

AGNICO EAGLE MINES LTD
Form F-3D
September 05, 2012
[Table of Contents](#)

As filed with the Securities and Exchange Commission on September 5, 2012

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form F-3

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrant as specified in its charter)

Ontario, Canada
(State or other jurisdiction of incorporation or
organization)

Not applicable
(I.R.S. Employer Identification Number)

145 King Street East, Suite 400

Toronto, ON, Canada

M5C 2Y7

(416) 947-1212

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(Address and telephone number of Registrant's principal executive offices)

Davies Ward Phillips & Vineberg LLP

900 Third Avenue

24th Floor

New York, NY U.S.A. 10022

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Approximate date of commencement of proposed sale to the public: **From time to time after the effective date of this Registration Statement.**

If the only securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box. x

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum aggregate price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Shares (no par value)	1,142,057	US\$ 46.80(1)	US\$ 53,448,268(1)	US\$ 0(2)

(1) Based on the average of the high and low prices of the common shares of Agnico-Eagle Mines Limited (Agnico) on the New York Stock Exchange (the NYSE) on August 29, 2012, and estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933 (the Securities Act).

(2) On September 4, 2012, Agnico filed a registration statement on Form F-3 (File no. 333-183707), and paid a filing fee in connection therewith in the amount of US \$6,126, based on the average of the high and low prices of Agnico s common shares on the NYSE on August 29, 2012. That registration statement was withdrawn on September 5, 2012, and no securities were sold under that registration statement. Accordingly, pursuant to Rule 457(p) under the Securities Act, the filing fee paid in connection with the withdrawn registration statement is being offset against the registration fee for this registration statement resulting in no filing fee being payable.

If, as a result of stock splits, stock dividends, stock distributions or similar transactions, the number of securities purported to be registered on this Registration Statement changes, the provisions of Rule 416 shall apply to this Registration Statement.

Table of Contents

AGNICO-EAGLE MINES LIMITED

1,142,057 COMMON SHARES

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

This prospectus covers 1,142,057 common shares, without par value (Common Shares), of Agnico-Eagle Mines Limited (Agnico-Eagle , the Company , we or us) that may be purchased under our dividend reinvestment and share purchase plan (the Plan). The Plan provides holders of our Common Shares with a simple and convenient method of investing cash dividends declared on our Common Shares in additional Common Shares and, separately, making additional cash purchases of Common Shares.

Under the Plan, holders of our Common Shares resident in Canada, the United States and elsewhere may opt to have all cash dividends declared on all of their Common Shares reinvested in additional Common Shares and may make additional cash purchases of Common Shares. Because all Common Shares issued under the Plan will be issued by the Company, there will be no brokerage commissions or service charges. The purchase price of the Common Shares acquired through the Plan with reinvested dividends will be 95% of the weighted average purchase price for a board lot (100 shares) of the Common Shares on the Toronto Stock Exchange (the TSX) for a period of 20 trading days on which at least a board lot was traded immediately preceding a dividend payment date (the Average Market Price). The purchase price of Common Shares purchased with optional cash payments will be 100% of the Average Market Price. Our Common Shares are listed on both the TSX and the New York Stock Exchange (the NYSE) under the symbol AEM . On August 31, 2012, the closing price for our Common Shares on the TSX was C\$47.61 and the closing price for our Common Shares on the NYSE was US\$48.32.

We currently pay quarterly dividends on our Common Shares. The rate at which we pay dividends takes into account all factors that our board of directors considers relevant from the perspective of the Company, including our available cash flow, financial condition and capital requirements. While we currently expect to pay dividends on a quarterly basis, any decision to declare dividends is at the discretion of our board.

We cannot estimate anticipated proceeds from the further sale of Common Shares under the Plan, which will depend on the market price of the Common Shares, the extent of shareholder participation in the Plan and other factors. We will not pay underwriting commissions in connection with the Plan but will incur estimated costs of approximately US\$130,056 in connection with this offering.

The Plan was initially effective for dividends declared after June 30, 1999, and was amended on July 27, 2011 and July 25, 2012.

Investing in our Common Shares involves risks. See Risk Factors and Forward-Looking Statements on pages 4 and 5 of this prospectus for a discussion of certain factors relevant to an investment in our Common Shares.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is September 5, 2012.

Table of Contents

TABLE OF CONTENTS

	Page
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	3
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	3
<u>ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES IN THE UNITED STATES</u>	4
<u>RISK FACTORS</u>	4
<u>FORWARD-LOOKING STATEMENTS</u>	4
<u>AGNICO-EAGLE MINES LIMITED</u>	5
<u>USE OF PROCEEDS</u>	6
<u>THE DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN</u>	6
<u>WHAT IS THE PURPOSE OF THE PLAN?</u>	6
<u>WHAT ARE SOME OF THE ADVANTAGES AND DISADVANTAGES OF THE PLAN?</u>	6
<u>WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?</u>	7
<u>HOW DO I ENROLL IN THE PLAN IF MY COMMON SHARES ARE REGISTERED IN MY NAME?</u>	7
<u>HOW DO I PARTICIPATE IN THE PLAN IF I AM A BENEFICIAL SHAREHOLDER?</u>	8
<u>ONCE ENROLLED, HOW DO I REMAIN IN THE PLAN?</u>	8
<u>WHAT ARE MY DIVIDEND REINVESTMENT OPTIONS?</u>	8
<u>WHEN WILL MY DIVIDEND REINVESTMENT BEGIN?</u>	9
<u>ARE THERE LIMITATIONS ON PARTICIPATION IN THE PLAN?</u>	9
<u>WHEN DOES COMPUTERSHARE REINVEST DIVIDENDS AND PURCHASE COMMON SHARES?</u>	9
<u>HOW DOES COMPUTERSHARE PURCHASE THE COMMON SHARES?</u>	9
<u>WILL MY OPTIONAL CASH PAYMENTS BE USED TO PURCHASE SHARES IF WE DO NOT PAY A DIVIDEND?</u>	10
<u>HOW CAN I MAKE ADDITIONAL CASH PURCHASES OF COMMON SHARES?</u>	10
<u>AT WHAT PRICE WILL COMMON SHARES BE PURCHASED UNDER THE PLAN?</u>	10
<u>WHAT ARE THE FEES ASSOCIATED WITH PARTICIPATION IN THE PLAN?</u>	11
<u>WHAT HAPPENS IF I OWN FRACTIONAL COMMON SHARES UNDER THE PLAN?</u>	11
<u>WHO IS THE PLAN ADMINISTRATOR?</u>	11
<u>WHAT KIND OF REPORTS WILL I RECEIVE AS A PLAN PARTICIPANT?</u>	11
<u>HOW DO I SELL COMMON SHARES THAT I PURCHASED THROUGH THE PLAN?</u>	11
<u>HOW DO I TERMINATE MY PARTICIPATION IN THE PLAN?</u>	11
<u>WILL I RECEIVE SHARE CERTIFICATES FOR PLAN COMMON SHARES?</u>	12
<u>WILL I BE ABLE TO VOTE PLAN COMMON SHARES?</u>	12
<u>WHAT HAPPENS IF THERE IS A RIGHTS OFFERING?</u>	13
<u>WHAT HAPPENS IF THERE IS A STOCK SPLIT OR STOCK DIVIDEND?</u>	13
<u>WHAT LIABILITY DO THE COMPANY AND COMPUTERSHARE HAVE UNDER THE PLAN?</u>	13
<u>MAY THE PLAN BE AMENDED, SUSPENDED OR TERMINATED?</u>	13
<u>HOW WILL NOTICES TO PARTICIPANTS IN THE PLAN BE ADDRESSED?</u>	14
<u>WHO SHOULD I CONTACT WITH QUESTIONS ABOUT THE PLAN?</u>	14
<u>WHO INTERPRETS THE PLAN?</u>	14
<u>MATERIAL INCOME TAX CONSIDERATIONS RELATING TO THE PLAN</u>	14
<u>CANADIAN FEDERAL INCOME TAX CONSIDERATIONS</u>	14
<u>UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	17
<u>PLAN OF DISTRIBUTION</u>	19
<u>CAPITALIZATION AND INDEBTEDNESS</u>	20
<u>DESCRIPTION OF COMMON SHARES</u>	20
<u>EXPENSES</u>	22
<u>INDEMNIFICATION</u>	23
<u>LEGAL MATTERS</u>	23
<u>EXPERTS</u>	23

