tolerance.

a) Market Risk

Market risk is the risk that changes in market factors, such as interest rates, commodity prices and foreign exchange rates, will affect the value of Agnico Eagle's financial instruments. The Company can choose to either accept market risk or mitigate it through the use of derivatives and other economic hedging strategies.

i. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations that have floating interest rates.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

The following table sets out the impact of a 1.0% increase or decrease in interest rates on income before income and mining taxes. The impact on equity is the same as the impact on income before income and mining taxes.

	Year Ended December 31,	
	2015	2014
1.0% Increase	$(4,454)	$(3,548)
1.0% Decrease	$ 4,454	$ 3,548

ii. *Commodity Price Risk*

a. *Metal Prices*

Agnico Eagle's revenues from mining operations and net income are sensitive to metal prices. Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of by-product metals (silver, zinc and copper) may be attributed to factors such as demand and global mine production levels.

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Board-approved Risk Management Policies and Procedures. The Company has a long-standing policy of no forward gold sales. However, the policy does allow the Company to use other economic hedging strategies, where appropriate, to mitigate by-product metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum by-product metal prices while maintaining full exposure to the price of gold. The Risk Management Committee has approved the strategy of using short-term call options in an attempt to enhance the realized by-product metal prices. The Company's policy does not allow speculative trading.

b. *Fuel*

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of its diesel fuel costs (refer to note 21 to these consolidated financial statements for further details on derivative financial instruments).

iii. *Foreign Currency Risk*

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant currency risk exposure. The Company enters into currency economic hedging transactions under the Board-approved Foreign Exchange Risk Management Policies and Procedures, to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), as it does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes (refer to note 21 to these consolidated financial statements for further details on the Company's derivative financial instruments).

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

The following table sets out the translation impact on income before income and mining taxes and equity for the year ended December 31, 2015 of a 10.0% change in the exchange rate of the US dollar relative to the Canadian dollar, Euro and Mexican peso, with all other variables held constant.

	Impact on Income Before Income and Mining Taxes and Equity	
	10.0% Strengthening of the US Dollar	10.0% Weakening of the US Dollar
Canadian dollar	$ 6,304	$(6,304)
Euro	$ 2,595	$(2,595)
Mexican peso	$(1,534)	$ 1,534

b) *Credit Risk*

Credit risk is the risk that a third party might fail to fulfill its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments, restricted cash, trade receivables and derivative financial instruments. The Company holds its cash and cash equivalents, restricted cash and short-term investments in highly rated financial institutions resulting in a low level of credit risk. For trade receivables and derivative financial instruments, historical levels of default have been negligible, resulting in a low level of credit risk. The Company mitigates credit risk by dealing with recognized credit worthy counterparties and limiting concentration risk. For derivative financial instrument liabilities, the Company assumes no credit risk when the fair value of an instrument is negative. The maximum exposure to credit risk is equal to the carrying amount of the instruments as follows:

	As at December 31, 2015	As at December 31, 2014
Cash and cash equivalents	$124,150	$177,537
Short-term investments	7,444	4,621
Restricted cash	1,426	54,021
Trade receivables	7,714	59,716
Derivative financial instrument assets	87	4,877
Total	$140,821	$300,772

c) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its risk of a shortage of funds by monitoring its debt rating and projected cash flows taking into account the maturity dates of existing debt and other payables. The Company manages exposure to liquidity risk by maintaining cash balances, having access to undrawn credit facilities and access to public debt markets. Contractual maturities relating to finance lease obligations are detailed in note 14 to these consolidated financial statements and contractual maturities

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

relating to long-term debt are detailed in note 15 to these consolidated financial statements. Other financial liabilities, including accounts payable and accrued liabilities and derivative financial instruments, have maturities within one year of December 31, 2015.

d) Capital Risk Management

The Company's primary capital management objective is to maintain an optimal capital structure to support current and long-term business activities and to provide financial flexibility in order to maximize value for equity holders. Agnico Eagle's capital structure comprises a mix of long-term debt and total equity as follows:

	As at December 31, 2015	As at December 31, 2014
Long-term debt	$1,132,638	$1,374,643
Total equity	4,141,020	4,068,490
Total	$5,273,658	$5,443,133

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the requirements of financial covenants. To effectively manage its capital requirements, Agnico Eagle has in place a rigorous planning, budgeting and forecasting process to ensure it has the appropriate liquidity to meet its operating and growth objectives. The Company has the ability to adjust its capital structure by various means.

