AGNICO EAGLE MINES LTD
Form F-4
June 13, 2005

QuickLinks -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on June 10, 2005

Registration No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AGNICO-EAGLE MINES LIMITED
(Exact name of registrant as specified in its charter)

Province of Ontario	**1041**	**Not applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

145 King Street East, Suite 500
Toronto, Ontario
M5C 2Y7, Canada
(416) 947-1212
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Philip J. Flink
Brown Rudnick Berlack Israels LLP
One Financial Center
Boston, Massachusetts 02111
(617) 856-8200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Sean Boyd	**Patricia Olasker**
Agnico-Eagle Mines Limited	Davies Ward Phillips & Vineberg LLP
145 King Street East, Suite 500	1 First Canadian Place, Suite 4400
Toronto, Ontario M5C 2Y7, Canada	Toronto, Ontario M5X 1B1, Canada
(416) 947-1212	(416) 863-0900

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the consummation of the transactions described in the accompanying prospectus have been satisfied or waived.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) 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.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) 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.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock of Agnico-Eagle Mines Limited, without par value	10,345,583(1)	Not Applicable	$121,016,935(2)	$14,243.69(3)
	2,000,000(4)	Not applicable	Not applicable	Not applicable(5)

(1) Calculated as the product of 90,990,177 shares of Riddarhyttan Resources AB (publ), representing all of the outstanding shares of Riddarhyttan Resources AB (publ) other than those shares currently held by Agnico-Eagle Mines Limited, and the exchange ratio of 0.1137 Agnico-Eagle Mines Limited shares of common stock to be exchanged for each share of Riddarhyttan Resources AB (publ) other than those shares held by Agnico-Eagle Mines Limited. Assumes all holders of Riddarhyttan Resources AB (publ) other than Agnico-Eagle Mines Limited tender their shares of Riddarhyttan Resources AB (publ) in exchange for common stock of Agnico-Eagle Mines Limited at the exchange ratio.

(2) Pursuant to Rule 457(c) and Rule 457(f)(1) of the Securities Act, solely for purposes of calculating the registration fee, the maximum aggregate offering price of the shares of common stock of Agnico-Eagle Mines Limited is based upon the average of the high and low sales

prices of Riddarhyttan Resources AB (publ) shares as reported on the Stockholm Stock Exchange on June 7, 2005 and converting them into U.S. Dollars based on an exchange rate of SEK7.4373 = U.S.$1.00 (which was the Federal Reserve Bank of New York noon buying rate on that date).

(3) Calculated as the product of the maximum aggregate offering price and .00011770.

(4) The maximum number of shares being registered for resale by certain selling stockholders described herein, all of which are issuable in exchange for their shares of Riddarhyttan shares in connection with the exchange offer.

(5) No filing fee is required with respect to the resale of these shares pursuant to Rule 457(f)(5) of the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement becomes effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this Offer Document is not complete and may be changed. Agnico-Eagle may not sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission is effective and may not sell these securities in Sweden until Swedish authorities have approved the Offer Document. This Offer Document is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

Preliminary Prospectus subject to completion, dated June 10, 2005.

Offer of

AGNICO-EAGLE MINES LIMITED

to Exchange

0.1137 Shares of its Common Stock

for

each outstanding Share of

RIDDARHYTTAN RESOURCES AB (publ)

THE OFFER PERIOD WILL EXPIRE AT 4:00 P.M. CET (10:00 A.M. EDT) ON , 2005, UNLESS THE OFFER IS EXTENDED.

The offer is being made for all of the issued and outstanding shares of Riddarhyttan not already held by Agnico-Eagle. Based on 105,753,846 Riddarhyttan shares outstanding as at June 3, 2005, Agnico-Eagle will issue up to approximately 10,345,583 Agnico-Eagle common shares pursuant to the offer, assuming all issued and outstanding Riddarhyttan shares, other than those shares already held by Agnico-Eagle, are properly tendered and not withdrawn.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

For a discussion of the risk factors that Riddarhyttan shareholders should consider in evaluating this offer, see "Risk Factors" beginning on page 19.

The common shares of Agnico-Eagle are listed for trading on the New York Stock Exchange under the symbol "AEM" and on the Toronto Stock Exchange under the symbol "AGE". Application will be made to the New York Stock Exchange and the Toronto Stock Exchange to list the Agnico-Eagle common shares being offered hereunder.

Financial Advisors to Agnico-Eagle	*Financial Advisor to Riddarhyttan*
Orion Securities Inc.	**Standard Bank Plc**
Citigroup Global Markets, Inc.	
Pollitt & Co. **Enskilda Securities AB**	

The date of this prospectus is June 10, 2005

TABLE OF CONTENTS

Only the information contained in this Offer Document should be relied upon. Agnico-Eagle has not authorized any other person to provide different information. If anyone provides different or inconsistent information, it should not be relied upon. Unless otherwise indicated, the statistical, operating and financial information contained in this Offer Document is current as at the date hereof unless otherwise noted. It should be assumed that the information appearing in this Offer Document is accurate only as of the date hereof or such other date as of which such information is stated to be presented. The information in this Offer Document is furnished solely for the purpose of the offer and should not be relied upon for other purposes.

The offer is not being made to persons whose participation in the offer requires that an additional offer document be prepared or registration be effected or that any other measures be taken in addition to those required under Swedish or U.S. law. The Offer Document, the relevant acceptance form and any related offer documentation are not being distributed and must not be mailed or otherwise distributed or sent in or into Australia, Japan or any other jurisdiction in which such distribution or offer would require any such additional measures to be taken or would be in conflict with any law or regulation in such jurisdiction. Should distribution nevertheless take place, acceptance forms from such jurisdiction may be disregarded.

NOTICE TO RIDDARHYTTAN SHAREHOLDERS RESIDENT IN THE UNITED STATES

The offer described in this Offer Document is being made for the securities of a Swedish company that does not have securities registered under Section 12 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act. Accordingly, the offer described in this Offer Document is not subject to Section 14(d) of the Exchange Act, or Regulation 14D promulgated by the U.S. Securities and Exchange Commission, or the SEC, thereunder. The offer is being conducted in accordance with Section 14(e) of the Exchange Act and Regulation 14E as applicable to tender offers conducted under the Tier II "cross-border tender offer rules" adopted by the SEC. The offer is made in the United States with respect to securities of a Swedish foreign private issuer also in accordance with Swedish corporate and tender offer rules. Riddarhyttan shareholders resident in the United States should be aware that such requirements might be different from those of the United States applicable to tender offers under the Exchange Act and the rules and regulations promulgated thereunder.

A registration statement relating to the Agnico-Eagle shares offered pursuant to this Offer Document has been filed with the SEC and such shares may not be exchanged for Riddarhyttan shares until the registration statement becomes effective.

Potential Unenforceability of Civil Liabilities and Judgments

Agnico-Eagle is organized under the laws of the Province of Ontario, Canada pursuant to the *Business Corporations Act* (Ontario). Some of Agnico-Eagle's current directors and officers, and its experts and advisors named in this document, are residents of Canada, and all or a substantial portion of the assets of such persons and a substantial part of the assets of Agnico-Eagle may be located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process on such persons, or to enforce, in U.S. courts, judgments, in original actions or in actions for enforcement, against Agnico-Eagle or such persons which are obtained in U.S. courts. Our Canadian counsel has advised us 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. Agnico-Eagle cannot assure 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 U.S. federal securities laws.

Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Measured and Indicated Resources

This Offer Document uses the terms "measured resources" and "indicated resources". Agnico-Eagle advises Riddarhyttan shareholders that those terms are recognized and required by Canadian regulations, however, the SEC does not recognize those terms. **Riddarhyttan shareholders are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Inferred Resources

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

Cautionary Note to Riddarhyttan Shareholders Concerning Certain Measures of Performance

This document presents certain measures, including "total cash cost per ounce" and "minesite cost per ton", that are not recognized measures under United States generally accepted accounting principles, or U.S. GAAP. These data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the closest measures recognized under U.S. GAAP see "Production Costs" starting on page 81. Agnico-Eagle believes that these generally accepted industry measures are realistic indicators of operating performance and useful in allowing year over year comparisons. However, both of these non-GAAP measures should be considered together with other data prepared in accordance with U.S. GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with U.S. GAAP.

CAUTIONARY STATEMENT RELATING TO FORWARD-LOOKING STATEMENTS

Certain statements in this Offer Document constitute "forward-looking statements". Forward-looking statements include statements of Agnico-Eagle's or Riddarhyttan's plans, objectives, expectations and intentions. Also, words such as "may", "will", "should", "could", "would", "expects", "anticipates", "believes", "plans", "intends", or other variations of these terms or comparable terminology, often denote forward-looking statements. Forward-looking statements in this Offer Document include, but are not limited to, the following:

- Agnico-Eagle's and Riddarhyttan's outlook for 2005
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices
- anticipated trends for prices of gold and other by-products mined by Agnico-Eagle
- estimates of future mineral production and sales of Agnico-Eagle and Riddarhyttan
- estimates of production costs and other expenses of Agnico-Eagle and Riddarhyttan
- estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof by Agnico-Eagle and Riddarhyttan
- statements as to the projected development of certain ore deposits, including estimates of exploration, development and other capital costs of Agnico-Eagle and Riddarhyttan
- estimates of Agnico-Eagle's reserves and Riddarhythan's resources and statements regarding Agnico-Eagle's or Riddarhyttan's future exploration results and reserve replacement
- estimates of ore grades or ore recoveries in any feasibility or other analysis of Riddarhyttan's potential mining operations

estimates of future costs and other liabilities for environmental remediation of Agnico-Eagle and Riddarhyttan

anticipated trends with respect to Agnico-Eagle's or Riddarhyttan's results of operations

expectations regarding the outcome of the appeal on the environmental permit and the mining concession granted to Riddarhyttan

- statements regarding Riddarhyttan's expectations with respect to the availability, source and type of additional financing to meet its current and future capital requirements

- expected benefits from Agnico-Eagle's acquisition of Riddarhyttan, including acceleration of the multi-mine growth strategy and potential production and exploration activity of the combined company

- expected cash resources to fund substantial anticipated capital expenditures following Agnico-Eagle's acquisition of Riddarhyttan

- expected costs of integrating the acquired business

- plans following completion of Agnico-Eagle's acquisition of Riddarhyttan, including business strategy, timing of production decisions, dividend policy and organization

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Agnico-Eagle or of Riddarhyttan 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 discussed under the heading "Risk Factors" commencing on page 19 of this document. Given these uncertainties, Agnico-Eagle cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Except as otherwise required by law, Agnico-Eagle expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in Agnico-Eagle's or Riddarhyttan's expectations or any change in events, conditions or circumstances on which any such statements are based.

QUESTIONS AND ANSWERS ABOUT THE OFFER

Why is Agnico-Eagle making this offer? (See "The Offer" on page 31)

Agnico-Eagle currently owns approximately 14% of the outstanding Riddarhyttan shares. Agnico-Eagle's purpose in making the offer is to acquire all of the outstanding Riddarhyttan shares that it does not already own. Agnico-Eagle's obligation to complete the offer is conditional upon there being tendered to the offer sufficient shares such that Agnico-Eagle will own, together with the shares it currently owns, at least 90% of the Riddarhyttan shares outstanding. The condition will be satisfied if at least 76% of the outstanding Riddarhyttan shares are tendered to the offer. Assuming that Agnico-Eagle owns at least 90% of the outstanding Riddarhyttan shares at the completion of the offer, as soon as practicable thereafter, Agnico-Eagle intends to effect compulsory acquisition procedures under Swedish law to acquire any Riddarhyttan shares not owned by Agnico-Eagle.

Agnico-Eagle believes that Riddarhyttan represents an attractive opportunity for Agnico-Eagle to accelerate its multi-mine growth strategy and that the acquisition of Riddarhyttan will provide long-term exposure to a developing gold mining camp in Finland, a pro-mining host country. The Suurikuusikko gold project offers near-term production potential and the opportunity for continuing exploration activity.

The acquisition of Riddarhyttan will also diversify Agnico-Eagle's asset base by adding potential production and resources outside Agnico-Eagle's current operations in the Abitibi region of northwestern Quebec, Canada. Agnico-Eagle's existing projects are all potential underground mines with relatively long lead times to production while the Suurikuusikko project offers the potential for an initial open pit operation while underground operations are being developed. Agnico-Eagle believes that its experience in mine building and ore processing is well suited to the complex metallurgical nature of the Suurikuusikko project. Agnico-Eagle also believes it has the cash resources and financing capacity to fund the substantial capital expenditures expected to be required to bring the project into production and to develop the precious metal extraction technology for this deposit.

What will Riddarhyttan shareholders receive in the offer? (See "Terms of the Offer" on page 42)

Riddarhyttan shareholders who tender their Riddarhyttan shares to the offer will receive 0.1137 of an Agnico-Eagle common share for each Riddarhyttan share tendered. Fractions of Agnico-Eagle common shares will not be issued to persons accepting the offer. Fractional entitlements to Agnico-Eagle common shares will be aggregated and sold in the market and the proceeds paid, without deduction of any costs or commissions, to those Riddarhyttan shareholders who are entitled to fractions of Agnico-Eagle common shares.

Based upon the last reported sale price of Agnico-Eagle common shares on the New York Stock Exchange and the Riddarhyttan shares on the Stockholm Stock Exchange on May 11, 2005, the last trading day before the announcement of the offer, the offer provides Riddarhyttan shareholders with a premium on their Riddarhyttan shares and the opportunity for continued exposure to the potential upside of the Suurikuusikko project while benefiting from share ownership in an established gold producer.

In addition, Riddarhyttan shareholders, other than officers, directors or affiliates of Agnico-Eagle or Riddarhyttan prior to completion of the offer or officers, directors or affiliates of Agnico-Eagle after completion of the offer, who validly accept the offer will have the opportunity to elect to sell up to 570 of the Agnico-Eagle common shares to which they are entitled under the offer (equivalent to approximately 5,000 Riddarhyttan shares) under a simplified share sales process. The proceeds of such sales will be paid to Riddarhyttan shareholders in the currency of the yield account linked to their VP account or, if a Riddarhyttan shareholder elects not to hold the Agnico-Eagle common shares to which such Riddarhyttan shareholder is entitled under the offer in an account with VPC AB (The Swedish Securities Register Centre), in U.S. dollars. The costs and commissions relating to the simplified share sales process will be borne by Agnico-Eagle.