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the U.S. Securities Exchange Act of 1934 (the Exchange Act) and, accordingly, we file reports with and furnish other information to the Securities and Exchange Commission (the SEC). Under a multijurisdictional disclosure system adopted by the United States, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. The Company is exempt from the rules under Section 14 of the Exchange Act prescribing the furnishing and content of proxy statements, and the Company's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. Under the Exchange Act, the Company is not required to publish financial statements as frequently or as promptly as U.S. companies. You may read and copy any document that we have filed with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the same documents from the public reference room of the SEC by paying a fee. You should call the SEC at 1-800-SEC-0330 or access its web site at www.sec.gov for further information about the public reference room. The SEC's Next-Generation Electronic Data Gathering and Retrieval (EDGAR) system at www.sec.gov contains reports and other information about us and all public documents that we file electronically with the SEC.

We are also a reporting issuer in each of the provinces of Canada and are required to file through SEDAR, the Canadian equivalent of the SEC's EDGAR system, at www.sedar.com, periodic reports, including audited annual financial statements and unaudited quarterly financial statements, material change reports and management proxy circulars and related materials for annual and special meetings of our shareholders. In addition, substantially all of the disclosure materials that we file with the SEC are also available on SEDAR.

We have filed with the SEC under the U.S. Securities Act of 1933, as amended (the Securities Act), a registration statement on Form F-3 relating to our dividend reinvestment and share purchase plan of which this prospectus is a part. This prospectus does not contain all of the information set forth in such registration statement, and you should refer to the registration statement and its exhibits to read that information. For further information about us and our Common Shares, you are encouraged to refer to the registration statement and to the exhibits filed with it. Statements contained in this prospectus as to the provisions of documents filed as exhibits are not necessarily complete, and in each instance reference is made to the copy so filed that is included as an exhibit to the registration statement, and each such statement in this prospectus is qualified in all respects by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus certain documents that we file with or furnish to the SEC. This means that we can disclose important information to you by referring to those documents. The information incorporated by reference is considered to be an important part of this prospectus, and later information that we file with the SEC will automatically update and supersede that information. The following documents, which we have filed with or furnished to the SEC are specifically incorporated by reference in this prospectus:

1. Our Annual Report on Form 20-F for the fiscal year ended December 31, 2011 (the 2011 Annual Report) filed with the SEC on March 29, 2012;
2. Our Report on Form 6-K for the month of March, 2012, furnished to the SEC on March 29, 2012;

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3. Our Report on Form 6-K for the month of May, 2012, furnished to the SEC on May 8, 2012;
4. Our Report on Form 6-K for the month of August, 2012, furnished to the SEC on August 8, 2012; and
5. The description of our Common Shares contained in the 2011 Annual Report and any amendment or reports filed for the purpose of updating by such description.

All subsequent annual reports filed by us on Form 20-F, Form 40-F or Form 10-K, and any subsequent filings on Form 10-Q or Form 8-K filed by us pursuant to the Exchange Act and prior to the termination of the offering contemplated by this prospectus will be incorporated by reference into this prospectus as of the date of the filing of such documents or reports. In addition, we may incorporate by reference into this prospectus subsequent

Table of Contents

reports on Form 6-K that we furnish to the SEC prior to the termination of this offering to the extent we expressly provide therein.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or therein or in any other later filed document that also is incorporated by reference in this prospectus modifies or supersedes such statement. Any such statement so modified shall not be deemed, except as so modified, to constitute a part of this prospectus. Any such statement so superseded shall be deemed not to constitute a part of this prospectus.

You may obtain, without charge, upon written or oral request, a copy of any of the documents incorporated by reference herein, except for the exhibits to such documents unless delivery of the exhibits is specifically requested. Requests should be directed to our principal executive offices, Attention: Investor Relations, 145 King Street East, Suite 400, Toronto, Ontario, Canada M5C 2Y7, Telephone Number: 416-947-1212. Additionally, copies of such documents may be found within the Investor Centre section of our website at www.agnico-eagle.com.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES IN THE UNITED STATES

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

RISK FACTORS

Before you decide to participate in the Plan and invest in our Common Shares, you should be aware of the following material risks in making such an investment. You should consider carefully these risk factors together with all risk factors and information included or incorporated by reference in this prospectus, including the risk factors set forth in our most recent Annual Report on Form 20-F, before you decide to participate in the Plan and purchase Common Shares. In addition, you should consult your own financial and legal advisors before making an investment.

Risks Related to the Plan

You will not know the price of the Common Shares you are purchasing under the Plan at the time you authorize the investment or elect to have your dividends reinvested.

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The price of our Common Shares may fluctuate between the time you decide to purchase Common Shares under the Plan and the time of actual purchase. In addition, during this time period, you may become aware of additional information that might affect your investment decision, but you will be unable to revoke your instructions once they are given.

FORWARD-LOOKING STATEMENTS

Certain statements contained and incorporated by reference in this Form F-3 constitute forward-looking statements. When used in this Form F-3 or the documents incorporated by reference herein, the words anticipate, believe, could, expect, estimate, forecast, in planned, should, will, would and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not historical facts but reflect expectations, estimates and projections.

Table of Contents

Forward-looking statements in this prospectus and the documents incorporated by reference herein include, but are not limited to: the Company's forward-looking production guidance, including estimated ore grades, project timelines, drilling results, orebody configurations, metal production, life of mine, commencement of production estimates, the estimated timing of scoping and other studies, recovery rates, mill throughput and projected exploration and capital expenditures, including costs and other estimates upon which such projections are based; the Company's goal to increase its mineral reserves and resources; statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices; anticipated levels or trends for prices of gold and byproduct metals mined by us or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by us; estimates of future mineral production and sales; estimates of future costs, including mining costs, total cash costs per ounce, minesite costs per tonne and other expenses; statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto; estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results; estimates of cash flow; estimates of mine life; anticipated timing of events with respect to our minesites, mine construction projects and exploration projects; other statements and information regarding anticipated trends with respect to the Company's operations, exploration and the funding thereof; estimates of future costs and other liabilities for environmental remediation; statements regarding anticipated legislation and regulation regarding climate change and estimates of the impact on us; and other anticipated trends with respect to our capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by us as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions upon which the forward-looking statements in this prospectus and documents incorporated by reference in this prospectus are based and which may prove to be incorrect include, but are not limited to, the assumptions set out in this prospectus as well as: that there are no significant disruptions affecting our operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, equipment failures, accidents, political changes, title issues or otherwise; that permitting, development and expansion at each of our mines and mine growth projects proceed on a basis consistent with current expectations, and that we do not change our exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, European Union euro, Mexican peso and the U.S. dollar will be approximately consistent with our current expectations; that prices for gold, silver, zinc, copper and lead will be approximately consistent with our expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with our current expectations; that production meets expectations; that our current estimates of mineral reserves, mineral resources, mineral grades and mineral recovery are accurate; that there are no material delays in the timing for completion of growth projects; and that there are no material variations in the current tax and regulatory environment that affect us.