See note 15 to these consolidated financial statements for details related to Agnico Eagle's compliance with its long-term debt covenants.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Currency Risk Management

The Company utilizes foreign exchange economic hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange rates. The Company is primarily exposed to currency fluctuations relative to the US dollar as a portion of the Company's operating costs and capital expenditures are denominated in foreign currencies; primarily the Canadian dollar, the Euro and the Mexican peso. These potential currency fluctuations increase the volatility of, and could have a significant impact on, the Company's production costs. The economic hedges relate to a portion of the foreign currency denominated cash outflows arising from foreign currency denominated expenditures. The Company does not apply hedge accounting to these arrangements.

As at December 31, 2015, the Company had outstanding foreign exchange zero cost collars. The purchase of US dollar put options was financed through selling US dollar call options at a higher level such that the net premium payable to the different counterparties by the Company was nil. At December 31, 2015, the zero cost collars related to $217.0 million of 2016 expenditures and the Company recognized mark-to-market adjustments in the loss on derivative financial instruments line item of the consolidated statements of income and comprehensive income. Mark-to-market gains (losses) related to foreign exchange derivative financial instruments are recorded at fair value based on broker-dealer quotations corroborated by option pricing models that utilize period end forward pricing of the applicable foreign currency to calculate fair value.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Company's other foreign currency derivative strategies in 2015 and 2014 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars for Canadian dollars. All of these derivative transactions expired prior to year end such that no derivatives were outstanding as at December 31, 2015 or December 31, 2014. The call option premiums were recognized in the loss on derivative financial instruments line item of the consolidated statements of income and comprehensive income.

Commodity Price Risk Management

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of diesel fuel costs associated with the Meadowbank mine's diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding at December 31, 2015 relating to 7.0 million gallons of heating oil (December 31, 2014 – 14.0 million gallons). The related mark-to-market adjustments prior to settlement were recognized in the loss on derivative financial instruments line item of the consolidated statements of income and comprehensive income. The Company does not apply hedge accounting to these arrangements.

Mark-to-market gains (losses) related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize year end forward pricing to calculate fair value.

As at December 31, 2015 and December 31, 2014, there were no metal derivative positions. The Company may from time to time utilize short-term financial instruments as part of its strategy to minimize risks and optimize returns on its by-product metal sales.

The following table sets out a summary of the amounts recognized in the loss on derivative financial instruments line item of the consolidated statements of income and comprehensive income:

	Year Ended December 31,	
	2015	**2014**
Premiums realized on written foreign exchange call options	$ 2,654	$ 2,725
Realized gain (loss) on warrants	9,072	(4,263)
Unrealized (loss) gain on warrants[(i)]	(2,213)	3,426
Realized (loss) gain on currency and commodity derivatives	(29,297)	20
Unrealized gain (loss) on currency and commodity derivatives[(i)]	176	(8,064)
Total loss on derivative financial instruments	$(19,608)	$(6,156)

Note:

(i) Unrealized gains and losses on financial instruments that did not qualify for hedge accounting are recognized through the loss on derivative financial instruments line item of the consolidated statements of income and comprehensive income and through the other line item of the consolidated statements of cash flows.

22. SEGMENTED INFORMATION

Agnico Eagle operates in a single industry, namely exploration for and production of gold. The Company's primary operations are in Canada, Mexico and Finland. The Company identifies its reportable segments as those operations whose operating results are reviewed by the Chief Operating Decision Maker ("CODM"), the Chief Executive Officer for the purpose of allocating resources and assessing performance and that represent more than 10.0% of the combined revenue from mining operations, income or loss or total assets of all operating segments. Each of the Company's significant operating mines and projects are considered to be separate operating segments. Certain operating segments that do not meet the quantitative

22. SEGMENTED INFORMATION (Continued)

thresholds are still disclosed when the Company believes that the information is useful. The CODM also reviews segment income (defined as revenues from mining operations less production costs, exploration and corporate development expenses and impairment losses) on a mine-by-mine basis. The following are the Company's reportable segments organized according to their relationship with the Company's three business units and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