Will Riddarhyttan shareholders be able to sell the Agnico-Eagle common shares that they receive in the offer? (See "Registration under the United States Securities Act of 1933" on page 47)

The Agnico-Eagle common shares that Riddarhyttan shareholders receive will be registered in the United States under the United States Securities Act of 1933, as amended, or the Securities Act, and so long as a Riddarhyttan shareholder is not an affiliate of Agnico-Eagle and is not deemed to be an "underwriter" for purposes of the Securities Act, after completion of the offer, the Agnico-Eagle common shares that such Riddarhyttan shareholder receives will be freely tradeable and not subject to further registration requirements under the Securities Act. Agnico-Eagle will apply to have the Agnico-Eagle common shares that are issued to Riddarhyttan shareholders listed on both the New York Stock Exchange and the Toronto Stock Exchange.

How does the simplified share sales process work? (See "Simplified Share Sales Process" on page 44)

To assist Riddarhyttan shareholders with small shareholdings to achieve liquidity in a cost-efficient way, Agnico-Eagle will institute a simplified share sales process. Riddarhyttan shareholders, other than officers, directors or affiliates of Agnico-Eagle or Riddarhyttan prior to completion of the offer or officers, directors or affiliates of Agnico-Eagle after completion of the offer, may elect, if they so wish, to sell up to 570 of the Agnico-Eagle common shares to which they are entitled under the offer (equivalent to approximately 5,000 Riddarhyttan shares). Agnico-Eagle will arrange for a designated broker dealer registered in the United States, or broker dealer, to sell such shares at current market prices and remit the proceeds, without any deduction of costs or commissions, to the entitled shareholders. More detailed information concerning the simplified share sales process is being delivered to Riddarhyttan shareholders under separate cover, including the instruction form, instructing the broker dealer to sell Agnico-Eagle common shares pursuant to the simplified share sales process.

Does Riddarhyttan's board of directors recommend that Riddarhyttan shareholders accept the offer? (See "Recommendation by the Board of Riddarhyttan Regarding the Offer" on page 35)

Riddarhyttan's board of directors has announced that it has unanimously recommended that the Riddarhyttan shareholders accept the offer. The board's recommendation is supported by a fairness opinion from its financial advisor, Standard Bank Plc. Riddarhyttan has represented to Agnico-Eagle in a support agreement that it believes that each board member holding Riddarhyttan shares intends to tender these shares to the offer.

How was the exchange ratio for Agnico-Eagle common shares being offered to the Riddarhyttan shareholders in the offer determined? (See "Overview of the Offer" on page 33)

The exchange of 0.1137 of an Agnico-Eagle common share offered per Riddarhyttan share was fixed to reflect a negotiated offer price of SEK 10.25 (US$1.42) per Riddarhyttan share, based on the closing price of Agnico-Eagle common shares on the New York Stock Exchange of $12.51 and the closing price of the Riddarhyttan shares on the Stockholm Stock Exchange of SEK 8.05, on May 11, 2005, which was the last trading day before the date on which the offer was publicly announced, and based on the currency exchange rate of SEK 7.2055 to US$1.00 as at the close of business on May 11, 2005.

How do Riddarhyttan shareholders tender their shares in the offer? (See "To Accept the Offer" on page 43)

Riddarhyttan shareholders must carefully read, and follow the directions set out in, the section of this Offer Document entitled "Terms, Conditions and Instructions for Acceptance of the Offer" and must complete the acceptance form which is included in the package Riddarhyttan shareholders received with this Offer Document.

Are there any conditions to the offer? (See "Conditions and Certain Further Terms of the Offer" on page 42)

The following is a summary of the conditions to the offer:

- acceptance to such an extent that Agnico-Eagle becomes owner of more than 90% of the outstanding Riddarhyttan shares on a fully-diluted basis
- the recommendation in favour of the offer by the board of directors of Riddarhyttan shall not have been withdrawn or adversely amended
- no other party shall have announced an offer to acquire Riddarhyttan shares
- all necessary regulatory, governmental or similar clearances, approvals and decisions for the offer and the acquisition of Riddarhyttan, including from competition authorities, shall have been obtained, in each case on terms which, in Agnico-Eagle's opinion, are acceptable
- save as publicly announced by Riddarhyttan prior to the date the offer was announced or as otherwise disclosed in writing to Agnico-Eagle prior to that date, Agnico-Eagle does not discover that any information publicly disclosed by Riddarhyttan is materially inaccurate or misleading or that any material information that should have been publicly disclosed by Riddarhyttan has not been so disclosed
- neither the offer nor the acquisition of Riddarhyttan is wholly or partly prevented or materially adversely affected by any legislation or other regulation, court decision, public authority decision or similar circumstance, which has occurred or could reasonably be anticipated, outside the control of Agnico-Eagle and which Agnico-Eagle could not reasonably have foreseen at the time of the announcement of the offer
- no circumstances which Agnico-Eagle did not have knowledge about at the time of the announcement of the offer shall have occurred that may materially adversely affect Riddarhyttan's results, liquidity, business or equity during the current or next financial year or the feasibility or economic prospects of the Suurikuusikko project, except any circumstance or effect attributable to changes in gold prices
- Riddarhyttan shall not have taken any measures that are typically intended to impair the prerequisites for the implementation of the offer

Agnico-Eagle reserves the right to withdraw the offer in the event that it is clear that any of the above conditions are not fulfilled or cannot be fulfilled. However, with respect to the conditions in all but the first bullet point above, such withdrawal will only be made if the non-fulfillment of such condition is of material importance to Agnico-Eagle's acquisition of the Riddarhyttan shares. Agnico-Eagle may, in its sole discretion, waive any of the foregoing conditions, in whole or in part. If Agnico-Eagle waives the condition to the offer that it becomes the owner of more than 90% of the outstanding Riddarhyttan shares on a fully diluted basis or otherwise decreases the percentage of Riddarhyttan shares that Agnico-Eagle must own as a condition to the offer, Agnico-Eagle will publicly announce by press release the waiver or modification of this condition and will hold the offer open for at least 10 business days from the date of the public announcement in accordance with Regulation 14E promulgated under the Exchange Act.

Can the offer be extended and if so, under what circumstances? (See "Right to Extend the Final Acceptance Date" on page 46)

Agnico-Eagle may extend the offer for any reason. Agnico-Eagle does not currently intend to extend the offer period. If all of the conditions to the offer have not been either fulfilled or waived by Agnico-Eagle by 4:00 p.m. CET (10:00 a.m. EDT), on   , 2005, Agnico-Eagle may choose, but shall not be obligated, to extend the offer period. Agnico-Eagle may also extend the offer period in the event that all of the conditions to the offer have been either fulfilled or waived, provided that Agnico-Eagle promptly purchases the Riddarhyttan shares tendered to the offer during the initial offer period. However, if Agnico-Eagle waives the condition that it becomes the owner of more than 90% of the outstanding Riddarhyttan shares on a fully diluted basis or otherwise decreases the percentage of Riddarhyttan shares that Agnico-Eagle must own as a

condition to the offer, it must allow the offer to remain open for at least 10 additional business days and may not purchase any Riddarhyttan shares tendered to the offer until the expiry of this additional period.

If Agnico-Eagle extends the offer period, it will issue a press release announcing the extension and the details of any extension promptly following the expiration of the initial offer period.

After Riddarhyttan shareholders tender their Riddarhyttan shares, may they change their minds and withdraw their Riddarhyttan shares? (See "Right to Withdraw Acceptance of the Offer" on page 46).

Riddarhyttan shareholders have the right to withdraw any of their Riddarhyttan shares that they have tendered. To be valid, written notice of withdrawal must be received by SEB, Issues & Part-ownership Programmes, as the receiving agent, no later than 4:00 p.m. CET (10:00 a.m. EDT) on , 2005, unless the offer is extended. If any conditions to the offer, which Agnico-Eagle may waive, are unfulfilled at the time of extension of the offer period, the right to withdraw will apply correspondingly until the earlier of the date to which the offer period has been extended and the date when all of the conditions to the offer have been fulfilled. However, if Agnico-Eagle waives the condition that it become the owner of 90% of the outstanding Riddarhyttan shares, Riddarhyttan shareholders will continue to be able to exercise their withdrawal rights for not less than 10 additional business days following the waiver of this condition. If all of the conditions to the offer are fulfilled or waived prior to such extension, Agnico-Eagle may purchase the Riddarhyttan shares tendered to the offer and those Riddarhyttan shareholders whose Riddarhyttan shares have been purchased will have no further rights of withdrawal.

When does Agnico-Eagle expect the offer to expire and to be completed? (See "Overview of the Offer" on page 33)

Agnico-Eagle currently anticipates that the offer will expire at 4:00 p.m. CET (10:00 a.m. EDT) on , 2005. Promptly following the expiration of the offer, Agnico-Eagle will issue a press release announcing the outcome of the offer.

How will Agnico-Eagle acquire any Riddarhyttan shares that remain outstanding after the completion of the offer? (See "Compulsory Acquisition; Merger" on page 47)

If after completion of the offer Agnico-Eagle owns more than 90% of the outstanding Riddarhyttan shares, Agnico-Eagle intends to initiate compulsory acquisition proceedings under Swedish law to acquire the remaining outstanding Riddarhyttan shares that Agnico-Eagle does not own. The price that Agnico-Eagle will pay for the remaining shares will be determined in the compulsory acquisition proceedings.

If Agnico-Eagle does not hold more than 90% of the Riddarhyttan shares following completion of the offer, Agnico-Eagle may consider a legal merger between Riddarhyttan and Agnico-Eagle or any of Agnico-Eagle's subsidiaries, for cash consideration in accordance with the *Swedish Companies Act of 1975* or otherwise.

Are there risks associated with this proposed transaction? (See "Risk Factors" on page 19)

The combined company may not achieve the expected benefits of this transaction because of the risks and uncertainties discussed in the section captioned "Risks Related to the Acquisition of Riddarhyttan" beginning on page 19. In addition, an investment in Agnico-Eagle common shares involves other risks described in the section captioned "Risks Related to Agnico-Eagle and the Agnico-Eagle Common Shares" on page 22.

How much of Agnico-Eagle will current Riddarhyttan shareholders own upon completion of the offer? (See "Share Capital and Ownership Structure" on page 54)

Immediately following the completion of the offer and assuming that all outstanding Riddarhyttan shares (excluding shares already held by Agnico-Eagle) are tendered to the offer, Agnico-Eagle expects that current Riddarhyttan shareholders will hold approximately 10.7% of Agnico-Eagle's estimated total common shares outstanding after the offer.

Where can Riddarhyttan shareholders get additional information? (See "Where Riddarhyttan Shareholders Can Find More Information" on page 181)

Agnico-Eagle has filed with the SEC a registration statement on Form F-4 under the Securities Act with respect to its common shares offered hereby. This Offer Document does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Certain items are omitted in accordance with the rules and regulations of the SEC. For further information about Agnico-Eagle and its common shares offered hereby, reference is made to the registration statement and the exhibits and schedules filed as part thereof. Statements contained in this Offer Document as to the contents of any contract or any other document referred to are not necessarily complete, and, in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference to such exhibit. The registration statement, including exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the SEC in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and copies of all or any part thereof may be obtained from such office after payment of fees prescribed by the SEC.

Agnico-Eagle also files annual, quarterly and current reports, proxy statements and other information with the SEC. Riddarhyttan shareholders may read and copy any reports, statements or other information on file at the SEC's public reference room in Washington, D.C. Riddarhyttan shareholders can request copies of those documents, upon payment of a duplicating fee, by writing to the SEC.

All reports filed by Agnico-Eagle with the SEC are also available free of charge via EDGAR through the SEC website at http://www.sec.gov. In addition, Agnico-Eagle provides copies of its proxy and annual report on Form 20-F at no charge to investors upon request.

Riddarhyttan also prepares annual reports, and interim and annual financial reports, for its shareholders. These reports are provided at no charge to investors upon request.

Who can help answer Riddarhyttan shareholders' questions? (See "To Accept the Offer" on page 43)

Riddarhyttan shareholders who have questions about the offer should contact:

SEB Issues & Part-ownership Programmes, B6 SE-106 40 Stockholm Sweden +46 8 639 2750	or	Enskilda Securities AB Nybrokajen 5 SE-103 36 Stockholm Sweden +46 8 52 22 95 00

SUMMARY

This section highlights selected information from this Offer Document and may not contain all of the information that is important to Riddarhyttan shareholders. To better understand the offer, Riddarhyttan shareholders should read this entire Offer Document carefully. Riddarhyttan shareholders may obtain more information by following the instructions in the section captioned "Where Riddarhyttan Shareholders Can Find More Information" on page 181. Agnico-Eagle has included page references parenthetically to direct Riddarhyttan shareholders to more complete descriptions included elsewhere in this Offer Document of the topics presented in this summary.

Summary of the Offer (See page 31)

On May 12, 2005, Agnico-Eagle announced the terms of a recommended offer for all of the issued and outstanding shares of Riddarhyttan not already owned by Agnico-Eagle.

The offer is being made on the following basis:

for each Riddarhyttan share	**0.1137 of an Agnico-Eagle common share**

As at the date of that announcement, the offer valued each Riddarhyttan share at SEK 10.25 (US$1.42) and represented a premium to Riddarhyttan shareholders of 27.3%, based on the closing price of the Agnico-Eagle shares on the New York Stock Exchange of $12.51 and of the Riddarhyttan shares on the Stockholm Stock Exchange of SEK 8.05 on May 11, 2005, the last trading day before the announcement of the offer. The offer represents a premium of 36.5% to Riddarhyttan shareholders, based on the average closing price of the Agnico-Eagle shares on the New York Stock Exchange and of the Riddarhyttan shares on the Stockholm Stock Exchange for the 30 trading day period prior to the announcement of the offer from March 31 through May 11, 2005 (inclusive), which period, as a result of Swedish public holidays, included only 29 trading days for Riddarhyttan, and calculated based on the daily closing foreign exchange rate during the period. The offer values Riddarhyttan at SEK 1,084 million (US$150 million), based on 105,753,846 Riddarhyttan shares outstanding as at May 11, 2005 and based on the exchange rate US$1:SEK 7.2055 on May 11, 2005. On June 3, 2005, the closing price of an Agnico-Eagle common share on the New York Stock Exchange was $12.15. The noon buying rate in The City of New York for cable transfers in Swedish kronor as certified by the Federal Reserve Bank of New York on June 3, 2005 was SEK 7.4690 to US$1.00.