The forward-looking statements in this prospectus reflect our views as at the date of this prospectus and the forward-looking statements in the documents incorporated by reference in this prospectus reflect our views as at the date of such documents and these statements involve known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements 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 material factors or assumptions underlying these forward-looking statements, see "Risk Factors" in this prospectus, in our 2011 Annual Report, as well as in our other filings with the SEC. Given these uncertainties, investors 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, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in event, conditions or circumstances on which any such statement is based. Documents incorporated by reference into this prospectus contain information regarding anticipated total cash costs per ounce and minesite costs per tonne at certain of our mines and mine growth projects. We believe 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.

AGNICO-EAGLE MINES LIMITED

We are an established Canadian-based international gold producer with mining and development operations in Canada, Finland and Mexico and exploration activities in Canada, Finland, Mexico and the United States. Our

Table of Contents

operating history includes over three decades of continuous gold production primarily from underground operations. Since our formation on June 1, 1972 we have produced almost 8.1 million ounces of gold.

Our strategy is to focus on the continued exploration, development and expansion of our properties, all of which are located in politically stable jurisdictions. We have spent approximately \$2.9 billion on mine development over the last five years. Through this development program, we transformed our company from a regionally focused, single-mine producer to a multi-mine international gold producer and five operating, 100%-owned mines. We also plan to pursue opportunities for growth in gold production and gold reserves through the acquisition or development of exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

Our principal executive offices are located at 145 King Street East, Suite 400, Toronto, Ontario, Canada M5C 2Y7, and our telephone number is (416) 947-1212.

Our Common Shares are listed on both the TSX and the NYSE under the symbol AEM .

USE OF PROCEEDS

We have no basis for estimating precisely either the number of Common Shares that may be sold under the Plan or the prices at which such shares may be sold. The amount of the proceeds that we receive will depend upon the Average Market Price of the Common Shares, the extent of shareholder participation in the Plan and other factors. We intend to use any proceeds from the sale of Common Shares under the Plan for general corporate purposes.

THE DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

WHAT IS THE PURPOSE OF THE PLAN?

The purpose of the Plan is to provide holders of our Common Shares with a simple and convenient method of investing cash dividends declared on our Common Shares in additional Common Shares and to make additional optional cash purchases of Common Shares. Shareholders resident in jurisdictions other than Canada or the United States may participate in the Plan, subject to any restrictions under the laws of their jurisdiction of residence.

We currently pay quarterly dividends on our Common Shares. The rate at which we pay dividends takes into account all factors that our board of directors considers relevant from the perspective of our company, including our available cash flow, financial condition and capital requirements. While we currently expect to pay dividends on a quarterly basis, the decision to declare dividends is at the discretion of our board.

We have retained Computershare Trust Company of Canada (Computershare or the Agent) to act as agent for the participants in the Plan.

WHAT ARE SOME OF THE ADVANTAGES AND DISADVANTAGES OF THE PLAN?

Before deciding whether to participate in the Plan, you should consider the following advantages and disadvantages of the Plan, together with the other information about us and the Plan contained in this prospectus and incorporated by reference to other documents we have filed with or furnished to the SEC.

Advantages

- The Plan provides participants with the opportunity to automatically invest the cash dividends, if any, paid on all of the Common Shares they hold.
- Common Shares purchased with cash dividends will be acquired at 95% of the weighted average of the trading prices for a board lot (100 shares) on the TSX for a period of 20 trading days on which a board lot was traded immediately preceding each dividend payment date.
- The Plan also allows participants to make optional cash purchases of additional Common Shares.

Table of Contents

- Dividends and optional cash purchases can be fully invested in additional Common Shares because the Plan permits fractional shares to be credited to your account. Dividends on fractional shares will be reinvested in additional Common Shares.
- Participants will simplify their recordkeeping by receiving periodic Plan account statements that will reflect all current activity in their Plan accounts, including dividend reinvestments, optional cash purchases, sales and latest balances.
- Because all Common Shares sold under the Plan will be issued by us, participants will not pay any brokerage commissions in connection with their purchase of Common Shares.
- We will pay all of the administrative costs associated with the Plan.

Disadvantages

- Participants will not know the actual number of Common Shares they have acquired through the Plan until after cash dividends and any optional cash payments are invested.
- Because the purchase price for Common Shares provided under the Plan will be dependent on the Average Market Price of the Common Shares immediately preceding each dividend payment date, the prices participants pay for Common Shares, particularly with optional cash payments, may be higher than the price at which Common Shares could have been purchased in the open market on dividend payment dates.
- No interest will be paid by us or by Computershare on dividends or optional cash payments held by Computershare pending investment.
- Participants may not sell or otherwise transfer Common Shares acquired under the Plan until such shares are withdrawn from the Plan.
- Due to the manner in which dividends are treated under applicable tax laws, participants in the Plan may be required to make payments to taxing authorities in connection with their annual tax obligations.

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Shareholders considering participating in the Plan should carefully consider the matters noted under *Risk Factors* and *Forward-Looking Statements* prior to enrolling in the Plan.

WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

The Plan is available to our shareholders who hold at least one whole Common Share and who reside in Canada or the United States or who reside elsewhere unless prohibited by the laws of the country in which they reside. Registered shareholders (which means shareholders who hold Common Shares in their own name) may enroll directly in the Plan. Beneficial shareholders (which means shareholders who hold their Common Shares through a broker, investment dealer, financial institution or other nominee) may also be able to participate in the Plan through their nominees but should contact their broker, investment dealer, financial institution or other financial intermediary to determine the procedure for participation in the Plan. We cannot require or control an intermediary's determination as to whether to participate in the Plan or any procedures adopted by any intermediary with respect to the Plan.

HOW DO I ENROLL IN THE PLAN IF MY COMMON SHARES ARE REGISTERED IN MY NAME?

If your Common Shares are registered in your name, you may participate in the Plan immediately by choosing to reinvest the cash dividends, if any, less applicable Canadian withholding tax, paid on all of our Common Shares that you hold. See *What are my dividend reinvestment options?* below for details regarding the different elections you can make under the Plan. You can enroll online through Computershare's self-service web portal, Investor Centre, at www.computershare.com/investorcentrecanada or by completing a Reinvestment Enrollment-

Table of Contents

Participation Declaration Form and returning it to Computershare within the applicable deadlines described below. To obtain an enrollment package, contact Computershare at 1-800-564-6253 if you are in the United States or Canada or access the Form online at www.computershare.com/investorcentrecanada. Additionally you may obtain an enrollment form at any time from the Investor Centre section of our website at www.agnico-eagle.com.

HOW DO I PARTICIPATE IN THE PLAN IF I AM A BENEFICIAL SHAREHOLDER?

If you are a beneficial owner whose Common Shares are registered in the name of CDS Clearing and Depository Services Inc. (CDS) or The Depository Trust Company (DTC) or a name other than your own, you may participate in the Plan by (i) having those Common Shares transferred into your name directly and then enrolling such Common Shares in the Plan as a registered holder or (ii) make appropriate arrangements with the broker, investment dealer, financial institution or other nominee who holds your Common Shares to enroll in the Plan on your behalf. CDS and DTC as a participant will in turn enroll with the Agent for the applicable Record Date.

If you are a beneficial owner of Common Shares and wish to enroll in the Plan through a CDS participant or a DTC participant in respect of your Common Shares registered through CDS or DTC, appropriate instructions must be received by CDS or DTC, as applicable, from the CDS participant or DTC participant no later than such deadline as may be established by CDS or DTC from time to time, in order for the instructions to take effect on the dividend payment date to which that dividend record date relates.