Northern Business:	LaRonde mine, Lapa mine, Goldex mine, Meadowbank mine including the Amaruq deposit, Canadian Malartic joint operation, Meliadine project and Kittila mine
Southern Business:	Pinos Altos mine, Creston Mascota deposit at Pinos Altos and La India mine
Exploration:	United States Exploration office, Europe Exploration office, Canada Exploration offices and Latin America Exploration office

Revenues from mining operations and production costs for the reportable segments are reported net of intercompany transactions.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

22. SEGMENTED INFORMATION (Continued)

Corporate and other assets and specific income and expense items are not allocated to reportable segments.

Year Ended December 31, 2015:	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Segment Income (Loss)
Northern Business:				
LaRonde mine	$ 318,207	$(172,283)	$ –	$ 145,924
Lapa mine	104,785	(52,571)	–	52,214
Goldex mine	133,845	(61,278)	–	72,567
Meadowbank mine	446,898	(230,564)	(43,676)	172,658
Canadian Malartic joint operation (note 5)	333,280	(171,473)	(6,093)	155,714
Kittila mine	206,357	(126,095)	–	80,262
Total Northern Business	1,543,372	(814,264)	(49,769)	679,339
Southern Business:				
Pinos Altos mine	250,909	(105,175)	–	145,734
Creston Mascota deposit at Pinos Altos	66,472	(26,278)	–	40,194
La India mine	124,679	(49,578)	–	75,101
Total Southern Business	442,060	(181,031)	–	261,029
Exploration	–	–	(60,584)	(60,584)
Segments totals	$1,985,432	$(995,295)	$(110,353)	$ 879,784
Total segments income				$ 879,784
Corporate and other:				
Amortization of property, plant and mine development				(608,609)
General and administrative				(96,973)
Impairment loss on available-for-sale securities				(12,035)
Finance costs				(75,228)
Loss on derivative financial instruments				(19,608)
Gain on sale of available-for-sale securities				24,600
Environmental remediation				(2,003)
Foreign currency translation gain				4,728
Other expenses				(12,028)
Income before income and mining taxes				$ 82,628

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

22. SEGMENTED INFORMATION (Continued)

Year Ended December 31, 2014:	**Revenues from Mining Operations**	**Production Costs**	**Exploration and Corporate Development**	**Segment Income (Loss)**
Northern Business:				
LaRonde mine	$ 308,794	$ (188,736)	$ –	$ 120,058
Lapa mine	115,254	(61,056)	–	54,198
Goldex mine	125,574	(64,836)	–	60,738
Meadowbank mine	575,856	(270,824)	(11,199)	293,833
Canadian Malartic joint operation (note 5)	189,900	(113,916)	–	75,984
Kittila mine	176,520	(116,893)	–	59,627
Total Northern Business	1,491,898	(816,261)	(11,199)	664,438
Southern Business:				
Pinos Altos mine	251,783	(123,342)	–	128,441
Creston Mascota deposit at Pinos Altos	59,573	(28,007)	–	31,566
La India mine	93,512	(36,949)	–	56,563
Total Southern Business	404,868	(188,298)	–	216,570
Exploration	–	–	(44,803)	(44,803)
Segments totals	$1,896,766	$(1,004,559)	$(56,002)	$ 836,205
Total segments income				$ 836,205
Corporate and other:				
Amortization of property, plant and mine development				(433,628)
General and administrative				(118,771)
Impairment loss on available-for-sale securities				(15,763)
Finance costs				(73,393)
Loss on derivative financial instruments				(6,156)
Gain on sale of available-for-sale securities				5,635
Environmental remediation				(8,214)
Foreign currency translation loss				(3,781)
Other income				7,004
Income before income and mining taxes				$ 189,138

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

22. SEGMENTED INFORMATION (Continued)

	Total Assets as at	
	December 31, 2015	December 31, 2014
Northern Business:		
LaRonde mine	$ 834,881	$ 856,489
Lapa mine	50,951	74,131
Goldex mine	201,257	205,101
Meadowbank mine	595,682	660,278
Canadian Malartic joint operation (note 5)	2,012,648	2,068,532
Meliadine project	561,271	487,901
Kittila mine	933,362	931,335
Total Northern Business	5,190,052	5,283,767
Southern Business:		
Pinos Altos mine	585,735	573,786
Creston Mascota deposit at Pinos Altos	70,670	84,176
La India mine	501,179	543,297
Total Southern Business	1,157,584	1,201,259
Exploration	199,606	144,580
Corporate and other	135,938	179,649
Total assets	$6,683,180	$6,809,255