The board of directors of Riddarhyttan has unanimously recommended that Riddarhyttan shareholders accept the offer. Standard Bank Plc, which is acting as financial advisor to the board of directors of Riddarhyttan, has provided a fairness opinion in relation to the offer, the text of which is included as Annex B to this Offer Document.

As at the date hereof, Agnico-Eagle beneficially owns 14,763,669 Riddarhyttan shares, which represents approximately 14% of the issued and outstanding Riddarhyttan shares.

The final acceptance date for the offer, unless the offer is extended, is , 2005. To accept the offer, Riddarhyttan shareholders should complete and return the acceptance form enclosed with this document in the reply-paid envelope to SEB, Issues & Part-ownership Programmes, as the receiving agent, as soon as possible, and in any event so as to be received by the receiving agent no later than 4:00 p.m. CET (10:00 a.m. EDT) on , 2005, unless the offer is extended. For further details in relation to acceptance of the offer and other terms of the offer see "Terms, Conditions and Instructions for Acceptance of the Offer".

Further information regarding the offer is provided in subsequent sections of this Offer Document.

Fractional Entitlements (See page 44)

Fractions of Agnico-Eagle common shares will not be issued to persons accepting the offer. Fractional entitlements to Agnico-Eagle common shares will be aggregated and sold in the market and the proceeds paid, without deduction of any costs or commissions, to those Riddarhyttan shareholders who are entitled to fractions of Agnico-Eagle common shares.

Simplified Share Sales Process (See page 44)

Riddarhyttan shareholders, other than officers, directors or affiliates of Agnico-Eagle or Riddarhyttan prior to completion of the offer or officers, directors or affiliates of Agnico-Eagle after completion of the offer, may elect, if they so wish, to sell up to 570 of the Agnico-Eagle common shares (equivalent to approximately 5,000 Riddarhyttan shares) to which entitled under the offer through a simplified share sales process. Riddarhyttan shareholders who make this election will be paid in the currency of the yield account linked to their VP account or, if a Riddarhyttan shareholder elects not to hold the Agnico-Eagle common shares to which such Riddarhyttan shareholder is entitled under the offer in an account with VPC AB (the Swedish Securities Register Centre), in U.S. dollars. Riddarhyttan shareholders will not be required to pay any costs or commissions in connection with such process.

The Companies (See pages 57 and 127)

Agnico-Eagle Mines Limited
145 King Street East, Suite 500
Toronto, Ontario
Canada M5C 2Y7
1.416.947.1212

Agnico-Eagle is an established Canadian gold producer with mining operations located in northwestern Quebec, and exploration and development activities in Canada, the western United States (principally Nevada and Idaho) and northern Mexico. Agnico-Eagle's operating history includes more than three decades of continuous gold production, primarily from underground operations. Since its formation in 1972, Agnico-Eagle has produced over 3.5 million ounces of gold. Agnico-Eagle believes it is currently one of the lowest cash cost producers in the North American gold mining industry. Agnico-Eagle has traditionally sold all of its gold production at the spot price due to its general policy not to sell forward its future gold production.

Agnico-Eagle's strategy is to develop a multi-mine platform from the foundation of its LaRonde Mine. To effect this strategy, Agnico-Eagle is concentrating on the continued exploration, development and expansion in the Abitibi region of Quebec in which the LaRonde Mine is situated, with a view to increasing annual gold production and gold mineral reserves and pursuing opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas or Europe. Other than the transactions contemplated in this Offer Document and the option agreement with Industriás Penolés S.A. de C.V., Agnico-Eagle has no other commitments or agreements with respect to any other material acquisitions.

Agnico-Eagle's principal operating divisions are the LaRonde Division, the Regional Development Division and the Exploration Division. The LaRonde Division consists of the LaRonde property and the adjacent El Coco and Terrex properties, each of which is wholly owned and operated by Agnico-Eagle. The LaRonde Mine, with its single production shaft referred to as the Penna Shaft, currently accounts for all of Agnico-Eagle's gold production. Since 1988, the LaRonde Division has produced over 2.5 million ounces of gold. As at December 31, 2004, the LaRonde Division had established proven and probable mineral reserves of approximately 5.1 million ounces of contained gold.

Agnico-Eagle's Regional Development Division focuses on the development and management of its advanced projects in the Abitibi region of northwestern Quebec. The Regional Development Division currently is responsible for the evaluation of a development project at the LaRonde Mine to access Agnico-Eagle's mineral resource base located outside of the Penna Shaft infrastructure, referred to as the LaRonde II project. The Regional Development Division is also conducting exploration and development activities on the Lapa property located seven miles east of the LaRonde Mine, the Goldex property located in Val d'Or, Quebec, and the Bousquet and Ellison properties located immediately west of the LaRonde property, and exploration activities on a number of other properties located near the LaRonde Mine.

Agnico-Eagle's Exploration Division focuses its exploration activities primarily on the identification of new mineral reserves, mineral resources and development opportunities in the proven producing regions of Canada, with a particular emphasis on northwestern Quebec. Agnico-Eagle currently directly manages exploration on 56 properties in central and eastern Canada and the western United States, including properties acquired from Contact Diamond Corporation (formerly Sudbury Contact Mines Limited) in September 2004.

Agnico-Eagle's only significant associate is Contact Diamond Corporation, a public company listed on the Toronto Stock Exchange under the symbol "CO". Agnico-Eagle has approximately 44.2% of the voting equity of Contact Diamond Corporation. Contact Diamond Corporation is an exploration stage mining and development company with diamond properties in Ontario, Quebec, Nunavut and the Northwest Territories.

For more information, see "Agnico-Eagle" on page 57 and see "Where Riddarhyttan Shareholders Can Find More Information" on page 181.

Riddarhyttan Resources AB
Aurorum 30
SE-977 75 Luleå
Sweden
+46.(0).920.75897

Riddarhyttan is an exploration stage mining company whose primary focus is on exploration and development of its Suurikuusikko property located approximately 880 kilometres north of Helsinki near the town of Kittilä in Finnish Lapland.

Riddarhyttan was established under Swedish corporate laws in 1996 and was listed on the Swedish SBI-list in 1997. The Riddarhyttan shares currently trade on the Stockholm Stock Exchange's O-list under the symbol "RHYT".

To date, detailed exploration and drilling activity has been focused on an area known as Central Suurikuusikko, a five kilometer-long part of the Suurikuusikko Trend, a potential gold-bearing shear zone extending approximately 15 kilometres in the Suurikuusikko property. On June 1, 2005, Riddarhyttan reported an indicated mineral resource estimate of 10.4 million tonnes grading 5.8 grams of gold per tonne and an inferred mineral resource estimate of 7.3 million tonnes grading 4.5 grams of gold per tonne for Central Suurikuusikko using a cut-off of 2.0 grams of gold per tonne. Riddarhyttan has no proven or probable resources in Central Suurikuusikko or elsewhere.

For more information, see "Riddarhyttan" on page 127 and see "Where Riddarhyttan Shareholders Can Find More Information" on page 181.

Principal Agreements between Agnico-Eagle and Riddarhyttan (See pages 50 and 136)

On May 12, 2005, Agnico-Eagle entered into a support agreement with Riddarhyttan pursuant to which Agnico-Eagle agreed to make the offer and Riddarhyttan agreed to support the offer. The support agreement is described under the heading "Support Agreement" on page 50 of this Offer Document and is annexed to this Offer Document as Annex A.

Effective July 1, 2004, Riddarhyttan entered into a professional services agreement with Agnico-Eagle pursuant to which Agnico-Eagle agreed to supply mining and exploration consulting and technical and corporate development assistance to Riddarhyttan. For more information, see "Agreement with Agnico-Eagle" on page 136.

Listings (See page 47)

Agnico-Eagle shares are listed on the New York Stock Exchange under the symbol "AEM" and on the Toronto Stock Exchange under the symbol "AGE". Agnico-Eagle will apply to have the Agnico-Eagle common shares that are issued pursuant to the offer listed on both the New York Stock Exchange and the Toronto Stock Exchange.

Fairness Opinion of Standard Bank Plc (See page 35)

In connection with the proposed transaction, Riddarhyttan's financial advisor, Standard Bank Plc, delivered a written opinion to Riddarhyttan's board of directors that the offer consideration to be paid by Agnico-Eagle was fair, from a financial point of view, to Riddarhyttan shareholders. The full text of this written opinion, dated May 12, 2005, is attached to this Offer Document as Annex B. Riddarhyttan encourages Riddarhyttan shareholders to carefully read this opinion, and the description of it set out under "Opinion of Riddarhyttan's Financial Advisor" on page 35, for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **The opinion is addressed to Riddarhyttan's board of directors and does not constitute a recommendation to any Riddarhyttan shareholder as to how such shareholder should act with respect to the offer or any other matter**.

Regulatory Requirements (See page 47)

Agnico-Eagle does not know of any regulatory requirements, other than those under applicable securities law, that must be complied with in order to complete the offer.

Compulsory Acquisition and Appraisal Rights (See page 47)

Riddarhyttan shareholders who do not tender their shares to the offer will be subject to the compulsory acquisition procedure in accordance with the *Swedish Companies Act of 1975* that Agnico-Eagle intends to initiate if it becomes owner of more than 90% of the outstanding Riddarhyttan shares after completion of the offer. The purchase price for the remaining Riddarhyttan shares will be determined by an arbitration tribunal. In the case of a compulsory acquisition initiated promptly or within a reasonable period of time following a share-for-share offer, the redemption price per share is often determined to be equal to the volume-weighted average share price for the shares offered as consideration in the offer during the offer period (or part thereof). Neither this compulsory acquisition process nor any other appraisal or similar rights apply to the offer.

Material Income Tax Considerations to Riddarhyttan's Shareholders (See page 153)

A deferral of taxable capital gain on the disposition of Riddarhyttan shares will be available to Swedish residents who participate in the offer, provided that certain conditions are met. No such deferral of tax will be available to U.S. residents who participate in the offer. Also, Canadian withholding tax will generally be levied on dividends paid to holders of Agnico-Eagle common shares who are non-residents of Canada. The material tax consequences to Riddarhyttan's shareholders that will result from the offer are described in the section entitled "Certain Tax Considerations" on page 153.

Comparison of Agnico-Eagle and Riddarhyttan Shareholder Rights (See page 163)

The rights of holders of Agnico-Eagle's common shares and the rights of holders of Riddarhyttan's shares are different. These differences are described in detail under the heading "Certain Differences Between Ontario and Swedish Laws" on page 163.

Accounting Treatment of the Proposed Acquisition of Riddarhyttan (See page 52)

The proposed acquisition of Riddarhyttan will be accounted for using the purchase method of accounting following U.S. GAAP.

Summary Historical Financial Data

Agnico-Eagle

The following table sets forth a summary of historical consolidated financial data of Agnico-Eagle for each of the years in the five-year period ended December 31, 2004 and for each of the three-month periods ended March 31, 2005 and 2004 prepared in accordance with U.S. GAAP. This information is derived from, and should be read in conjunction with, the audited consolidated financial statements and the unaudited quarterly financial statements of Agnico-Eagle. The operating results are not necessarily indicative of the results for any future period. For more information, see the Agnico-Eagle financial statements beginning on page F-9 and the section entitled "Agnico-Eagle Selected Five Year Financial and Operating Summary".

	Three Months Ended March 31,		Fiscal Years Ended December 31,				
	2005	**2004**	**2004**	**2003**	**2002**	**2001**	**2000**
	U.S. GAAP (in thousands, except per share data)						
Consolidated Statement of Income Data:							
Revenue from mining operations	$ 61,776	$ 48,604	$ 188,049	$ 126,820	$ 108,027	$ 96,043	$ 63,676
Net income (loss)	$ 10,449	$ 12,909	$ 47,879	$ (19,498)	$ 4,023	$ (5,718)	$ (6,868)
Basic earnings (loss) per share	$ 0.12	$ 0.15	$ 0.56	$ (0.23)	$ 0.06	$ (0.09)	$ (0.09)
Diluted earnings (loss) per share	$ 0.12	$ 0.15	$ 0.56	$ (0.23)	$ 0.06	$ (0.09)	$ (0.09)
Basic weighted average common shares	86,131	84,525	85,157	83,889	70,821	61,334	54,447
Diluted weighted average common shares	86,545	85,051	85,572	83,889	71,631	61,334	54,447
Consolidated Balance Sheet Data:							
Mining properties (net)	$ 436,402	$ 427,037	$ 427,037	$ 399,719	$ 353,059	$ 301,221	$ 281,497
Total assets	$ 730,464	$ 718,164	$ 718,164	$ 637,101	$ 593,807	$ 393,464	$ 364,333
Long-term debt	$ 141,083	$ 141,495	$ 141,495	$ 143,750	$ 143,750	$ 151,081	$ 186,261
Reclamation provisions and other liabilities	$ 14,979	$ 14,815	$ 14,815	$ 15,377	$ 5,043	$ 4,055	$ 5,567
Total shareholders' equity	$ 482,885	$ 470,226	$ 470,226	$ 400,723	$ 397,693	$ 198,426	$ 124,361

Riddarhyttan

The initial table below sets forth a summary of historical consolidated financial data of Riddarhyttan, for each of the years in the two year period ended December 31, 2004 and as of each such period and for each of the three month periods ended March 31, 2005 and 2004 and as of each such period prepared in accordance with international financial reporting standards, or IFRS. This information is derived from, and should be read in conjunction with, the audited consolidated financial statements and the unaudited interim financial statements of Riddarhyttan. The second table below sets forth for each of the years in the two year period ended December 31, 2004 and as of each such period and for such periods and as of such dates for the three months ended March 31, 2005 and 2004 a summary of historical financial data of Riddarhyttan presented in accordance with U.S. GAAP. The operating results are not necessarily indicative of the results for any future period. For more information, see the Riddarhyttan financial statements beginning on page F-45 and the section entitled "Riddarhyttan Selected Two Year Financial and Operating Summary".