Instructions received by CDS or DTC after their internal deadline will not take effect until the next following dividend payment date. CDS participants and DTC participants holding Common Shares on behalf of beneficial owners of Common Shares registered through CDS or DTC must arrange for CDS or DTC, as applicable, to enroll such Common Shares in the Plan on behalf of such beneficial owners in respect of each dividend payment date.

If you are a beneficial owner of Common Shares, you should contact your broker, investment dealer, financial institution or other nominee who holds your Common Shares to provide instructions regarding your participation in the Plan and to inquire about any applicable deadlines that the nominee may impose or be subject to and to confirm the fees, if any, the nominee may charge to enroll all of your Common Shares in the Plan on your behalf or whether the nominee's policies might result in any costs otherwise becoming payable by you.

ONCE ENROLLED, HOW DO I REMAIN IN THE PLAN?

Once you have enrolled in the Plan, you will automatically remain enrolled until you discontinue participation, until we terminate the Plan or if you change your residence to a country where residents of your new country are not eligible to participate in the Plan (see *May the Plan be Amended, Suspended or Terminated?*).

CDS or DTC, as applicable, will provide instructions to Computershare regarding the extent of its participation in the plan, on behalf of beneficial owners of Common Shares, in respect of every dividend payment date on which cash dividends otherwise payable to CDS or DTC, as applicable, as shareholder of record, are to be reinvested under the Plan.

Any Common Shares acquired outside of the Plan that are not registered in exactly the same name or manner as Common Shares enrolled in the Plan will not be automatically enrolled in the Plan. If you purchase additional Common Shares outside the Plan and wish to have all Common Shares you own enrolled in the Plan, you are advised to contact Computershare or the broker, investment dealer, financial institution or other nominee in whose name your shares are held to ensure that those additional Common Shares also get enrolled.

WHAT ARE MY DIVIDEND REINVESTMENT OPTIONS?

You will not be entitled to direct reinvestment of less than 100% of all cash dividends on your Common Shares that participate in the Plan, and you will continue to receive cash dividends, if and when declared, on any of your Common Shares that do not participate in the Plan. You may change your dividend reinvestment election by contacting Computershare. See *Who should I contact with questions about the Plan?* for contact details. In order for any changes in your dividend reinvestment election to take effect for the next dividend payment, if any, you must notify Computershare in writing at least five business days before the record date for the next dividend.

Table of Contents

WHEN WILL MY DIVIDEND REINVESTMENT BEGIN?

The reinvestment of any cash dividends will begin with the first cash dividend that we pay following your enrollment, but only if Computershare receives a Reinvestment Enrollment Participant Declaration Form at least five business days before the record date for that dividend. You can also enroll online through Computershare's self-service web portal, Investor Centre, at www.computershare.com/investorcentrecanada. If Computershare receives your Reinvestment Enrollment Participant Declaration Form, the reinvestment of any cash dividends paid on your Common Shares, or any changes thereto, will begin with the next dividend, if any, provided that you are still a shareholder on the record date for the next dividend. Dividend record dates are normally on or about the first day of the last month of a quarter in which we declare a dividend.

ARE THERE LIMITATIONS ON PARTICIPATION IN THE PLAN?

You may not transfer the right to participate in the Plan to another person.

Subject to applicable law and regulatory policy, we reserve the right to determine, from time to time, a minimum number of Common Shares that a participant must hold in order to be eligible to participate in, or continue to participate in, the Plan. Without limitation, we further reserve the right to refuse participation in the Plan to, or terminate the participation of, any person who, in our sole opinion, is participating in the Plan primarily with a view to arbitrage trading, whose participation in the Plan is part of a scheme to avoid applicable legal requirements or engage in unlawful behavior or who has been artificially accumulating our securities, for the purpose of taking undue advantage of the Plan to our detriment. We may also deny the right to participate in the Plan to any person or terminate the participation of any participant in the Plan if we deem it advisable under any laws or regulations. See *How can I make additional cash purchases of Common Shares?* for information concerning the minimum amount per investment and the maximum annual investment that may be made through additional cash purchases under the Plan.

WHEN DOES COMPUTERSHARE REINVEST DIVIDENDS AND PURCHASE COMMON SHARES?

Dividend Reinvestment

The reinvestment of dividends to purchase Common Shares will occur on each date that we pay a dividend.

Optional Additional Cash Investments

Common Shares will be purchased with optional cash payments on each dividend payment date provided they are received by Computershare at least five business days, but not more than 30 calendar days, prior to the applicable dividend payment date. Optional cash payments received by Computershare on or after this date or more than 30 days prior to a dividend payment date will be returned to you. Payments in currencies other

than Canadian or U.S. dollars will not be accepted.

HOW DOES COMPUTERSHARE PURCHASE THE COMMON SHARES?

Dividend Reinvestment

Computershare will use reinvested cash dividend payments to purchase Common Shares under the Plan for your account directly from us. Your account will then be credited with the number of Common Shares, including fractional shares, equal to (i) the total amount of cash dividends to be reinvested on your behalf, less any applicable withholding tax, divided by (ii) the price per share calculated pursuant to the method described below under *At what price will Common Shares be purchased under the Plan?*

The total amount to be reinvested in Common Shares on your behalf will depend on the amount of the cash dividend, if any, paid on the number of Common Shares you hold and have designated for reinvestment under the Plan.

Dividends to be reinvested in Common Shares pursuant to the Plan will be denominated in U.S. dollars for all participants in the Plan.

Table of Contents

Optional Cash Investments

On each dividend payment date, Computershare will use your optional cash payment, if any, to purchase Common Shares under the Plan for your account directly from us. Your account will then be credited with the number of Common Shares, including fractional shares, equal to (i) the amount of your optional cash payment divided by (ii) the price per share calculated pursuant to the method described below under *At what price will Common Shares be purchased under the Plan*.

WILL MY OPTIONAL CASH PAYMENTS BE USED TO PURCHASE SHARES IF WE DO NOT PAY A DIVIDEND?

Computershare will use optional cash payments to purchase Common Shares only on a dividend payment date. If our board of directors has not declared a dividend, and therefore no dividends will be reinvested pursuant to the Plan, Computershare will not purchase additional Common Shares using optional cash payments received and will remit the funds to participants by check to each participant's address of record.

HOW CAN I MAKE ADDITIONAL CASH PURCHASES OF COMMON SHARES?

Optional Cash Investments

The *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* and the regulations made thereunder (collectively, the *Act*) require that the Agent collect and record specific information and take other compliance measures on new or existing Plan participants who elect to make an Optional Cash Investment under the Plan. In order to acquire Common Shares for additional optional cash investment, all Plan participants must have passed the requisite requirements under the Act, which are contained in the Optional Purchase Form available online at www.computershare.com/investorcentrecanada. Optional cash payments may be made when enrolling in the Plan by enclosing a check in the minimum amount of US\$500 made payable to Computershare or, where applicable, to your broker, investment dealer, financial institution or other nominee, with a completed Optional Cash Purchase (OCP)-Participant Declaration Form. Thereafter, you may buy additional Common Shares on a quarterly basis on or about the same time as we pay dividends by mailing a check to Computershare or your nominee in an amount of at least US\$500 together with the OCP-Participant Declaration Form enclosed with each statement of account sent to participants in the Plan for receipt by Computershare at least five business days, but no longer than 30 calendar days, prior to the dividend payment date. Your total optional cash investment in any one calendar year may not exceed US\$20,000 or the Canadian dollar equivalent. Optional cash purchases by all participants in any fiscal year may not exceed two (2%) percent of our Common Shares outstanding at the beginning of the fiscal year. If necessary, available Common Shares will be allocated by Computershare on a pro rata basis to avoid exceeding this limit. Interest will not be paid on amounts held pending investment, and you may cancel an optional cash payment by notifying Computershare in writing at least two business days before the applicable dividend payment date.