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

22. SEGMENTED INFORMATION (Continued)

The following table sets out the changes in the carrying amount of goodwill by segment for the years ended December 31, 2014 and December 31, 2015:

	Meliadine Project	La India Mine	Canadian Malartic Joint Operation	Total
Cost:				
Balance at December 31, 2013	$ 200,064	$39,017	$ –	$ 239,081
Joint acquisition of Osisko (note 5)	–	–	657,792	657,792
Balance at December 31, 2014	200,064	39,017	657,792	896,873
Balance at December 31, 2015	200,064	39,017	657,792	896,873
Accumulated impairment:				
Balance at December 31, 2014	(200,064)	–	–	(200,064)
Balance at December 31, 2015	(200,064)	–	–	(200,064)
Carrying amount at December 31, 2014	$ –	$39,017	$ 657,792	$ 696,809
Carrying amount at December 31, 2015	$ –	$39,017	$ 657,792	$ 696,809

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

22. SEGMENTED INFORMATION (Continued)

The following table sets out capital expenditures by segment:

	Capital Expenditures Year Ended December 31,	
	2015	**2014**
Northern Business:		
LaRonde mine	$ 67,342	$ 76,651
Lapa mine	6,491	20,198
Goldex mine	48,818	34,330
Meadowbank mine	65,230	65,883
Canadian Malartic joint operation	43,368	36,083
Meliadine project	66,747	48,270
Kittila mine	56,404	106,220
Total Northern Business	354,400	387,635
Southern Business:		
Pinos Altos mine	61,829	48,365
Creston Mascota deposit at Pinos Altos	4,195	10,852
La India mine	23,379	22,692
Total Southern Business	89,403	81,909
Corporate and other	5,955	5,868
Total capital expenditures	$449,758	$475,412

The following table sets out revenues from mining operations by geographic area:

	Year Ended December 31,	
	2015	**2014**
Canada	$1,337,017	$1,315,378
Mexico	442,058	404,868
Finland	206,357	176,520
Total revenues from mining operations	$1,985,432	$1,896,766

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

22. SEGMENTED INFORMATION (Continued)

The following table sets out non-current assets by geographic area:

	Non-current Assets as at	
	December 31, 2015	December 31, 2014
Canada	$3,878,644	$3,954,725
Mexico	1,082,524	1,095,160
Finland	882,345	841,062
United States	10,242	10,248
Total non-current assets	$5,853,755	$5,901,195

23. IMPAIRMENT LOSSES

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and if an indicator of impairment is identified, goodwill and non-current assets are tested for impairment at that time. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. An impairment loss is recognized for any excess of the carrying amount of the asset over its recoverable amount.

The estimated recoverable amount of the Canadian Malartic joint operation segment as at December 31, 2015 and December 31, 2014 was determined on the basis of fair value less costs to dispose of the Canadian Malartic mine as well as the exploration properties included in the joint operation. The estimated recoverable amount of the Canadian Malartic mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a discount rate of 5.25% (2014 – 7.6%), commensurate with the estimated level of risk associated with the Canadian Malartic mine. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of $1,150 to $1,250 per ounce (in real terms) (2014 – $1,300 per ounce), foreign exchange rates of US$0.75:C$1.00 to US$0.80:C$1.00 (2014 – US$0.88:C$1.00 to US$0.91:C$1.00), an inflation rate of 2.0% (2014 – 2.0%), and capital, operating and reclamation costs based on applicable life-of-mine plans. Exploration properties within the joint operation were valued by reference to comparable recent transactions. The Canadian Malartic joint operation segment estimated recoverable amount exceeded its carrying amount at December 31, 2015 and December 31, 2014. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on Government of Canada marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction. Gold price estimates were determined using forecasts of future prices prepared by industry analysts, which were available as at or close to the valuation date. Foreign exchange estimates are based on a combination of currency forward curves and estimates that reflect the outlooks of major global financial institutions.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