	Three Months Ended March 31,		Fiscal Years Ended December 31,	
	2005	2004	2004	2003
	IFRS		IFRS	
	(in SEK millions, except share and per share data)			
Consolidated Statement of Income Data:				
Revenues from mining operations				
Net income (loss)	(3)	(1)	(9)	(10)
Basic earnings (loss) per share	(0.03)	(0.01)	(0.10)	(0.11)
Diluted earnings (loss) per share	(0.03)	(0.01)	(0.10)	(0.11)
Basic weighted average common shares in thousands	105,754	96,000	97,503	92,170
Diluted weighted average common shares in thousands	105,754	98,200	97,503	94,370
Consolidated Balance Sheet Data:				
Mining properties (net)				
Total assets	200	150	203	152
Long-term debt	1	1	1	1
Reclamation provisions and other liabilities	12	3	12	4
Total shareholders' equity	187	146	190	147

	Three Months Ended March 31,		Fiscal Years Ended December 31,	
	2005	2004	2004	2003
	U.S. GAAP		U.S. GAAP	
	(in SEK millions, except share and per share data)			
Consolidated Statement of Income Data:				
Revenues from mining operations				
Net income (loss)	(17)	(6)	(31)	(29)
Basic earnings (loss) per share	(0.16)	(0.06)	(0.32)	(0.31)
Diluted earnings (loss) per share	(0.16)	(0.06)	(0.32)	(0.31)
Basic weighted-average common shares in thousands	105,754	96,000	97,503	92,170
Diluted weighted-average common shares in thousands	105,754	98,200	97,503	94,370
Consolidated Balance Sheet Data:				
Mining properties (net)				
Total assets	50	31	67	37
Long-term debt	1	1	1	1
Reclamation provisions and other liabilities	12	4	12	4

	Three Months Ended March 31,		Fiscal Years Ended December 31,	
Total shareholders' equity	37	26	54	32

14

Summary Unaudited Pro Forma Consolidated Financial Information

The following summary unaudited pro forma consolidated financial information of Agnico-Eagle and Riddarhyttan was derived from the unaudited pro forma consolidated financial statements, and should be read in conjunction with these financial statements and the notes thereto, included in this Offer Document. For purposes of the pro forma consolidated financial information, Riddarhyttan financial information has been translated into U.S. dollars and is based on U.S. GAAP.

The Unaudited Pro Forma Consolidated Statements of Income for the year ended December 31, 2004 and for the three months ended March 31, 2005 gives effect to the offer and the acquisition of Riddarhyttan by Agnico-Eagle as if it had occurred on January 1, 2004. The Unaudited Pro Forma Consolidated Balance Sheet as at March 31, 2005 gives effect to the offer as if it had occurred on March 31, 2005. The pro forma transaction scenario is based upon the assumption that 100% of the outstanding shares of Riddarhyttan (other than those shares already owned by Agnico-Eagle) are tendered to the offer. The selected unaudited pro forma consolidated financial information is based on estimates and assumptions that are preliminary and does not purport to represent what Agnico-Eagle's results of operations or financial position actually would have been if the offer had been consummated on the date or for the periods indicated or what such results will be for any future date or any future period. Riddarhyttan shareholders should read this summary together with the unaudited pro forma consolidated financial statements, and the accompanying notes thereto, beginning on page F-2. For more information, see also the section captioned "The Combined Company Selected Unaudited Pro Forma Consolidated Financial Information".

	Three Months Ended March 31, 2005	Year Ended December 31, 2004
	(in thousands, except per share data)	
Unaudited Pro Forma Consolidated Statement of Income:		
Revenue from mining operations	$ 61,766	$ 188,049
Net income	$ 8,334	$ 44,164
Basic income per share	$ 0.09	$ 0.46
Diluted income per share	$ 0.09	$ 0.46

	As at March 31, 2005
	(in thousands)
Unaudited Pro Forma Consolidated Balance Sheet Information:	
Mining properties (net)	$ 619,005
Total assets	$ 906,783
Long-term debt	$ 141,184
Reclamation provisions and other liabilities	$ 14,979
Total shareholders' equity	$ 607,549

Summary Comparative Historical and Pro Forma Per Share Data

The following table presents unaudited net income (loss) per share data and net book value per share data for each stand-alone company on a historical basis, unaudited net income (loss) per share and net book value per share data for the combined company on a pro forma basis and unaudited loss per share and net book value per share for Riddarhyttan on an equivalent pro forma basis, in each case prepared in accordance with U.S. GAAP. The per common share unaudited pro forma consolidated financial information is not necessarily indicative of the financial position of the consolidated company had the offer been completed on March 31, 2005 and operating results that would have been achieved by the consolidated company had the offer been completed as of the beginning of the period presented, and should not be construed as representative of future financial position or operating results. The per common share information presented below has been derived from the unaudited pro forma consolidated financial information included in this Offer Document.

This information is only a summary and should be read in conjunction with the selected historical financial data of Agnico-Eagle and Riddarhyttan, the Agnico-Eagle and Riddarhyttan unaudited pro forma consolidated financial statements, and the separate historical financial statements of Agnico-Eagle and Riddarhyttan and related notes included herein.

	Historical		Pro Forma	
	Agnico-Eagle	Riddarhyttan	Agnico-Eagle and Riddarhyttan	Riddarhyttan Equivalent(2)
Net income (loss) per share for the three months ended March 31, 2005:				
Basic and diluted(3)	$ 0.12	$ (0.02)	$ 0.09	$ 0.01
Net income (loss) for the year ended December 31, 2004:				
Basic and diluted(3)	$ 0.56	$ (0.04)	$ 0.46	$ 0.05
Cash dividends declared per share for the three months ended March 31, 2005	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Cash dividends declared per share for the year ended December 31, 2004	$ 0.03	$ 0.00	$ 0.03	$ 0.00
Book value per share as at March 31, 2005(4)	$ 5.60	$ 0.05	$ 6.29	$ 0.72

(1) Riddarhyttan historical income (loss) per share amounts for the year ended December 31, 2004 and for the three months ended March 31, 2005 are based on U.S. GAAP and are translated from SEK into US$ at the exchange rate of SEK 7.3496 per US$ and 6.9176 per US$ respectively. Riddarhyttan historical book value per share as at March 31, 2005 is based on U.S. GAAP and is translated at SEK 7.0118 per US$.

(2) The Riddarhyttan equivalent pro forma share amounts are calculated by multiplying the pro forma Agnico-Eagle and Riddarhyttan share amounts by the exchange ratio in the transaction of 0.1137 of an Agnico-Eagle common share for each Riddarhyttan share.

(3) Basic and diluted net income (loss) per share were calculated by dividing net income (loss) by the weighted average number of basic and diluted common shares outstanding, respectively, of Agnico-Eagle or Riddarhyttan. For the pro forma consolidated Agnico-Eagle and Riddarhyttan amounts, the basic and diluted net income (loss) per share was calculated by dividing the pro forma net income (loss) per share by the weighted average number of basic and diluted common shares outstanding, respectively, of Agnico-Eagle, plus the shares that would be issued as a result of the offer.

(4) Book value per share was calculated by dividing total shareholders' equity by the number of Agnico-Eagle common shares or Riddarhyttan shares outstanding at the end of the period. For the pro forma consolidated Agnico-Eagle and Riddarhyttan amounts, the book value per share was calculated by dividing the pro forma total shareholders' equity by the number of Agnico-Eagle common shares outstanding at the end of the period plus the shares that would be issued as a result of the offer.

Market Price and Dividend Information

The Agnico-Eagle common shares are listed and traded in Canada on the Toronto Stock Exchange under the symbol "AGE" and in the United States on the New York Stock Exchange under the symbol "AEM". The Riddarhyttan shares are listed on the Stockholm Stock Exchange, under the symbol "RHYT." As of June 3, 2005, there were approximately 4,601 holders of record of Agnico-Eagle common shares and approximately 5,234 holders of record of Riddarhyttan shares. The table below sets forth, for the calendar quarters indicated, the high and low bid prices per share of Agnico-Eagle common shares and Riddarhyttan shares, as reported on the Toronto Stock Exchange, New York Stock Exchange and the Stockholm Stock Exchange, as applicable, in such periods. No dividends were declared by Riddarhyttan during those periods. In 2004, Agnico-Eagle declared an annual cash dividend of $0.03 per share, payable in 2005, an amount unchanged from the cash dividend it declared and paid in the previous two years. No dividend was declared by Agnico-Eagle in the first quarter of 2005.

	Agnico-Eagle Shares (NYSE)		Agnico-Eagle Shares (TSX)	
	High	Low	High	Low
	(US$)		(C$)	
2003				
First Quarter	16.47	11.11	24.94	16.42
Second Quarter	12.51	9.72	16.89	14.14
Third Quarter	14.90	10.32	20.77	14.60
Fourth Quarter	14.20	10.11	18.56	13.40
2004				
First Quarter	15.07	11.96	19.76	15.50
Second Quarter	15.07	11.47	19.80	15.80
Third Quarter	14.68	12.47	19.30	16.45
Fourth Quarter	16.73	13.16	19.95	16.40
2005				
First Quarter	15.76	11.97	18.97	14.95

	Riddarhyttan Shares	
	High	Low
	(SEK)	
2003		
First Quarter	5.07	4.08
Second Quarter	4.63	3.82
Third Quarter	5.36	3.46
Fourth Quarter	6.64	4.77
2004		
First Quarter	6.69	5.46
Second Quarter	6.59	5.22
Third Quarter	6.45	4.72
Fourth Quarter	8.35	6.40
2005		
First Quarter	8.30	6.80

The following table shows, as of May 11, 2005, the last trading day before the announcement of the offer, and June 3, 2005, the closing price per share of Agnico-Eagle common shares on the New York Stock Exchange and Toronto Stock Exchange, and the closing price per share of the Riddarhyttan shares on the Stockholm Stock Exchange. This table also includes the equivalent price per share of Riddarhyttan shares on those dates. This equivalent per share price reflects the value of the Agnico-Eagle common shares Riddarhyttan shareholders will receive for each Riddarhyttan share they own and tender as if the combination were completed on either of those dates applying the exchange ratio of 0.1137 of an Agnico-Eagle common share for each Riddarhyttan share and using the closing price of Agnico-Eagle common shares on the New York Stock Exchange and Toronto Stock Exchange, as applicable, on those dates. The table assumes an exchange rate of SEK 7.2055 to US$1.00 and an exchange rate of SEK 5.7770 to C$1.00 on May 11, 2005 and an exchange rate of SEK 7.4690 to US$1.00 and an exchange rate of 5.9844 to C$1.00 on June 3, 2005.

	Riddarhyttan Shares			Agnico-Eagle Shares (NYSE)	Agnico-Eagle Shares (TSX)
	SEK	**US$**	**C$**	**US$**	**C$**
May 11, 2005	8.05	1.12	1.40	12.51	15.66
June 3, 2005	9.95	1.33	1.72	12.15	15.11

	Equivalent Price per share of Riddarhyttan Shares (NYSE)		Equivalent Price per share of Riddarhyttan Shares (TSX)	
	SEK	**US$**	**SEK**	**C$**
May 11, 2005	10.25	1.42	10.25	1.78
June 3, 2005	10.32	1.38	10.28	1.72

Following completion of the offer, the holders of Agnico-Eagle common shares will be entitled to receive such dividends as may be declared by the board of directors of Agnico-Eagle from funds legally available therefor.

Ownership of Directors and Officers

As at April 29, 2005, Riddarhyttan's directors, officers and their affiliates beneficially owned 638,835 Riddarhyttan shares, or approximately 0.6% of the total number of outstanding Riddarhyttan shares. Riddarhyttan has represented to Agnico-Eagle in a support agreement that it believes that each board member holding Riddarhyttan shares intends to tender its shares to the offer.

RISK FACTORS

Investing in Agnico-Eagle common shares involves certain risks. Before tendering Riddarhyttan shares to the offer, Riddarhyttan shareholders should carefully consider all of the information in this Offer Document and, in particular, should evaluate the following risk factors. However, the risks described below are not the only ones facing Agnico-Eagle and Riddarhyttan. Additional risks not currently known to Agnico-Eagle or that Agnico-Eagle currently deems immaterial may also impair Agnico-Eagle's business operations.

Risks Related to the Acquisition of Riddarhyttan

Agnico-Eagle Shares issued in connection with the offer may have a market value lower than expected

Agnico-Eagle is offering to pay 0.1137 of an Agnico-Eagle common share for each Riddarhyttan share tendered to the offer and not withdrawn. Based on the closing prices of the Agnico-Eagle common shares on the New York Stock Exchange and the Riddarhyttan shares on the Stockholm Stock Exchange on May 11, 2005, the last trading day prior to the announcement of the offer, this represents a premium of 27.3% to Riddarhyttan shareholders. If the market price of Agnico-Eagle common shares and/or Riddarhyttan shares fluctuates, the value of the consideration received by Riddarhyttan shareholders may vary from that set out in this Offer Document. Variations in the market price of Agnico-Eagle common shares may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Agnico-Eagle, market assessments of the likelihood that the offer will be consummated, regulatory considerations, general market and economic conditions and other factors over which Agnico-Eagle has no control. In addition, the relative values of an Agnico-Eagle common share and a Riddarhyttan share may change as a result of fluctuations in currency exchange rates.

After the consummation of the offer, Riddarhyttan would become a subsidiary of Agnico-Eagle and Agnico-Eagle's interests could differ from those of any remaining Riddarhyttan shareholders

After the consummation of the offer, Agnico-Eagle would have the power to elect the directors, appoint new management and approve certain actions requiring the approval of Riddarhyttan shareholders, including adopting certain amendments to Riddarhyttan's articles of association and approving mergers or sales of Riddarhyttan's assets. In particular, after the consummation of the offer, Agnico-Eagle intends to exercise its statutory right, if available, to acquire all of the Riddarhyttan shares not acquired under the offer, or, if such statutory right is not available, to integrate Agnico-Eagle and Riddarhyttan by merger or other transaction whereby the operations of Agnico-Eagle and Riddarhyttan are combined. Agnico-Eagle's interests with respect to Riddarhyttan may differ from those of any remaining minority Riddarhyttan shareholders.