There is no obligation to make any optional cash payments under the Plan or to invest the same amount of cash with each optional cash payment.

Checks

Checks for optional cash investments by registered shareholders should be made payable to Computershare Trust Company of Canada . Please include a completed Optional Cash Purchase (OCP)-Participant Declaration Form or an Optional Cash Purchase Contribution Voucher form, which is attached to each statement that you receive. Beneficial owners seeking to make optional cash investments should obtain instructions for doing so from the nominee holding their shares.

AT WHAT PRICE WILL COMMON SHARES BE PURCHASED UNDER THE PLAN?

The purchase price of the Common Shares acquired with cash dividends will be equal to 95% of the Average Market Price. The purchase price of Common Shares acquired with optional cash investments will be 100% of the Average Market Price.

Table of Contents

WHAT ARE THE FEES ASSOCIATED WITH PARTICIPATION IN THE PLAN?

Participants in the Plan will not be charged any brokerage commission or other fees in connection with the purchase of Common Shares under the Plan, and we will pay all costs of administering the Plan. Participants will be responsible for any brokerage commission or other fees incurred in connection with any requested sales of their Common Shares held in the Plan upon their termination of participation in the Plan. *See How do I terminate my participation in the Plan?* You should obtain a copy of such charges from Computershare before requesting the sale of any of your shares held in the Plan.

WHAT HAPPENS IF I OWN FRACTIONAL COMMON SHARES UNDER THE PLAN?

Computershare will credit your account with fractions of Common Shares, computed to four decimal places, and with dividends in respect of such fractional shares to allow full investment of eligible funds.

WHO IS THE PLAN ADMINISTRATOR?

Computershare, as agent for Plan participants, will administer the Plan. Its responsibilities include:

- receiving eligible funds;
- purchasing and holding the Common Shares accumulated under the Plan;
- reporting regularly to the participants; and
- other duties specified by the Plan.

Common Shares purchased under the Plan will be registered in the name of each participant and will be held by Computershare in the accounts of participants. We will pay certain administrative fees and expenses of Computershare as may, from time to time, be agreed upon by Computershare and us.

WHAT KIND OF REPORTS WILL I RECEIVE AS A PLAN PARTICIPANT?

Computershare will maintain a separate account for each participant in the Plan, which will be credited with the number of Common Shares purchased for the participant on each dividend payment date. You will receive from Computershare a detailed statement of your account following each dividend payment. This statement will set out the record date, the dividend payment date, the amount of cash dividend paid on your Common Shares, the amount of any applicable withholding tax, the number of Common Shares purchased through the Plan with respect to such dividend, the purchase price per Common Share, any optional cash payments you made and the updated total number of Common Shares being held by Computershare for your account.

If you are not a registered shareholder and participate in the Plan through arrangements made for you by your broker, investment dealer, financial institution or other nominee, you may or may not be provided with reports with respect to your participation in the Plan. You should contact your nominee regarding obtaining information on your account with the Plan.

HOW DO I SELL COMMON SHARES THAT I PURCHASED THROUGH THE PLAN?

You may not sell, transfer, pledge or otherwise dispose of any Common Shares held in the Plan. If you wish to sell or otherwise transfer or dispose of any of your Common Shares held in the Plan, you must withdraw the shares from the Plan by completing the withdrawal portion of the voucher located on the reverse of your statement of account and delivering it to Computershare. Computershare will issue, in your name, a share certificate representing the Common Shares you wish to sell. Any dividends declared and paid on Common Shares withdrawn from the Plan will be paid only in cash. Beneficial owners should contact their nominees for instructions on how to sell their shares.

HOW DO I TERMINATE MY PARTICIPATION IN THE PLAN?

If you are a registered holder of Common Shares, you may terminate your participation in the Plan at any time by following the instructions at Computershare's Investor Centre web portal, at

Table of Contents

www.computershare.com/investorcentrecanada or by completing the termination portion of the voucher located on the reverse of your statement of account and delivering it to Computershare. Beneficial owners must make arrangements to terminate their participation in the Plan through their nominees.

Computershare must receive your notice of termination at least five business days before the record date for the applicable dividend. If Computershare receives your termination request after this date, the termination and settlement of your account will not occur until after the dividend payment date. When a registered holder terminates participation in the Plan, a certificate for the number of whole Common Shares credited to its account under the Plan will be issued, and a cash payment will be made for any fraction of a Common Share based upon the last price paid by Computershare for Common Shares purchased from cash dividends or optional cash investments, as applicable. Thereafter, cash dividends on any Common Shares that a registered holder continues to hold will be paid to it and will not be reinvested.

Your participation in the Plan will terminate upon receipt by Computershare of written notice of your death. A certificate for the number of whole Common Shares credited to your account will be issued in your name or the name of your estate and forwarded, together with a cash payment for any fractional share based upon the last price paid by Computershare for Common Shares purchased from cash dividends or optional cash investments, as applicable, to your personal representative.

Upon terminating participation in the Plan, you may request that all Common Shares held for your account be sold by completing the termination portion of the voucher located on the reverse of your statement of account, and delivering it to the Agent. Your shares will be sold through a registered dealer or stockbroker designated by Computershare as soon as practicable following receipt by Computershare of your instructions to sell your shares. The proceeds of the sale, less brokerage commissions and transfer taxes, if any, will be paid to you. Your Common Shares may be commingled with the Common Shares to be sold for other participants in the Plan in which case the proceeds to each participant will be based upon the average sale price of all the commingled Common Shares. Computershare will purchase fractional shares at a price determined in the same manner as in the case of whole Common Shares sold for you and remit the proceeds to you.

Payments of cash under the Plan will be made in either Canadian or U.S. dollars. Unless a participant requests otherwise in writing, Computershare will make payments in Canadian dollars where the participant has a Canadian mailing address and in U.S. dollars where the participant has a non-Canadian mailing address, in each case as such address is shown on its records.

WILL I RECEIVE SHARE CERTIFICATES FOR PLAN COMMON SHARES?

Generally, all Common Shares purchased pursuant to the Plan will be held in book-entry form and will be credited to your individual Plan account held by Computershare. For participants in the Plan holding Common Shares through CDS or DTC participants, such shares will be registered in the name of CDS (or its nominee) or DTC (or its nominee) as applicable, and held for the benefit of the participants of those depositaries.

A participant may, at any time upon written request to the Agent, have share certificates issued and registered in the participant's name for any number of whole Common Shares owned by such participant under the Plan without terminating participation in the Plan. Otherwise, share certificates will not be issued to participants for Common Shares in accounts under the Plan. No certificate for a fraction of a Common Share will be issued.

Accounts under the Plan are maintained in the names in which the Common Shares of the participants were registered at the time they enrolled in the Plan. Consequently, certificates for shares will be registered in exactly the same manner when issued.

WILL I BE ABLE TO VOTE PLAN COMMON SHARES?

Plan participants who are registered shareholders may vote whole Common Shares held by Computershare under the Plan on their behalf in the same manner as any other of our Common Shares, either by proxy or in person. Computershare will forward to such participants, as soon as practicable following receipt, any proxy solicitation materials. Beneficial shareholders who participate in the Plan should contact their broker, investment dealer, financial institution or other nominee to determine the procedures for voting the Common Shares they have enrolled in the Plan.

Table of Contents

WHAT HAPPENS IF THERE IS A RIGHTS OFFERING?