24. INCOME AND MINING TAXES

Income and mining taxes expense is made up of the following components:

	Year Ended December 31,	
	2015	**2014**
Current income and mining taxes	$51,495	$ 69,110
Deferred income and mining taxes:		
Origination and reversal of temporary differences	6,550	37,058
Total income and mining taxes expense	$58,045	$106,168

The income and mining taxes expense is different from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

	Year Ended December 31,	
	2015	**2014**
Combined federal and composite provincial tax rates	26.0%	26.0%
Expected income tax expense at statutory income tax rate	$21,442	$ 49,082
Increase (decrease) in income and mining taxes resulting from:		
Mining taxes	19,042	28,857
Tax law changes	4,357	–
Impact of foreign tax rates	(8,499)	(7,462)
Permanent differences	1,359	14,042
Impact of foreign exchange on deferred income tax balances	20,344	21,649
Total income and mining taxes expense	$58,045	$106,168

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

24. INCOME AND MINING TAXES (Continued)

The following table sets out the components of Agnico Eagle's net deferred income and mining tax liabilities:

	As at December 31, 2015	As at December 31, 2014
Mining properties	$1,039,105	$1,043,811
Net operating and capital loss carry forwards	(86,126)	(117,995)
Mining taxes	(75,410)	(54,643)
Reclamation provisions and other liabilities	(75,455)	(73,981)
Total deferred income and mining tax liabilities	$ 802,114	$ 797,192

	Year Ended December 31,	
	2015	2014
Deferred income and mining tax liabilities – beginning of year	$797,192	$453,411
Income and mining tax impact recognized in net income	6,025	33,884
Income tax impact recognized in other comprehensive income (loss)	(1,103)	1,316
Attributable deferred income and mining tax liabilities jointly acquired from Osisko	–	308,581
Deferred income and mining tax liabilities – end of year	$802,114	$797,192

The Company operates in different jurisdictions and, accordingly, it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject in the future to a review of its historic income and other tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved.

The deductible temporary differences and unused tax losses in respect of which a deferred tax asset has not been recognized in the consolidated balance sheets are as follows:

	As at December 31, 2015	As at December 31, 2014
Net capital loss carry forwards	$ 90,647	$ 83,353
Other deductible temporary differences	213,879	204,293
Unrecognized deductible temporary differences and unused tax losses	$304,526	$287,646

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

24. INCOME AND MINING TAXES (Continued)

The Company also has unused tax credits of $9.9 million as at December 31, 2015 (December 31, 2014 – nil) for which a deferred tax asset has not been recognized.

Capital loss carry forwards and other deductible temporary differences have no expiry date while the unused tax credits expire in 2020.

The Company has $412.8 million (2014 – $499.9 million) of taxable temporary differences associated with its investments in subsidiaries for which deferred income tax of $2.7 million (2014 – $2.3 million) has not been recognized, as the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

The Company is subject to taxes in Canada, Mexico and Finland, each with varying statutes of limitations. Prior taxation years generally remain subject to examination.

25. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL

During the year ended December 31, 2015, employee benefits expense was $463.0 million (2014 – $493.3 million). There were no related party transactions in 2015 or 2014 other than compensation of key management personnel. Key management personnel include the members of the Board and the senior leadership team. Compensation for key management personnel was as follows:

	Year ended December 31,	
	2015	2014
Salaries, short-term incentives and other benefits	$ 7,428	$ 6,629
Post-employment benefits	611	2,009
Share-based payments	4,914	4,688
Total	$12,953	$13,326

26. COMMITMENTS AND CONTINGENCIES

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2015, the total amount of these guarantees was $268.7 million.

Certain of the Company's properties are subject to royalty arrangements. The following are the most significant royalty arrangements:

- The Company has a royalty agreement with the Finnish government relating to the Kittila mine. Starting 12 months after the Kittila mine's operations commenced, the Company has been required to pay 2.0% on net smelter returns, defined as revenue less processing costs. The royalty is paid on an annual basis in the following year.
- The Company is committed to pay a royalty on production from certain properties in Quebec, Canada. The type of royalty agreements include, but are not limited to, net profits interest royalties and net smelter return royalties, with percentages ranging from 2.5% to 5.0%.
- The Company is committed to pay a royalty on production from certain properties in Mexico. The type of royalty agreements include, but are not limited to, net profits interest royalties and net smelter return royalties, with percentages ranging from 0.5% to 3.5%.