The market price of Agnico-Eagle common shares may decline as a result of the offer

In connection with the offer, Agnico-Eagle could issue as many as 10,345,583 Agnico-Eagle common shares to Riddarhyttan shareholders if all such holders elect to tender their Riddarhyttan shares in exchange for Agnico-Eagle common shares, representing approximately 10.7% of Agnico-Eagle's estimated total common shares outstanding after the consummation of the offer. The Agnico-Eagle common shares issued pursuant to the offer and not held by affiliates of Agnico-Eagle or persons deemed to be "underwriters" for purposes of the Securities Act will be freely-tradeable upon consummation of the offer and therefore not subject to any restrictions on sale. The acquisition of the Agnico-Eagle common shares by Riddarhyttan shareholders who may not wish to hold shares in a Canadian company, as well as the increase in the outstanding number of Agnico-Eagle common shares, may lead to sales of Agnico-Eagle common shares through the simplified share sales process or otherwise or to the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Agnico-Eagle common shares.

In addition, the market price of the Agnico-Eagle common shares may decline following the closing of the offer for a number of reasons, including strategic benefits of the acquisition not being realized by Agnico-Eagle as rapidly or to the extent anticipated by stock market analysts or investors. The closing price of the Agnico-Eagle common shares was $12.51 on the New York Stock Exchange on May 11, 2005, the last day of trading prior to the announcement of the proposed offer. Since that date, the daily closing price of the Agnico-Eagle common shares on the New York Stock Exchange has fluctuated from a low of $10.96 to a high of $12.15. On June 3, 2005, the closing price of the Agnico-Eagle common shares was $12.15 on the New York Stock Exchange.

Costs associated with developing Riddarhyttan's properties could reduce Agnico-Eagle's future earnings

Riddarhyttan's principal asset, the Suurikuusikko gold deposit, is at an early stage of development and Agnico-Eagle cannot assure that it can be brought into production. A feasibility study on the property was commenced in January 2005 and the results are expected in July 2005. A production decision will be made based on the results of that study. If a decision to proceed is made, Agnico-Eagle believes that the earliest the property can be brought into production is 2007. Until that time, the property will not generate revenues and Agnico-Eagle will have to fund the exploration and other capital expenditures to develop the property. Until such time as it has been determined that the Suurikuusikko property can be commercially developed, the acquisition is expected to have a negative effect on Agnico-Eagle's earnings as the exploration activities and other capital expenditures will be required to be expensed by Agnico-Eagle. It is possible that unexpected transaction costs, such as taxes, fees or professional expenses, or unexpected future operating expenses, such as increased personnel costs or unexpected severance costs, as well as other types of unanticipated developments, could adversely impact Agnico-Eagle's cash flow.

The business of exploration for minerals and mining involves a high degree of risk, as few properties that are explored ultimately develop into producing mines

The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time. While discovery of a gold-bearing structure may result in substantial rewards, few properties explored are ultimately developed into producing mines. Riddarhyttan's Suurikuusikko property is considered to be in the exploration stage only and does not contain any known bodies of commercial gold. Riddarhyttan has no proven or probable mineral reserves. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities at the site. Agnico-Eagle cannot assure that the current or proposed exploration programs on the Suurikuusikko property will result in profitable commercial mining operations or that ore grade actually recovered by Agnico-Eagle will not materially differ from the grades of mineral resources estimated by the current management of Riddarhyttan.

Whether a gold deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gold and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may prevent Agnico-Eagle from realizing an adequate return on its investment in Riddarhyttan.

Riddarhyttan requires additional capital

Riddarhyttan does not have sufficient financial resources to continue exploring the Suurikuusikko gold deposit at the current pace of exploration beyond the end of August 2005 and must seek additional debt or equity financing. Riddarhyttan is currently considering its alternatives to raise the necessary financing. Agnico-Eagle and Riddarhyttan are in discussions with respect to a possible loan from Agnico-Eagle to meet Riddarhyttan's immediate need for funds. Such loan, if advanced, would be on commercial terms, would be secured on the assets and undertaking of Riddarhyttan and would be repayable in the event of a change of control (to be defined in the loan agreement not to include a change of control resulting from completion of the Offer) of Riddarhyttan. Riddarhyttan has no income with which to repay any such loan and any repayment prior to the Suurikuusikko gold deposit coming into production would have to be made out of the proceeds of a debt or equity financing or asset sale. Riddarhyttan cannot be certain that additional financing will be available from Agnico-Eagle or other third parties on favourable terms within the time required. If such financing cannot be obtained within the time required, further exploration of the Suurikuusikko gold deposit will be delayed.

Acquisition-related accounting charges may delay or reduce Agnico-Eagle's profitability

Agnico-Eagle is accounting for the acquisition of Riddarhyttan as a purchase following accounting principles generally accepted in the United States. The purchase price of Riddarhyttan will be allocated to the fair value of the identifiable tangible and intangible assets and liabilities that Agnico-Eagle acquires as part of Agnico-Eagle's acquisition of Riddarhyttan. Agnico-Eagle is required to perform periodic impairment tests on its mineral properties. Agnico-Eagle cannot predict whether or when there will be an impairment charge, or the amount of such charge, if any. However, if the charge is significant, it could cause the market price of Agnico-Eagle's common stock to decline.

Full integration of Agnico-Eagle's operations with Riddarhyttan's operations may not be achieved if Agnico-Eagle cannot compulsorily acquire all of the issued and outstanding Riddarhyttan shares

Agnico-Eagle's obligation to consummate the offer is subject to a condition that, before the end of the offer period, there shall have been acceptance of the offer to such an extent that Agnico-Eagle becomes owner of more than 90% of the outstanding Riddarhyttan shares. If Agnico-Eagle owns more than 90% of the outstanding Riddarhyttan shares, Agnico-Eagle intends to initiate compulsory acquisition proceedings under Swedish law that may be time-consuming. It is possible that, at the end of the offer period, Agnico-Eagle will elect to waive the above condition and consummate the offer even though Agnico-Eagle does not hold more than 90% of the outstanding Riddarhyttan shares. As a result, Agnico-Eagle would not be able to effect a compulsory acquisition of the remaining outstanding Riddarhyttan shares. This could prevent or delay us from realizing some or all of the anticipated financial and strategic benefits of our combination with Riddarhyttan. If Agnico-Eagle does not hold more than 90% of the Riddarhyttan shares following the offer, Agnico-Eagle may consider a legal merger between Riddarhyttan and Agnico-Eagle or any of Agnico-Eagle's subsidiaries, for consideration in cash in accordance with the *Swedish Companies Act of 1975* or otherwise. Agnico-Eagle cannot assure that any such merger would occur or achieve any of the intended benefits of such merger.

As a result of the consummation of the offer, Agnico-Eagle will conduct more of its business internationally, which will expose Agnico-Eagle to additional and increased risks

Agnico-Eagle will significantly increase its international operations upon consummation of the offer. There are many risks that currently affect and will continue to affect Agnico-Eagle's international business and multinational operations, which risks will increase upon consummation of the offer. These risks include the following:

- compliance with multiple and potentially conflicting regulations in North America and Europe, including export requirements, tariffs, import duties and other trade barriers, as well as health and safety requirements
- difficulties in staffing and managing operations in North America and Europe
- currency fluctuations and resulting losses on currency translations
- overlapping or differing tax structures
- cultural and language differences between North America and Europe

As a result of the consummation of the Offer, Agnico-Eagle will be a larger and broader organization, and if Agnico-Eagle's management is unable to manage the combination of Agnico-Eagle's business with Riddarhyttan's, Agnico-Eagle's operating results will suffer

As a result of the consummation of the offer, Agnico-Eagle will acquire the operations and employees of Riddarhyttan. Consequently, Agnico-Eagle will face challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs. Any inability to successfully manage the geographically more diverse and larger combined organization, or any significant delay in achieving successful management, could have a material adverse effect on Agnico-Eagle's results of operations after the offer is consummated and, as a result, on the market price of Agnico-Eagle's common shares.

Agnico-Eagle common shares are listed only on the New York and Toronto stock exchanges and non-North American shareholders will be exposed to currency risk with respect to their Agnico-Eagle common shares.

The Agnico-Eagle common shares to be issued to Riddarhyttan shareholders in the offer are expected to be listed on the New York Stock Exchange and the Toronto Stock Exchange. They will not be listed on the Stockholm Stock Exchange nor any other stock exchange in Europe. As a result, individual Riddarhyttan shareholders accepting the offer who choose not to participate in the simplified share sales process may need to engage a securities broker in the United States or Canada to effect any subsequent trades in Agnico-Eagle common shares. This may result in higher execution costs and settlement times for individual Swedish and other non-North American shareholders than trading on a stock exchange in their home jurisdiction. Agnico-Eagle common shares also trade in U.S. dollars and Canadian dollars and Agnico-Eagle pays dividends, if any, in U.S. dollars. This may expose shareholders who wish to convert their dividends or sales proceeds into Swedish kronor or other currencies to currency exchange risk if the value of the U.S. dollar or the Canadian dollar decreases against the conversion currency.

Risks Related to Agnico-Eagle and the Agnico-Eagle Common Shares

Changes in factors beyond Agnico-Eagle's control such as the price of gold, commodity prices and gold production, affect Agnico-Eagle's profitability and have caused Agnico-Eagle to experience losses

Although Agnico-Eagle reported net income for the three months ended March 31, 2005 and the years ended December 31, 2004 and 2002, it incurred net losses in 2003 and in each of the five years prior to 2002. For a discussion of the factors contributing to the losses, see "Agnico-Eagle   Management's Discussion and Analysis". Agnico-Eagle's profitability depends on the price of gold, gold production, total cash costs, the prices and production levels of by-product zinc, silver and copper and other factors discussed in this Offer Document. Substantially all of these factors are beyond Agnico-Eagle's control and Agnico-Eagle can provide no assurance that it will sustain profitability in the future.

Agnico-Eagle is dependent upon its mining and milling operations at LaRonde and any adverse condition affecting those operations may have a material adverse effect on Agnico-Eagle's financial performance and results of operations

Agnico-Eagle's mining and milling operations at the LaRonde Division account for all of Agnico-Eagle's gold production and will continue to account for all of its gold production in the future unless additional properties are acquired or brought into production. Any adverse condition affecting mining or milling conditions at the LaRonde Division could be expected to have a material adverse effect on Agnico-Eagle's financial performance and results of operations until such time as the condition is remedied. In addition, Agnico-Eagle's ongoing development of the LaRonde Mine involves the exploration and extraction of ore from new areas and may present new or different challenges for Agnico-Eagle. At current levels of mineral reserves and production, the LaRonde Mine has an estimated mine life of approximately 14 years. However, gold production at the LaRonde Mine is expected to begin to decline commencing in 2007. Unless Agnico-Eagle can successfully bring into production the Goldex property, the Lapa property or its other exploration properties or otherwise acquire gold producing assets prior to 2007, Agnico-Eagle's results of operations could be adversely affected. Agnico-Eagle cannot assure that its current exploration and development programs at the LaRonde Division will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

In addition, Agnico-Eagle depends on certain claims, mining leases and environmental permits for the continuing direction of its mining and milling operations. If any of these claims, leases or permits were to be revoked, it could have a material adverse effect on Agnico-Eagle's gold production and, accordingly, its financial performance and results of operations until such time as the good standing of the claim, lease or permit is restored.

Agnico-Eagle's financial performance and results may fluctuate widely due to volatile and unpredictable commodity prices

Agnico-Eagle's earnings are directly related to commodity prices as revenues are derived from precious metals (gold and silver), zinc and copper. Agnico-Eagle's policy and practice is not to sell forward its future gold production; however, under Agnico-Eagle's Price Risk Management Policy, approved by its board of directors, Agnico-Eagle may review this practice on a project by project basis, making use of derivative instruments where appropriate to ensure an adequate return to shareholders on new projects. Gold prices fluctuate widely and are affected by numerous factors beyond Agnico-Eagle's control, including central bank sales, producer hedging activities, expectations of inflation, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions, and production costs in major gold producing regions. The aggregate effect of these factors is impossible to predict with accuracy. Worldwide production levels also affect gold prices. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may adversely affect Agnico-Eagle's financial performance or results of operations. If the market price of gold falls below Agnico-Eagle's total cash costs and remains at such a level for any sustained period, Agnico-Eagle may experience losses and may curtail or suspend some or all of its exploration, development and mining activities. The prices received for Agnico-Eagle's by-products (zinc, silver and copper) affect Agnico-Eagle's ability to meet its targets for total cash cost per ounce of gold produced. By-product prices fluctuate widely and are affected by numerous factors beyond Agnico-Eagle's control. Agnico-Eagle occasionally uses derivative instruments to mitigate the effects of fluctuating by-product metal prices.

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

	2004	2003	2002	2001	2000	1999
High price ($ per ounce)	454	417	350	293	313	326
Low price ($ per ounce)	375	323	278	256	264	253
Average price received ($ per ounce)	418	368	312	273	278	274

On June 3, 2005, the London P.M. Fix was $423.55 per ounce of gold.

Based on 2005 production estimates, the approximate sensitivities of Agnico-Eagle's after-tax income to a 10% change in metal prices from 2004 market average prices are as follows:

	Income per share
Gold	$ 0.09
Zinc	$ 0.04
Silver	$ 0.03
Copper	$ 0.01

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

Agnico-Eagle's mining operations may yield less gold under actual production conditions than indicated by its estimated gold production, due to mining accidents and other environmental conditions

Agnico-Eagle's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts or flooding. In addition, production may be unexpectedly reduced if, during the course of mining, unfavourable ground conditions or seismic activity are encountered, ore grades are lower than expected, or the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment. Accordingly, there can be no assurance that Agnico-Eagle will achieve current or future production estimates.