If we have a rights offering pursuant to which holders of our Common Shares may subscribe for additional Common Shares or other securities, participants in the Plan may participate in the rights offering with respect to whole Common Shares held in the Plan on the same basis as other shareholders. Rights attributable to fractional shares held for participants under the Plan will be accumulated and then sold by Computershare and the cash proceeds distributed to the Plan participants.

WHAT HAPPENS IF THERE IS A STOCK SPLIT OR STOCK DIVIDEND?

Common Shares distributed pursuant to a stock dividend or a stock split on Common Shares held by Computershare for participants under the Plan will be retained by Computershare and credited by Computershare proportionately to the accounts of the participants in the Plan.

WHAT LIABILITY DO THE COMPANY AND COMPUTERSHARE HAVE UNDER THE PLAN?

The Plan provides that neither we nor Computershare will be liable to Plan participants in administering the Plan for any act done in good faith or for any good faith omission to act in connection with the Plan, including, but not limited to, any claims of liability relating to:

- the failure to terminate your Plan account upon your death prior to receiving written notice of your death; or
- the prices at which Common Shares are purchased on your behalf under the Plan, or the times when purchases of Common Shares are made under the Plan.

Neither we, Computershare nor any other agent under the Plan will have any duties, responsibilities or liabilities to Plan participants other than those expressly set forth in the Plan or as imposed by applicable law. Because Computershare has assumed all responsibility for administering the Plan, we specifically disclaim any responsibility for any actions or inactions of Computershare or any agent under the Plan in connection with the administration of the Plan. Neither we nor any of our current or former directors, officers, employees or shareholders will have any personal liability under the Plan.

Both we and Computershare will have the right to reject any request regarding enrollment, withdrawal or termination from the Plan if such request is not received in proper form. Any such request will be deemed to be invalid until any irregularities have been resolved to our satisfaction and/or Computershare's satisfaction. As neither we nor Computershare are under any obligation to provide notice of invalid requests, you are advised to confirm whether your enrollment has been made.

MAY THE PLAN BE AMENDED, SUSPENDED OR TERMINATED?

We reserve the right to amend, suspend or terminate the Plan at any time, but such actions will have no retroactive effect that would prejudice your interests. Any amendment of the Plan that materially affects the rights of the participants will be subject to the prior approval of the TSX. Computershare will notify participants in writing of any material amendment, suspension or termination of the Plan. Generally, no notice will be given to participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. If we terminate the Plan, Computershare will remit to registered holders, as soon as possible, certificates for whole Common Shares held in their account and cash payments from the sale of any fraction of a Common Share. If we suspend the Plan, Computershare will make no investment on the dividend payment date immediately following the effective date for such suspension. Any dividends subject to the Plan paid after the effective date of such suspension will be remitted by Computershare to the participants to whom these are due until the first dividend payment date following our reinstatement of the Plan at which time reinvestment of dividends will recommence.

Table of Contents

HOW WILL NOTICES TO PARTICIPANTS IN THE PLAN BE ADDRESSED?

All notices from Computershare to participants will be addressed to registered holders at their last known address on Computershare's register. Beneficial shareholders will receive notices through their broker or other nominee.

WHO SHOULD I CONTACT WITH QUESTIONS ABOUT THE PLAN?

All questions regarding the Plan as well as all notices, requests, elections or instructions under the Plan required or permitted to be given to Computershare should be in writing and signed and should be sent to the following address:

COMPUTERSHARE TRUST COMPANY OF CANADA

100 University Avenue, 9th Floor, North Tower

Toronto, Ontario M5J 2Y1

Tel: (800) 564-6253 (in Canada and the United States)

Website URL: www.computershare.com/service

WHO INTERPRETS THE PLAN?

We reserve the right to interpret and regulate the Plan as we deem necessary or desirable and any such interpretation or regulation will be final.

Unless the context requires otherwise, words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

MATERIAL INCOME TAX CONSIDERATIONS RELATING TO THE PLAN

THE FOLLOWING SUMMARY OF TAX CONSEQUENCES IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE LEGAL OR TAX ADVICE TO ANY PARTICULAR PARTICIPANT. IT IS THE RESPONSIBILITY OF PARTICIPANTS IN THE PLAN TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN IN THEIR RESPECTIVE COUNTRY OF RESIDENCE IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, the following summary describes the material Canadian federal income tax consequences generally applicable to participants in the Plan. It is assumed for the purposes of this summary that the participant deals at arm's length and is not affiliated with the Company and holds Common Shares as capital property. Generally, Common Shares are considered to be capital property to a holder provided that the holder does not hold the Common Shares in the course of carrying on a business and has not acquired the Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade. Certain participants resident in Canada whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the *Income Tax Act* (Canada) (the Tax Act) to have their Common Shares and every Canadian security (as defined in the Tax Act) owned by such participant in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary is not applicable to a participant: (i) that is a financial institution (within the meaning of the Tax Act) for the purposes of the mark-to-market rules contained in the Tax Act; (ii) that is a specified financial institution (within the meaning of the Tax Act); (iii) an interest in which would be a tax shelter investment (within the meaning of the Tax Act); or (iv) that has elected to report its Canadian tax results (as

Table of Contents

defined in the Tax Act) in a currency other than the Canadian currency. Any such participant should consult its own tax advisor with respect to an investment in the Common Shares.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the Regulations), all specific proposals to amend the Tax Act or the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof and the current published administrative practices of the Canada Revenue Agency (the CRA). This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from those described. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect a participant in the Plan.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular participant, and no representation with respect to the Canadian federal income tax consequences to any particular participant is made. Consequently, prospective participants are advised to consult their own tax advisors with respect to their particular circumstances.

Foreign Exchange

For the purposes of the Tax Act, all amounts expressed in a currency other than Canadian dollars relating to the acquisition, holding or disposition of a Common Share, including dividends, adjusted cost base and proceeds of disposition, must be determined in Canadian dollars using the relevant rate of exchange quoted by the Bank of Canada at noon on the day the amount first arose or such other rate of exchange as is acceptable to the CRA.

Residents of Canada

The following summary is generally applicable to a participant who, at all relevant times for purposes of the Tax Act, is, or is deemed to be, resident in Canada.

Dividends

A participant will be subject to tax under the Tax Act on all dividends paid on Common Shares (including where such shares are held of record by the Agent for the account of the participant pursuant to the Plan) which are reinvested in Common Shares under the Plan (as well as on any dividends deemed under the Tax Act to be received on Common Shares) in the same manner as the participant would have been if such dividends had been received directly by the participant. Such dividends paid to (or deemed to be received by) a participant who is an individual (including most trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as eligible dividends. There may be limitations on the ability of the Company to designate dividends as eligible dividends.

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A participant that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. A participant that is a private corporation or subject corporation (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% of dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the participant's taxable income.

The cost for tax purposes to a participant of Common Shares purchased on the reinvestment of dividends or with optional cash payments made by the participant to the Agent will be the Canadian dollar equivalent of the price paid by the Agent for the Common Shares. The cost of such Common Shares will be averaged with the adjusted cost base of all other Common Shares held by the participant at the time such Common Shares are acquired for purposes of subsequently computing the adjusted cost base of each such Common Share owned by the participant.

Dispositions

On a disposition or deemed disposition of a Common Share (including by the Agent on behalf of the participant), the participant will realize a capital gain (or capital loss) equal to the amount by which the participant's proceeds of disposition, net of any reasonable costs of disposition, are greater than (or less than) the participant's

Table of Contents

adjusted cost base of the Common Share. Proceeds of disposition will not include an amount that is otherwise required to be included in the participant's income. The payment of cash in respect of any fraction of a Common Share on termination of participation in the Plan will constitute a disposition of such fraction of a Common Share for proceeds of disposition equal to the cash payment.