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

26. COMMITMENTS AND CONTINGENCIES (Continued)

The Company regularly enters into various earn-in and shareholder agreements, often with commitments to pay net smelter return and other royalties.

The Company had the following purchase commitments as at December 31, 2015, of which $29.3 million related to capital expenditures:

	Purchase Commitments
2016	$38,750
2017	10,556
2018	7,991
2019	5,709
2020	4,702
Thereafter	20,400
Total	$88,108

27. SUBSEQUENT EVENTS

Dividends Declared

On February 10, 2016, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of $0.08 per common share (a total value of approximately $17.5 million), paid on March 15, 2016 to holders of record of the common shares of the Company on March 1, 2016.

Flow-through share private placement

On March 10, 2016, the Company issued 374,869 common shares under flow-through share private placements for total proceeds of C$25.0 million ($18.7 million). The Company has an obligation to incur C$25.0 million in exploration expenditures and to renounce such expenditures to the investors of these flow-through shares.

28. ONGOING LITIGATION

Securities Class Action Lawsuits

On March 8, 2012 and April 10, 2012, a Notice of Action and Statement of Claim (collectively, the "Ontario Claim") were issued by William Leslie, AFA Livforsakringsaktiebolag and certain other entities against the Company and certain of its current and former officers, some of who also are or were directors of the Company. The Ontario Claim alleged that the Company's public disclosure concerning water flow issues at the Goldex mine was misleading. The Ontario Claim was issued by the plaintiffs on behalf of all persons and entities who acquired securities of the Company during the period March 26, 2010 to October 19, 2011, excluding persons resident or domiciled in the Province of Quebec at the time they purchased or acquired such securities. The plaintiffs sought, among other things, damages of C$250.0 million. On April 17, 2013, an Order was granted on consent certifying the action and granting leave for the claims under Section 138 of the *Securities Act* (Ontario) to proceed.

On March 28, 2012, the Company and certain of its current and former officers, some of whom also are or were directors of the Company, were named as respondents in a Motion for Leave to Institute a Class Action and for the Appointment of a

28. ONGOING LITIGATION (Continued)

Representative Plaintiff (the "Quebec Motion"). The action was on behalf of all persons and entities with fewer than 50 employees resident in Quebec who acquired securities of the Company between March 26, 2010 and October 19, 2011. The proposed class action was for damages of C$100.0 million arising as a result of allegedly misleading disclosure by the Company concerning its operations at the Goldex mine. On October 1, 2013, the Quebec court certified the class action on terms identical to those set out in the consent Order granted in Ontario on April 17, 2013.

Settlement of Ontario and Quebec Actions

In September 2015, the Company participated in a mediation with the plaintiffs in respect of both the Ontario and Quebec actions and reached an agreement to settle the Ontario and Quebec actions for an aggregate of C$17.0 million without any admission of liability. As part of the settlement, the proceedings against the Company and the individual defendants were dismissed. The settlement was approved by the Ontario and Quebec courts on February 11, 2016 and February 1, 2016, respectively. The amount of the settlement has been covered by the insurers to the Company. As at December 31, 2015, the Company recorded C$17.0 million in the accounts payable and accrued liabilities line item of the consolidated balances sheets to reflect the settlement payment, with an equal amount recorded in the other current assets line item of the consolidated balances sheets to reflect the related insurance receivable.

Shareholder Information

Auditors
Ernst & Young LLP

Solicitors
Davies Ward Philips & Vineberg LLP
(Toronto and New York)

Listings
New York Stock Exchange and
the Toronto Stock Exchange
Stock Symbol: AEM

Transfer Agent
Computershare Trust Company of Canada
1-800-564-6253

Investor Relations
(416) 947-1212

Annual Meeting of Shareholders
Friday, April 29, 2016 at 11:00 AM
Sheraton Centre Toronto Hotel
(Dominion Ballroom)
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Family
Responsibility

AGNICO EAGLE'S FIVE PILLARS

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

AGNICO EAGLE

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