A rock fall that occurred in two production stopes during the first quarter of 2003 led to an initial 20% reduction in Agnico-Eagle's 2003 gold production estimate from 375,000 ounces to 300,000 ounces. Production drilling challenges and lower than planned recoveries in the mill in the third quarter of 2003 led to a further reduction in the production estimate by 21%. Final gold production in 2003 was 236,653 ounces. In 2004, higher than expected dilution in lower levels of the mine led to actual gold production for the year of 271,567 ounces, below the initial production estimate of 308,000 ounces.

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

Agnico-Eagle's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on proven and probable mineral reserves, Agnico-Eagle actively seeks to replace and expand its reserves, primarily through exploration and development and, from time to time, through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. In addition, substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Accordingly, Agnico-Eagle cannot assure that its current exploration and development programs will result in any new economically viable mining operations or yield new reserves to replace and expand current reserves.

Agnico-Eagle's cash costs of gold production are unpredictable

Agnico-Eagle's total cash costs to produce an ounce of gold are dependent on a number of factors, including primarily the prices and production levels of by-product silver, zinc and copper, the revenue from which is offset against the cost of gold production, the Canadian dollar/U.S. dollar exchange rate, smelting and refining charges and production royalties, which are affected by all of these factors and the gold price. All these factors are beyond Agnico-Eagle's control.

Total cash cost per ounce is not a recognized measure under U.S. GAAP and this data may not be comparable to data presented by other gold producers. Management uses this generally accepted industry measure in evaluating operating performance and believes it to be a realistic indication of such performance and useful in allowing year over year comparisons. The data also indicates Agnico-Eagle's ability to generate cash flow and operating income at various gold prices. This additional information should be considered together with other data prepared in accordance with U.S. GAAP and is not necessarily indicative of operating costs or cash flow measures prepared in accordance with U.S. GAAP (see "Agnico- Eagle Management's Discussion and Analysis Results of Operations for the Three Months Ended March 31, 2005 and 2004 and the Years Ended December 31, 2004, 2003 and 2002 Production Costs" for reconciliation of total cash costs per ounce and minesite costs per ton to their closest U.S. GAAP measure).

Agnico-Eagle may experience problems in executing acquisitions or managing and integrating any completed acquisitions with our existing operations

Agnico-Eagle regularly evaluates opportunities to acquire shares or assets of other mining businesses. Such acquisitions may be significant in size, may change the scale of Agnico-Eagle's business, and may expose Agnico-Eagle to new geographic, political, operating, financial or geological risks. Agnico-Eagle's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of Agnico-Eagle. Any acquisitions would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired businesses; the potential disruption of Agnico-Eagle's ongoing business; the inability of management to maximize the financial and strategic position of Agnico-Eagle through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses. In addition, Agnico-Eagle may need additional capital to finance an acquisition. Debt financing related to any acquisition may expose Agnico-Eagle to increased risk of leverage, while equity financing may cause existing shareholders to suffer dilution. Agnico-Eagle is permitted under the terms of its recently amended bank credit facility to raise additional debt financing provided that it complies with certain covenants including that no default under the credit facility has occurred and is continuing, the terms of such indebtedness are no more onerous to Agnico-Eagle than those under the credit facility and the incurrence of such indebtedness would not result in a material adverse change in respect of Agnico-Eagle or the LaRonde Mine. Agnico-Eagle cannot assure that it would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

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

Agnico-Eagle's $100 million revolving bank credit facility limits, among other things, Agnico-Eagle's ability to incur additional indebtedness, pay dividends or make payments in respect of its common shares, make investments or loans, transfer Agnico-Eagle's assets, or make expenditures relating to property secured under the credit agreement at that time that is not consistent with the mine plan and operating budget delivered pursuant to the credit agreement. Further, the credit agreement requires Agnico-Eagle to maintain specified financial ratios and meet financial condition covenants. Events beyond Agnico-Eagle's control, including changes in general economic and business conditions, may affect Agnico-Eagle's ability to satisfy these covenants, which could result in a default under the credit agreement. While there are currently no amounts of principal or interest owing under the credit agreement, if an event of default under the credit agreement occurs, Agnico-Eagle would be unable to draw down on the facility, or if amounts were drawn down at the time of the default, the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and payable and to enforce their security interest over substantially all property relating to the LaRonde Mine and the El Coco property. An event of default under the credit agreement may also give rise to an event of default under existing and future debt agreements and, in such event, Agnico-Eagle may not have sufficient funds to repay amounts owing under such agreements.

The mining industry is highly competitive and Agnico-Eagle cannot assure that it will be successful in competing for new mining properties

Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where Agnico-Eagle contemplates conducting exploration activities. Agnico-Eagle may be at a competitive disadvantage in acquiring mining properties, as it must compete with these individuals and companies, many of which have greater financial resources and larger technical staffs than Agnico-Eagle. Accordingly, Agnico-Eagle cannot assure that it will be able to compete successfully for new mining properties.

Mineral reserve and mineral resource estimates are only estimates and Agnico-Eagle cannot assure that such estimates will be correct

The figures for mineral reserves and mineral resource presented herein are estimates, and Agnico-Eagle cannot assure 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 Agnico-Eagle may differ from the estimated grades of the mineral reserves and mineral resource. Such figures have been determined based on assumed gold prices and operating costs. Agnico-Eagle has estimated proven and probable mineral reserves based on a $360 per ounce gold price, which is the three-year average daily price during 2004, 2003 and 2002. While gold prices have generally been above $360 per ounce since mid-2003, for the six years prior to that the market price of gold was, on average, below $360 per ounce. Based on the metals price and exchange rate assumptions used in the 2005 LaRonde Mineral Reserve and Mineral Resource Estimate, a

10% decrease in the gold price would result in an approximately 7% decrease in proven and probable reserves. Prolonged declines in the market price of gold may render mineral reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce Agnico-Eagle's reserves. Should such reductions occur, Agnico-Eagle could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

Mineral resource estimates for properties that have not commenced production are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. For more information, see "Notice to Riddarhyttan Shareholders Resident in the United States   Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Measured and Indicated Resources" and "Notice to Riddarhyttan Shareholders Resident in the United States   Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Inferred Resources".

Due to the nature of Agnico-Eagle's mining operations, Agnico-Eagle faces a material risk of liability, delays and increased production costs from environmental and industrial accidents and pollution, and Agnico-Eagle's insurance coverage may prove inadequate to satisfy future claims against Agnico-Eagle

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

In the first quarter of 2004, two accidents claimed the lives of an employee and a contract miner. Quebec's Commission de la santé et de la sécurité du travail completed an investigation into these accidents, and Agnico-Eagle paid fines totalling C$27,500 in respect of these accidents. Also, in January 2005, an accident claimed the life of an employee. The Commission de la santé et de la sécurité du travail has initiated an investigation into this accident. Other than the investigations discussed above, no regulatory or other action has been initiated against Agnico-Eagle in connection with these industrial accidents.

Agnico-Eagle's operations are subject to extensive laws and government regulations, which could cause a reduction in levels of production, delay or the prevention of the development of new mining properties or otherwise cause it to incur costs that adversely affect Agnico-Eagle's results of operation

Agnico-Eagle's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which Agnico-Eagle operates. These laws and regulations are extensive and govern prospecting, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, environmental protection, mine safety and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, closing, reclaiming and rehabilitating mines and other facilities. 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 Agnico-Eagle, cause a reduction in levels of production and delay or prevent the development of new mining properties.

In January 2003, Agnico-Eagle received a notice of infraction from the Quebec Ministry of the Environment in connection with a controlled discharge of water of excess toxicity, which was carried out over a three-month period in the summer of 2002. The purpose of the discharge was to establish favourable construction conditions for the increase of tailings pond capacity in the autumn of 2002. No fine was payable in respect of the notice of infraction, however, the notice required production of a report detailing the causes of algae proliferation at the LaRonde Mine, which was delivered in 2003. In March 2005, Agnico-Eagle received a further notice of infraction in connection with a planned, controlled and pre-approved special effluent discharge that occurred during the third and fourth quarters of 2004. No fine was payable in respect of the notice of infraction. Certain information regarding water treatment management at the LaRonde Mine that was requested by the notice of infraction has been provided to the Ministry of the Environment.

Under mine closure plans originally submitted to the Minister of Natural Resources in Quebec, the estimated current reclamation costs for the LaRonde Division and the Bousquet property are approximately $18 million and $3 million, respectively. The plans and related asset reclamation costs submitted have subsequently been amended to reflect changes in circumstances surrounding each property. These amended reclamation plans are subject to approval by the Minister of Natural Resources and there can be no assurance that the Minister of Natural Resources will not impose additional reclamation obligations with attendant higher costs. In addition, the Minister of Natural Resources may require that Agnico-Eagle provide financial assurances to support such plans. At December 31, 2004, Agnico-Eagle had a total reclamation provision of $11.6 million, with $5.8 million allocated for the LaRonde Division and $5.8 million allocated for Bousquet.

Prior to January 1, 2003, reclamation costs were accrued on an undiscounted unit-of-production basis, using proven and probable reserves as the base. On this basis, Agnico-Eagle recorded its annual reclamation provision for the LaRonde Division at approximately $5 per ounce of gold produced. Effective January 1, 2003, Agnico-Eagle adopted the provisions of Financial Accounting Standards Board Statement No. 143 relating to asset retirement obligations, which applies to long-lived assets such as mines. The application of the new provisions resulted in Agnico-Eagle recording a one-time, net of tax, non-cash charge of $1.7 million on January 1, 2003 reflecting the cumulative effect of adopting this standard.

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

Agnico-Eagle's operating results and cash flow are significantly affected by changes in the Canadian dollar/U.S. dollar exchange rate. Exchange rate movements can have a significant impact as all of Agnico-Eagle's revenues are earned in U.S. dollars but most of its current operating and capital costs are in Canadian dollars and, if the offer is successfully completed, will also be in Swedish kronor and in Euro in respect of Riddarhyttan's costs. The Canadian dollar/U.S. dollar exchange rate has varied significantly over the last several years. During the period from January 1, 1999 to December 31, 2004, the noon buying rate fluctuated from a high of C$1.6128 to a low of C$1.1775. For more information, see "Presentation of Financial Information and Other Numerical Data Currency, Exchange Rate and Metric Conversion Data". Historical fluctuations in the Canadian dollar/U.S. dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on Agnico-Eagle's anticipated 2005 after-tax operating results, a 10% change in the average annual Canadian dollar/U.S. dollar exchange rate would affect net income by approximately $0.10 per share. To mitigate its foreign exchange risk and minimize the impact of exchange rate movements on operating results and cash flow, Agnico-Eagle has periodically used foreign currency options and forward foreign exchange contracts to purchase Canadian dollars and Agnico-Eagle may do so again in the future if appropriate. However, Agnico-Eagle cannot assure that its foreign exchange derivatives strategies will be successful or that foreign exchange fluctuations will not materially adversely affect Agnico-Eagle's financial performance and results of operations.

Fluctuating interest rates on Agnico-Eagle's outstanding debt may adversely affect its results of operations

Fluctuations in interest rates can affect Agnico-Eagle's results of operations and cash flows. Agnico-Eagle's 4.50% convertible subordinated debentures due 2012 are at a fixed rate of interest, however these fixed rate payments have been swapped for variable rate payments until February 2006 (see note 4(a) to the consolidated financial statements of Agnico-Eagle included in this Offer Document) and thus are subject to risks inherent with interest rate fluctuations. Agnico-Eagle's bank debt and cash balances are subject to variable interest rates.

Riddarhyttan's shareholders resident in the United States may have difficulty bringing actions and enforcing judgments against Agnico-Eagle, its directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof

Agnico-Eagle is organized under the laws of the Province of Ontario, Canada pursuant to the *Business Corporations Act* (Ontario). The enforcement by investors of civil liabilities under U.S. or Swedish securities laws may be affected adversely by the fact that (i) most of Agnico-Eagle's directors and officers are residents of Canada, (ii) certain of the financial advisors named in the Offer Document are residents of Canada, and (iii) a significant portion of the assets of Agnico-Eagle and said persons are located outside the United States and Sweden.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER NUMERICAL DATA

Financial Presentation

Effective January 1, 2002, Agnico-Eagle changed its primary basis of financial reporting from Canadian generally accepted accounting principles to United States generally accepted accounting principles ("U.S. GAAP") due to its substantial U.S. shareholder base and to maintain comparability with other gold mining companies. All references in this Offer Document to the financial results of Agnico-Eagle are to those calculated under U.S. GAAP.

Effective January 1, 2005, Riddarhyttan changed its primary basis of financial reporting from Swedish generally accepted accounting principles to international financial reporting standards ("IFRS") in compliance with applicable accounting rules. All references in this Offer Document to the financial results of Riddarhyttan are stated, and to the extent necessary, have been restated, in accordance with IFRS.

Currency, Exchange Rate and Metric Conversion Data

Currency

Agnico-Eagle publishes its consolidated financial statements in United States dollars. Unless otherwise indicated, "$", "US$", "U.S. dollar" or "dollar" in this Offer Document refer to United States dollars, "SEK" refers to Swedish kronor, "euro" or "EUR" refers to Euro and "C$" refers to Canadian dollars. Unless otherwise indicated, any reference in this Offer Document to a conversion between US$ and SEK or between US$ and C$ is given as at June 3, 2005. As at that date, the noon buying rates in The City of New York for cable transfers in Swedish kronor and Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York were US$1.00 = SEK 7.4690 and US$1.00 = C$1.2483, respectively. These rates should not be construed as a representation by Agnico-Eagle that SEK or C$ amounts actually represent these U.S. dollar amounts, or vice versa, or that a conversion could be made at the rate indicated, or any other rate, or at all. Certain amounts and percentages included in this Offer Document have been rounded and accordingly may not add up to the totals.

Exchange Rate

The following tables show the rates of exchange for a Swedish krona per U.S. dollar in effect at the end of certain periods. The high, low and the average rates of exchange for the periods are also shown.