One-half of any capital gains (or capital losses) realized by a participant will be required to be included in computing the participant's income as a taxable capital gain (or allowable capital loss). An allowable capital loss will be deductible against a taxable capital gain realized in the year or in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act. Capital gains realized by an individual (including certain trusts) may be subject to alternative minimum tax. A Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional 6 2/3% refundable tax on certain investment income, including taxable capital gains.

Under specific rules in the Tax Act, any capital loss realized by a corporation on the disposition of a Common Share may be reduced by the amount of certain dividends which were received or were deemed to have been received on such share. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that disposes of such shares or where a trust or partnership of which a corporation is a beneficiary or member is a member of a partnership or beneficiary of a trust that disposes of such shares. Participants should consult their own tax advisors for specific advice regarding the application of the relevant "stop-loss" provisions in the Tax Act.

Non-Residents of Canada

The following summary is generally applicable to a participant who, for purposes of the Tax Act and any applicable income tax treaty, is not resident, nor is deemed to be resident, in Canada, and who does not use or hold and is not deemed to use or hold Common Shares in carrying on business in Canada. Special rules which are not discussed in this summary may apply to a non-resident participant that is an insurer which carries on business in Canada and elsewhere.

Dividends

Dividends paid or credited or deemed to be paid or credited on Common Shares to a non-resident of Canada (including where such shares are held of record by the Agent for the account of the non-resident pursuant to the Plan) are generally subject to Canadian withholding tax, whether or not such dividends are reinvested under the terms of the Plan. Under the Tax Act, the rate of withholding tax is 25% of the gross amount of such dividends, which rate may be subject to reduction under the provisions of an applicable tax treaty. Under the *Canada-United States Income Tax Convention* (the "U.S. Treaty"), a participant who is resident in the United States for the purposes of the U.S. Treaty and who is entitled to the benefits of such treaty will generally be subject to Canadian withholding tax at a rate of 15% of the amount of such dividends. In addition, under the U.S. Treaty, dividends may be exempt from Canadian withholding tax if paid to certain participants that are qualifying religious, scientific, literary, educational or charitable tax-exempt organizations, or are qualifying trusts, companies organizations or other arrangements operated exclusively to administer or provide pension, retirement or employee benefits which are exempt from tax in the U.S., and that have complied with specific administrative procedures. Dividends to be reinvested in Common Shares under the Plan for non-resident participants will be reduced by the amount of any applicable Canadian withholding tax.

Dispositions

A non-resident participant will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Common Shares unless those Common Shares constitute taxable Canadian property at the time of the disposition and the participant is not entitled to relief under an applicable income tax treaty or convention.

Generally, Common Shares will not be taxable Canadian property to a participant at a particular time provided that either: (i) the Common Shares are listed on a designated stock exchange (such as the Exchange or the New York Stock Exchange) at that time and at no time during the 60-month period that ends at that time did the participant, persons with whom the participant did not deal at arm's length, or the participant together with such persons, own 25% or more of the issued shares of any class or series of the Company, or (ii) at no time during such 60-month period did the Common shares derive more than 50% of their value from any combination of: (a) real or

Table of Contents

immovable property situated in Canada, (b) timber resource property (within the meaning of the Tax Act), (c) Canadian resource property (within the meaning of the Tax Act) or (d) options in respect of, or interests in, or for civil law, rights in any of the foregoing, whether or not the property exists. A Common Share may also be taxable Canadian property where the participant elected to have such Common Share treated as taxable Canadian property upon ceasing to be a resident of Canada, and in certain other circumstances.

Even if a Common Share is considered to be taxable Canadian property of a participant at the time of its disposition, a capital gain realized on the disposition may nevertheless be exempt from tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention.

Under the U.S. Treaty, a capital gain realized on the disposition of a Common Share by a participant who is entitled to the benefits of such treaty generally will be exempt from tax under the Tax Act except where the Common Share at the time of disposition derives its value principally from real property situated in Canada including rights to explore for or exploit mineral deposits in Canada.

Generally, if a Common Share constitutes taxable Canadian property to a participant at the time of its disposition and any capital gain realized by the participant on the disposition is not exempt from tax under the Tax Act by virtue of an applicable income tax treaty or convention, the participant will be required to include one-half of the amount of the capital gain in its income for the year as a taxable capital gain. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss realized by a participant in a taxation year from the disposition of taxable Canadian property may be deducted as an allowable capital loss from any taxable capital gains realized by the participant in the year from the disposition of taxable Canadian property. If allowable capital losses for a year exceed taxable capital gain from the disposition of taxable Canadian property, the excess may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year from net taxable capital gains realized in such years from the disposition of taxable Canadian property to the extent and in the circumstances prescribed by the Tax Act. Non-residents who dispose of taxable Canadian property are required to file a Canadian income tax return for the year of disposition, including where any resulting capital gain is not subject to tax under the Tax Act by virtue of an applicable income tax treaty or convention.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, the following summary describes the material United States federal income tax consequences generally applicable to participants who reinvest cash dividends in additional Common Shares or make optional cash purchases under the Plan. The summary is based upon the Internal Revenue Code of 1986, as amended (the Code), existing and proposed regulations promulgated thereunder, and judicial decisions and administrative interpretations, as in effect on the date of the Plan, all of which are subject to change, possibly with retroactive effect. These United States federal income tax considerations apply only to a person or entity who, for United States federal income tax purposes, is: a citizen or resident of the United States; a corporation or other entity organized under the laws of the United States or of any political subdivision thereof; an estate whose income is subject to United States federal income taxation regardless of its source; or a trust (i) if a United States court can exercise primary jurisdiction over the trust's administration and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) that has elected to be treated as a United States person under applicable Treasury regulations.

This summary does not address the United States federal income tax consequences for participants that are subject to special provisions under the Code, including the following participants: (i) participants that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (ii) participants that are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies or that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (iii) participants that have a functional currency other than the United States dollar; (iv) participants that are liable for the

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alternative minimum tax under the Code; (v) participants that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (vi) participants that hold the Common Shares other than as a capital asset within the meaning of Section 1221 of the Code; (vii) participants that own, directly or indirectly, 5% or more, by voting power or value, of the Company; (viii) partnerships or other entities classified as partnerships for U.S. federal income tax purposes; (ix) investors in pass-through entities; and (x) certain former citizens or residents of the U.S. participants that are subject to special provisions under the Code, including participants described immediately above, should consult their own tax advisors regarding the tax consequences of reinvesting cash dividends in

Table of Contents

additional Common Shares under the Plan. This summary does not include any discussion of tax consequences to participants in the Plan other than United States federal income tax consequences. Participants are urged to consult their own tax advisors regarding any United States estate and gift, United States state and local, and foreign tax consequences of participating in the Plan.

Partners of entities that are classified as partnerships for United States federal income tax purposes should consult their own tax advisors regarding the United States federal income tax consequences of reinvesting cash dividends in additional Common Shares or making optional cash purchases under the Plan.

Circular 230 Disclosure

In compliance with U.S. Treasury Department Circular 230, which provides rules governing certain conduct of U.S. tax advisors giving advice with respect to U.S. tax matters, please be aware that: (i) any U.S. federal tax advice contained in this summary is not intended to be used and cannot be used by you or any other person for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; (ii) such advice was prepared in the expectation that it may be used in connection with the promotion or marketing (within the meaning of Circular 230) of the Plan; and (iii) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

A participant will be treated for United States federal income tax purposes as having received a distribution in an amount equal to the fair market value of the Common Shares acquired with reinvested dividends pursuant to the Plan plus the amount of any Canadian income tax withheld therefrom. The fair market value of the Common Shares so acquired will be equal to 100% of the average of the high and low sale prices of Common Shares on the dividend payment date, which amount may be higher or lower than the Average Market Price used to determine the number of Common Shares acquired under the Plan. The distribution will be includable in a participant's income as a taxable dividend to the extent of the Company's current and accumulated earnings and profits as determined for United States federal income tax purposes. Dividends received by non-corporate participants in tax years beginning on or before December 31, 2012 generally are subject to reduced rates of taxation, subject to certain limitations, provided the Company is not a PFIC (as defined below). The amount of any such dividend will not be eligible for the dividends received deduction generally available to U.S. corporate shareholders. Subject to certain limitations under the Code, participants who are subject to United States federal income tax will be entitled to a credit or deduction for Canadian income taxes withheld from any such dividends.