	Years Ended December 31,				
	2004	2003	2002	2001	2000
	(SEK)				
High for period	7.773	8.792	10.729	11.027	10.36
Low for period	6.594	7.195	8.695	9.325	8.353
Average for period	7.346	8.078	9.723	10.340	9.174
End of period	6.669	7.195	8.693	10.457	9.444

	2005					2004
	May	April	March	February	January	December
	(SEK)					
High for period	7.4108	7.1627	7.072	7.111	7.007	6.804
Low for period	7.0850	7.0118	6.731	6.827	6.686	6.594
Average for period	7.2382	7.0814	6.895	6.980	6.899	6.697
End of period	7.4108	7.1123	7.064	6.826	6.978	6.687

The following tables show the rates of exchange for a Canadian dollar per U.S. dollar in effect at the end of certain periods. The high, low and the average rates of exchange for the periods are also shown.

	Years Ended December 31,				
	2004	2003	2002	2001	2000
			(C$)		
High	1.3970	1.5750	1.6128	1.6023	1.5592
Low	1.1775	1.2923	1.5108	1.4933	1.4350
Average for period	1.3017	1.4012	1.5704	1.5519	1.4855
End of period	1.2034	1.2923	1.5800	1.5925	1.4995

	2005					2004
	May	April	March	February	January	December
				(C$)		
High	1.2703	1.2568	1.2463	1.2562	1.2422	1.2401
Low	1.2373	1.2146	1.2017	1.2294	1.1982	1.1856
Average for period	1.2555	1.2359	1.2160	1.2401	1.2248	1.2189
End of Period	1.2512	1.2568	1.2094	1.2295	1.2396	1.2034

Metric Conversions

Information in this Offer Document concerning Riddarhyttan and Agnico-Eagle has been reported herein using Metric measures and Imperial measures, respectively. The conversion factors set out below are approximate factors. To convert from Metric to Imperial multiply by the factor indicated. To convert from Imperial to Metric divide by the factor indicated.

Metric	Imperial	Factor
Hectares	Acres	2.47
Kilometres	Miles	0.62
Metres	Feet	3.28
Tonnes	Tons	1.10
Grams	Ounces	0.03

THE OFFER

Background and Reasons for the Offer

Reasons

Agnico-Eagle has been considering a number of acquisition opportunities since 2000. As a result of these considerations, Riddarhyttan came to the attention of Agnico-Eagle in 2002. In April 2004, Agnico-Eagle entered into an agreement with Dunross & Co. AB, the then largest shareholder of Riddarhyttan, pursuant to which Agnico-Eagle acquired 13.6% of the outstanding shares of Riddarhyttan (the "Riddarhyttan Shares"). After the acquisition of this position, two Agnico-Eagle officers were elected as directors of Riddarhyttan. Agnico-Eagle subsequently increased its ownership position to approximately 14% of the outstanding Riddarhyttan Shares, when in December 2004 and in the first quarter of 2005 it acquired additional Riddarhyttan Shares pursuant to its participation in Riddarhyttan's rights offering. Effective July 1, 2004, Riddarhyttan entered into a professional services agreement with Agnico-Eagle pursuant to which, among other things, Agnico-Eagle supplies mining, metallurgical and exploration consulting, and technical and corporate development assistance to Riddarhyttan.

Agnico-Eagle believes that Riddarhyttan represents an attractive opportunity for Agnico-Eagle to accelerate its multi-mine growth strategy. Agnico-Eagle's strategy includes pursuing opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

The acquisition of Riddarhyttan will provide long-term exposure to a developing gold mining camp in Finland, a pro-mining host country. The Suurikuusikko gold project offers near term production potential and the opportunity for continuing exploration activity.

The acquisition of Riddarhyttan will also diversify Agnico-Eagle's asset base by adding potential production and resources outside Agnico-Eagle's current operations in the Abitibi region of northwestern Quebec, Canada. Agnico-Eagle's existing projects are all potential underground mines with relatively long lead times to production. The Suurikuusikko project offers the potential for an initial open pit while underground operations are being developed. Agnico-Eagle believes that its experience in mine building and ore processing is well suited to the complex metallurgical nature of this project. Agnico-Eagle also believes it has the cash resources and financing capacity to fund the substantial capital expenditures expected to be required to bring the project into production and develop the precious metal extraction technology for this deposit.

The Offer provides Riddarhyttan shareholders with a premium on their Riddarhyttan Shares and the opportunity for continued exposure to the potential upside of the Suurikuusikko project while benefiting from share ownership in an established gold producer with a 25-year record of paying dividends.

Background

The following is a chronological listing of the activities leading to the Offer.

On April 19, 2005 Mr. Eberhard Scherkus, an officer of Agnico-Eagle who also serves as a director of Riddarhyttan, telephoned Mr. Pertti Voutilainen, the Chairman of Riddarhyttan, to indicate that representatives of Agnico-Eagle were traveling to Europe for the purpose of meeting with Mr. Voutilainen to discuss a mutually beneficial proposal.

On April 21, 2005 Mr. Sean Boyd, the President and Chief Executive Officer of Agnico-Eagle, and Mr. Donald Allan, the Vice President of Corporate Development of Agnico-Eagle, met with Mr. Voutilainen and Mr. Lars-Göran Ohlsson, President and Managing Director of Riddarhyttan, in Helsinki, Finland. Messrs. Boyd, Allan, Voutilainen and Ohlsson had preliminary discussions to determine if there was a mutual interest in a potential business combination between Agnico-Eagle and Riddarhyttan and Mr. Boyd presented a draft non-binding letter setting forth indicative terms of a possible offer. The details of the proposal were discussed at a further meeting later that day attended by Messrs. Boyd and Allan, Mr. David Garofalo, the Chief Financial Officer of Agnico-Eagle, Mr. Ken Gillis of Orion Securities Inc., Agnico-Eagle's financial advisor, and Ms. Patricia Olasker of Davies Ward Phillips & Vineberg LLP, Agnico-Eagle's legal advisor, and Messrs. Voutilainen and Ohlsson, and Johan Rehnström, Financial and Information Manager of Riddarhyttan.

On April 22, 2005 Mr. Boyd met briefly with Mr. Voutilainen in Stockholm, Sweden, to further discuss the matter in advance of a meeting of the board of directors of Riddarhyttan called that day to consider the proposal. Mr. Boyd presented a revised draft of the offer letter to Mr. Voutilainen. Discussions ensued over the next week about Agnico-Eagle entering into a confidentiality agreement with Riddarhyttan so as to permit Agnico-Eagle to perform confirmatory due diligence and about the terms of an exclusivity agreement pursuant to which Riddarhyttan would agree to deal exclusively with Agnico-Eagle in respect of the negotiation of an offer for a limited period of time.

On April 26, 2005 the parties entered into a confidentiality agreement. During the period from April 26 to April 29, 2005 Messrs. Boyd and Allan of Agnico-Eagle, and Agnico-Eagle's legal advisors, Davies Ward Phillips & Vineberg LLP and Advokatfirman Vinge KB, had ongoing negotiations with Messrs. Voutilainen, Ohlsson and Thomas Lifvendahl, members of the Riddarhyttan board, and with Riddarhyttan's Swedish legal advisor, Mannheimer Swartling Advokatbyrå, regarding the terms and conditions of the offer letter and exclusivity agreement. The negotiations included discussions on valuation issues, the possible terms of a support agreement, and non-solicitation of other offers.

On April 27, 2005 Mr. Boyd telephoned Mr. Voutilainen to discuss the few remaining outstanding issues on the non-binding offer letter and exclusivity agreement. The parties agreed to the terms of the non-binding offer letter and exclusivity agreement setting out the terms on which, and the time frame during which, Riddarhyttan would negotiate exclusively with Agnico-Eagle the terms of a support agreement and the letter was signed by both parties on April 29, 2005.

On May 3 and 4, 2005 the representatives of the parties and their respective counsel met in Stockholm. Over the course of the next several days the parties negotiated the terms of a support agreement. Meetings between the parties resumed in Stockholm during the week of May 9, 2005. The board of directors of Riddarhyttan received advice on the transaction from Standard Bank Plc (formerly Standard Bank London Limited) ("Standard Bank") and from Mannheimer Swartling Advokatbyrå, Riddarhyttan's Swedish legal advisor, on May 12, 2005 and on May 12, 2005 the parties entered into a support agreement (the "Support Agreement") pursuant to which Agnico-Eagle agreed to acquire the remaining Riddarhyttan Shares that it did not currently own and Riddarhyttan agreed to support the acquisition. See "Terms, Conditions and Instructions for Acceptance of the Offer   Support Agreement".

Alain Blackburn and Eberhard Scherkus are employed by Agnico-Eagle as Vice President Exploration and Executive Vice President and Chief Operating Officer, respectively, and Mr. Scherkus is also a director of Agnico-Eagle. They are also directors of Riddarhyttan. Neither has participated in any discussions or decisions by the board of directors of Riddarhyttan in relation to the Offer.

Strategy

Agnico-Eagle believes that Riddarhyttan represents an attractive opportunity for Agnico-Eagle to accelerate its multi-mine growth strategy. Agnico-Eagle's strategy includes pursuing opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

Riddarhyttan offers both advanced exploration and development potential. The Suurikuusikko project represents a substantial land package of approximately 19,800 acres in addition to the mining concession. Agnico-Eagle believes that potential exists for "step-out" exploration success around the existing mining concession in addition to the favourable green field prospects offered by the Precambrian greenstone belt geology and topography of this area. The growing resource base, existing permits and the metallurgical, environmental and engineering work completed to date position the Suurikuusikko project as an attractive development candidate. Agnico-Eagle believes a production decision at the Suurikuusikko project is possible within the next 18 months once additional definition drilling, ore processing and engineering studies are complete.

The acquisition of Riddarhyttan will also diversify Agnico-Eagle's asset base by adding potential production and resources outside Agnico-Eagle's current operations in the Abitibi region of northwestern Quebec, Canada.

Agnico-Eagle believes many parts of Europe and, in particular, Finland, offer good potential for the identification of gold resources and mine development. Many promising geologic regions have been under-explored in recent decades due to the closely held nature of mining concessions and the lack of available risk capital. In addition, remote locations in geologically promising areas within Europe often have better infrastructure and access to a skilled workforce than might be found in similar areas in North America such as Arctic regions. These conditions have the potential to reduce the total capital and operating costs inherent in new projects.

Agnico-Eagle believes that it is well positioned to finance its existing pipeline of development projects (including the Suurikuusikko project if the Offer is successfully completed) while maintaining a conservative financial position. As of March 31, 2005, Agnico-Eagle had cash and cash equivalents, restricted cash and short-term investments of $117 million and undrawn bank facilities of $91 million, and in 2004 it had cash flow from operations of $49.5 million. In addition, Agnico-Eagle believes it can access sources of debt and equity in the capital markets under normal conditions.

Overview of the Offer

On May 12, 2005, Agnico-Eagle announced a recommended offer to the shareholders of Riddarhyttan for all of the outstanding Riddarhyttan Shares not currently owned by Agnico-Eagle (the "Offer").

The Offer is being made on the following basis:

for each Riddarhyttan Share	**0.1137 of an Agnico-Eagle common share**

As at the date of that announcement, the Offer valued each Riddarhyttan Share at SEK 10.25 (US$1.42) and represented a premium to Riddarhyttan shareholders of 27.3%, based on the closing price of the Agnico-Eagle common shares (the "Agnico-Eagle Shares") on the New York Stock Exchange (the "NYSE") of $12.51 and of the Riddarhyttan Shares on the Stockholm Stock Exchange of SEK 8.05 on May 11, 2005, the last trading day before the announcement of the Offer. The Offer represents a premium of 36.5% to Riddarhyttan shareholders, based on the average closing price of the Agnico-Eagle shares on the NYSE and of the Riddarhyttan Shares on the Stockholm Stock Exchange for the 30 trading day period prior to the announcement of the Offer from March 31 through May 11, 2005 (inclusive), which period, as a result of Swedish public holidays, included only 29 trading days for Riddarhyttan, and calculated based on the daily closing foreign exchange rate during the period. The Offer values Riddarhyttan at SEK 1,084 million (US$150 million), based on 105,753,846 Riddarhyttan Shares outstanding as at May 11, 2005 and based on the exchange rate US$1:SEK 7.2055 on May 11, 2005. On June 3, 2005, the closing price of an Agnico-Eagle Share was $12.15. The noon buying rate in The City of New York for cable transfers in Swedish kronor as certified by the Federal Reserve Bank of New York on June 3, 2005 was SEK 7.4690 to US$1.00.

Fractions of Agnico-Eagle Shares will not be issued to persons accepting the Offer. Fractional entitlements to Agnico-Eagle Shares will be aggregated and sold in the market and the proceeds paid, without deduction of any costs or commissions, to those Riddarhyttan shareholders who are entitled to fractions of Agnico-Eagle Shares.

As at the date hereof, Agnico-Eagle beneficially owns 14,763,669 Riddarhyttan Shares, which represents approximately 14% of the issued and outstanding Riddarhyttan Shares. Through a subscription for shares in connection with Riddarhyttan's rights issue in December 2004, Agnico-Eagle acquired 1,263,669 Riddarhyttan Shares. The subscription price for such Riddarhyttan Shares was SEK 6.00 per share.

The final acceptance date for the Offer, unless the Offer is extended, is , 2005 (such date, or any later date to which the Offer may be extended as described under the heading "Terms, Conditions and Instructions for Acceptance of the Offer Right to Extend the Final Acceptance Date", being the "Final Acceptance Date"). To accept the Offer, Riddarhyttan shareholders should complete and return the acceptance form enclosed with this Offer Document in the reply-paid envelope to SEB, Issues & Part-ownership Programmes, as receiving agent, (the "Receiving Agent") as soon as possible, and in any event so as to be received by the Receiving Agent no later than 4:00 p.m. CET (10:00 a.m. EDT) on the Final Acceptance Date. For further details in relation to acceptance, and to other terms, of the Offer see "Terms, Conditions and Instructions for Acceptance of the Offer".

Further information regarding the Offer is provided in subsequent sections of this document.