A participant's tax basis per share for Common Shares purchased pursuant to the Plan will be equal to the purchase price paid to the Company by the Agent on the participant's behalf, less any Canadian taxes withheld. A participant's holding period for Common Shares purchased with dividends will begin on the day following the dividend payment date. A participant who makes optional cash purchases of Common Shares under the Plan will have a tax basis in those Common Shares equal to the cash used to purchase those Common Shares and the participant's holding period will begin on the day of the purchase.

Participants generally will recognize a taxable gain or loss when they sell or exchange Common Shares and when they receive cash payments for fractional shares credited to their accounts upon withdrawal from or termination of the Plan or otherwise. The amount of this gain or loss will be equal to the difference between the amount a participant receives for his or her Common Shares or fraction thereof and the participant's adjusted tax basis in these Common Shares or fraction thereof. The gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the holding period for such Common Shares exceeds one year. For taxable years beginning on or before December 31, 2012, capital gain of a non-corporate U.S. holder is generally taxed at a maximum rate of 15% if the property has been held for more than one year. The deductibility of capital losses is subject to limitations. The gain or loss realized by participants who are United States persons will generally be gain or loss

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from sources within the United States for foreign tax credit limitation purposes.

The Company will be a passive foreign investment company (PFIC) for U.S. federal income tax purposes in any taxable year if 75% or more of its gross income (including the *pro rata* share of the gross income of any corporation in which it is considered to own, directly or indirectly, 25% or more of the shares by value) is passive income, or on average at least 50% of the gross value of its assets is held for the production of, or produces, passive income.

Table of Contents

PFIC status is determined on an annual basis. The Company does not expect to be a PFIC for the taxable year ending December 31, 2012, or thereafter. However, because the Company's income and assets and the nature of its activities may vary from time to time, no assurance can be given that the Company will not be considered a PFIC for any taxable year. If a participant owns Common Shares during a taxable year in which the Company is a PFIC, the PFIC rules generally will apply to a participant thereafter, even if in subsequent taxable years the Company no longer meets the test described above to be treated as a PFIC. No ruling will be sought from the U.S. Internal Revenue Service (the "IRS") regarding whether the Company is a PFIC.

In general, if the Company were to be treated as a PFIC, certain adverse rules would apply to dividends received from the Company and to dispositions of Common Shares (potentially including dispositions that would not otherwise be taxable). Participants are urged to consult their tax advisors about the PFIC rules in connection with their holding of Common Shares.

Under current U.S. law, if the Company is a PFIC in any year, a participant must file an annual return on IRS Form 8621, which describes the income received (or deemed to be received pursuant to a QEF Election) from the Company, any gain realized on a disposition of common shares and certain other information.

Dividends on and proceeds arising from a sale of common shares generally will be subject to information reporting and backup withholding tax, currently at the rate of 28%, if (a) a participant fails to furnish the U.S. Stockholder's correct United States taxpayer identification number (generally on Form W-9), (b) the withholding agent is advised the participant furnished an incorrect United States taxpayer identification number, (c) the withholding agent is notified by the IRS that the participant has previously failed to properly report items subject to backup withholding tax, or (d) a participant fails to certify, under penalty of perjury, that the participant has furnished its correct U.S. taxpayer identification number and that the IRS has not notified the participant that it is subject to backup withholding tax. However, participants that are corporations generally are excluded from these information reporting and backup withholding tax rules. Amounts withheld as backup withholding may be credited against a participant's United States federal income tax liability, and a participant may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information.

Recently enacted legislation requires U.S. individuals to report an interest in any specified foreign financial asset if the aggregate value of such assets owned by the U.S. individual exceeds \$50,000 (or such higher amount as the IRS may prescribe in future guidance). Stock issued by a foreign corporation is treated as a specified foreign financial asset for this purpose.

PLAN OF DISTRIBUTION

Subject to the discussion below, we will distribute Common Shares purchased under the Plan as described in this prospectus. Computershare will assist in the identification of shareholders, execute transactions in the Common Shares pursuant to the Plan and provide other related services, but will not be acting as an underwriter with respect to our Common Shares sold under the Plan. You will pay no brokerage commissions or trading or transaction fees on Common Shares purchased through the Plan with reinvested dividends or optional cash payments. However, you may be responsible for other fees and expenses, including brokerage commissions and trading and transaction fees, if you request that your Common Shares that are subject to the Plan be sold upon termination of your participation in the Plan.

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Persons who acquire our Common Shares through the Plan and resell them shortly after acquiring them, including coverage of short positions, under certain circumstances, may be participating in a distribution of securities that would require compliance with Regulation M under the Exchange Act and may be considered to be underwriters within the meaning of the Securities Act. We will not extend to any such person any rights or privileges other than those to which such person would be entitled as a participant in the Plan, nor will we enter into any agreement with any such person regarding the resale or distribution by any such person of Common Shares so purchased.

Our major shareholders, directors, officers and members of our management, supervisory or administrative bodies may participate in the Plan.

Table of Contents

From time to time, financial intermediaries, including brokers and dealers and other persons, may engage in positioning transactions in order to benefit from any discounts to the market price applicable to Common Shares purchased pursuant to the reinvestment of dividends under the Plan. Those transactions may cause fluctuations in the trading price and volume of our Common Shares. Financial intermediaries and such other persons who engage in positioning transactions may be deemed to be underwriters. We have no arrangements or understandings, formal or informal, with any person relating to the sale of our Common Shares to be received under the Plan. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible persons to eliminate practices that are inconsistent with the purposes of the Plan.

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the share capital and consolidated indebtedness of our company as of June 30, 2012. The table below is not audited and should be read together with the detailed information and financial statements appearing in the documents incorporated by reference in this prospectus. The amounts in the table below are in thousands of U.S. dollars.

	As of June 30, 2012 (unaudited) (in millions US\$)	
Long-term debt:		
Bank credit facility, due 2016	\$	230
Outstanding Senior Public Debt:(1)		
6.13% senior notes due 2017	\$	115
6.67% senior notes due 2020	\$	360
6.77% senior notes due 2022	\$	125
Total long-term debt	\$	830
Shareholders Equity:		
Common shares	\$	3,195
Stock options	\$	138
Warrants	\$	25
Contributed surplus	\$	16
Deficit	\$	(76)
Accumulated other comprehensive income (loss)	\$	(24)
Total shareholders equity	\$	3,274
Total Capitalization:	\$	4,104

Note:

(1) On July 24, 2012 the Company closed a private placement of guaranteed senior unsecured notes totaling \$200.0 million consisting of \$100.0 million 4.87% senior notes due 2022 and \$100.0 million 5.02% senior notes due 2024. For more information on such notes, please see the Report on Form 6-K for the month of August, 2012, furnished to the SEC on August 8, 2012 and incorporated by reference herein.

DESCRIPTION OF COMMON SHARES

The Common Shares to be offered by this prospectus will be offered to our shareholders pursuant to participation in the Plan. Our Common Shares are currently listed on the TSX and the NYSE under the symbol AEM .

Table of Contents