RECOMMENDATION BY THE BOARD OF RIDDARHYTTAN REGARDING THE OFFER

Recommendation of the Board of Directors

The board of directors of Riddarhyttan has unanimously recommended that Riddarhyttan shareholders accept the Offer. On May 12, 2005, the board of directors of Riddarhyttan issued the following announcement by press release:

> "Agnico-Eagle Mines Limited ('Agnico-Eagle') announced today that it is making a recommended exchange offer to the shareholders of Riddarhyttan Resources AB (publ) ('Riddarhyttan') for all of the outstanding shares of Riddarhyttan not currently owned by Agnico-Eagle (the 'Offer'). For information about Agnico-Eagle and the Offer, please see Agnico-Eagle's press release of today. The press release is attached hereto.
>
> Riddarhyttan's Board of Directors has unanimously decided to recommend to the shareholders in Riddarhyttan to accept the Offer.[1] The Board's recommendation is supported by a fairness opinion from the financial advisors of the Board, Standard Bank London Limited.
>
> (1) Alain Blackburn and Eberhard Scherkus, who are officers of Agnico-Eagle and members of the Directors of the Board of Riddarhyttan, have not participated in any discussions or decisions by the Board of Directors of Riddarhyttan in relation to the Offer."

The fairness opinion in relation to the Offer, provided by Riddarhyttan's financial advisor, Standard Bank, is attached to this Offer Document as Annex B. This Offer Document does not include the Agnico-Eagle press release referred to in, and incorporated as part of, the Riddarhyttan press release.

Opinion of Riddarhyttan's Financial Advisor

On April 25, 2005, Riddarhyttan engaged Standard Bank London Limited (now Standard Bank Plc) ("Standard Bank") to provide certain financial advisory services in respect to the possible acquisition by Agnico-Eagle or a company associated with Agnico-Eagle of all the outstanding shares of Ryddarhyttan not already owned by Agnico-Eagle.

On May 6, 2005, Standard Bank orally delivered the substance of its opinion and analysis to the Special Committee of the Board of Directors of Riddarhyttan (the "Special Committee") as to Agnico-Eagle's non-binding indication of interest in acquiring all the outstanding shares of Riddarhyttan not owned by Agnico-Eagle, as set out in a letter dated April 21, 2005 from Agnico-Eagle to the Board of Directors of Riddarhyttan. Standard Bank subsequently orally advised the Special Committee of the substance of Standard Bank's opinion as to the Offer.

Standard Bank has delivered its written opinion to the Special Committee and the Board of Directors of Riddarhyttan to the effect that, as of May 12, 2005, and subject to the various considerations, assumptions, limitations and qualifications described below and in the opinion, the consideration to be received by Riddarhyttan's shareholders (other than Agnico-Eagle and its affiliates) in the Offer is fair, from a financial point of view, to such shareholders. A copy of Standard Bank's opinion is included as Annex B to this Offer Document. We encourage you to read carefully the Standard Bank opinion in its entirety.

In arriving at its opinion, Standard Bank, among other things:

- reviewed the Offer;
- reviewed certain publicly available information concerning Riddarhyttan and Agnico-Eagle and the industries in which they operate;
- compared the financial terms of the Offer with the publicly available financial terms of certain transactions involving companies that Standard Bank deemed relevant;
- compared the financial and operating performance of Riddarhyttan and Agnico-Eagle with publicly available information concerning certain other companies that Standard Bank deemed relevant and reviewed the current and historical market

prices of Riddarhyttan shares and Agnico-Eagle common shares and certain publicly traded securities of certain other companies;

- reviewed certain internal financial analyses and forecasts prepared by the management of Riddarhyttan;

- performed such other financial studies and analysis, and reviewed and considered such other information, as Standard Bank deemed appropriate; and

- held discussions with senior management of Riddarhyttan.

In connection with its review, Standard Bank:

- relied upon and assumed that the financial analyses and forecasts provided to it by Riddarhyttan had been reasonably prepared based on assumptions that reflected the best estimates available at the time of preparation and the judgments of Riddarhyttan management as to the expected future results of operations and financial condition of Riddarhyttan;

- did not independently verify the accuracy or completeness of any information that was publicly available, furnished to Standard Bank by Riddarhyttan or otherwise reviewed by Standard Bank;

- did not make any independent evaluation or appraisal of any of the assets or liabilities of Riddarhyttan or Agnico-Eagle or their subsidiaries or receive or review any such evaluations or appraisals made by others;

- did not engage in any technical, legal or financial due diligence of Agnico-Eagle and did not visit Agnico-Eagle's offices or operations or engage in any discussions with Agnico-Eagle's management; and

- assumed that all material governmental, regulatory and other consents and approvals necessary for the completion of the Offer will be obtained without any adverse effect on Riddarhyttan or Agnico-Eagle.

Standard Bank's opinion does not address any aspect of the Offer other than the fairness, from a financial point of view, of the consideration to the shareholders of Riddarhyttan (other than Agnico-Eagle and its affiliates). Standard Bank's opinion does not constitute an opinion as to the decision by the Riddarhyttan Board of Directors to approve the Offer or to recommend that the shareholders of Riddarhyttan accept the Offer and does not contain a recommendation as to whether Riddarhyttan shareholders should accept the Offer. Standard Bank's opinion is based on economic, market and other conditions as in effect on, and the information made available to Standard Bank as of, May 12, 2005. Standard Bank's opinion does not reflect developments that have occurred or may occur after such date and prior to completion of the Offer. Standard Bank expresses no opinion as to the future trading prices of Agnico-Eagle common shares or Riddarhyttan shares.

In reaching its opinion, Standard Bank employed generally accepted valuation methodologies. Standard Bank derived ranges of implied values per Riddarhyttan share as of May 11, 2005, using the market approach to valuation (namely, the guidance public company analysis and the guideline transaction analysis) and the income approach to valuation (namely, the net asset value analysis) and derived the implied value of the Offer consideration per Riddarhyttan share based on the New York Stock Exchange closing price of Agnico-Eagle common shares on May 11, 2005. Standard Bank considered the totality of the factors and analyses performed in its fairness determination, and no single factor or analysis was determinative or attributed any particular weight. Standard Bank made assumptions that it deemed reasonable, including assumptions concerning general business and economic conditions and industry specific factors. Standard Bank's opinion notes that forecasts and analyses based on forecasts used by Standard Bank may not be indicative of actual future results, which may vary significantly.

The following is a summary of some of the analyses employed by Standard Bank.

Implied Value Analysis. Based upon the US$12.51 closing market price of Agnico-Eagle common shares on May 11, 2005 (Source: Bloomberg) (the last trading date before the Offer was announced), Standard Bank calculated that the implied value of the Offer consideration was SEK 10.24 per Riddarhyttan share. This implied value represents approximately a 27% premium to SEK 8.05 (the closing price of Riddarhyttan shares on May 11, 2005) and approximately a 33% premium to SEK 7.72 (the 60-day weighted average price per Riddarhyttan share).

Historical Exchange Ratio Analysis. Standard Bank calculated the exchange ratio of Riddarhyttan shares and Agnico-Eagle common shares as of May 11, 2005 (calculated by dividing the Riddarhyttan share price for such day by the Agnico-Eagle share price for such day) and the average exchange ratios for a range of periods from a 3-month period to a 12-month period ending on May 11, 2005 (calculated by dividing the Riddarhyttan share price for each day in such period by the corresponding Agnico-Eagle common share price and then averaging the exchange ratios determined for each day during the applicable period). Standard Bank also calculated the premiums that the exchange ratio of 0.1137 for the Offer represents over the average exchange ratios calculated throughout those periods.

These results are shown in the following table:

Date Range	Average Exchange Ratio	Exchange Ratio Premium
May 11, 2005	0.089 x	27.5%
3 months ended May 11, 2005	0.078 x	46.3%
6 months ended May 11, 2005	0.078 x	46.3%
9 months ended May 11, 2005	0.071 x	60.0%
12 months ended May 11, 2005	0.067 x	70.7%

Guideline Public Companies Analysis. Using publicly available information, Standard Bank compared selected financial and market data of Riddarhyttan with similar data for the following companies:

Junior Gold Producers	Exploration Companies
Croesus Mining NL	Ballarat Goldfields NL
Dragon Mining NL	European Goldfields Ltd.
Leviathan Resources Ltd.	Gammon Lake Resources Inc.
Northgate Minerals Corp.	Great Basin Gold Ltd.
Perseverance Corporation Ltd.	Miramar Mining Corp.
Queenstake Resources Ltd.	
Richmont Mines Inc.	

Standard Bank calculated and compared various financial multiples based on the most recent publicly available financial data and I/B/E/S (a commercial corporate financial information database) estimates. The multiples of the selected companies were calculated using the closing price of their common shares as of May 11, 2005. With respect to the selected companies, Standard Bank presented:

- multiple of enterprise value to measured, indicated and inferred resource ounces of gold;
- multiple of enterprise value to 2005 and 2006 estimated EBITDA;

multiple of equity value to 2005 and 2006 estimated earnings; and

multiple of equity value to 2005 and 2006 estimated cash flow.

The results of this analysis are set forth below:

Multiple	Range	Median
Enterprise Value / Resource oz Au	SEK 41.1 758.9 per oz Au	SEK 209.5 per oz Au
Enterprise Value / 2005 EBITDA	1.4x 39.4x	4.7x
Enterprise Value / 2006 EBITDA	0.9 18.3	3.3
Equity Value / 2005 Earnings	9.3 84.3	17.9
Equity Value / 2006 Earnings	4.1 10.4	7.0
Equity Value / 2005 Cash Flow	2.8 37.5	4.7
Equity Value / 2006 Cash Flow	1.9 27.1	4.2

The analysis implied a range of values for Riddarhyttan shares of approximately SEK 5.88 to SEK 11.56 per share.

Historical Market Performance Analysis. Standard Bank reviewed and compared the historical share performance of Riddarhyttan and Agnico-Eagle to each other and to the historical share performance of their respective peers and to the closing spot gold price in London over a 12-month and 24-month period ending May 11, 2005 (Source: Bloomberg). The analysis indicated that Riddarhyttan's shares outperformed Agnico-Eagle's common shares in certain periods and underperformed Agnico-Eagle's common shares in other periods. The analysis also indicated that both Riddarhyttan's shares and Agnico-Eagle's common shares outperformed their respective peers and the gold price in certain periods and underperformed their respective peers and the gold price in other periods. Standard Bank also noted that the during the 52-week period ended May 11, 2005, the market price for Riddarhyttan common shares ranged from a high of SEK 8.29 to a low of SEK 4.81 (Source: Bloomberg), and the market price for Agnico-Eagle common shares ranged from a high of US$16.58 to a low of US$12.00 (Source: Bloomberg).

Guideline Transaction Analysis. Using publicly available information, Standard Bank examined the following transactions involving gold companies with transaction values greater than US$50 million since 2000:

Announcement Date	Acquirer	Target
June 2004	Rio Narcea	Defiance Mining
June 2004	DRDGold	Emperor Mines
March 2004	Norilsk Nickel	Gold Fields (20%)
March 2004	Harmony	Abelle 2
June 2003	AngloGold	Ashanti
June 2003	LionOre	Dalrymple
June 2003	Mvelaphanda	Gold Fields (15%)
May 2003	Harmony	Armgold
February 2003	Harmony	Abelle 1
January 2003	Placer Dome	Aurion Gold
June 2002	Harmony	Hill 50
June 2002	Kinross	TVX / Echo Bay
June 2002	Meridian Gold	Brancote Holdings
March 2002	Glamis Gold	Francisco Gold
November 2001	Newmont	Normandy
October 2001	Croesus	Central Norseman
September 2001	Delta	Goldfields
September 2001	Gold Fields	WMC Gold
September 2001	Sons of Gwalia	PacMin
June 2001	Barrick	Homestake
December 2000	Harmony	New Hampton
September 2000	Franco-Nevada	Gold Fields
July 2000	Barrick	Pangea

June 2000	Newmont	Battle Mountain
April 2000	Harmony	Randfontein
March 2000	Delta	Ross Mining

For each of these transactions, Standard Bank calculated the total acquisition cost per reserve ounce by dividing the total acquisition cost paid for the assets involved, by the proven and probable reserves of gold ounces of the assets involved. Standard Bank applied a reserve conversion factor of 75% to Riddarhyttan's resources in recognition that Riddarhyttan's resources of gold ounces are not in the proven or probable categories. The assumptions on which the 75% conversion factor was based were provided by Riddarhyttan management. For the transactions reviewed, based on information available as of May 11, 2005, the results of this analysis yielded an average total acquisition cost of US$319 per ounce of gold reserve.

The analysis implied an acquisition value of Riddarhyttan shares of SEK 9.41 per share.

Net Asset Value Analysis. Standard Bank performed a net asset value analysis to determine a range of equity values of Riddarhyttan common stock, assuming Riddarhyttan continued to operate as a stand-alone entity. The range was determined by adding the present value of an estimated future free cash flow stream for the Suurikuusikko Project, an estimated present value for Iso-Kuotko and Oijärvi based on a multiple per ounce of resource, and the adjusted values of certain corporate and balance sheet items for Riddarhyttan as of May 11, 2005. In performing its analysis, Standard Bank relied on the following assumptions, among others, made by Riddarhyttan's management and information provided by Riddarhyttan management:

- gold price of US$400 per ounce;
- silver price of US$6.00 per ounce;
- profit (income) tax rate of 28%;
- government royalty (net smelter return) of 2.0%;
- weighted average cost of capital of 7%;
- resources of 2.9 million ounces of gold; and
- 75% resource to reserve conversion rate.

This analysis implied an equity value of SEK 5.80 to SEK 7.71 per Riddarhyttan share, on a stand-alone basis, as illustrated in the following table:

	Base Case	**Upside Case**	**Downside Case**
PV of Suurikuusikko @ 7%	SEK 710.2M	SEK 761.2M	SEK 559.1M
Discount Rate			
Iso-Kuotko	16.7	16.7	16.7
Oijarvi	4.3	4.3	4.3
Net Cash	33.5	33.5	33.5
Total Net Asset Valuation	SEK 746.7M	SEK 815.7M	SEK 613.6M
Total Shares Outstanding	105.8M	105.8M	105.8M
NAV / Share	SEK 7.23	SEK 7.71	SEK 5.80

Standard Bank also tested the sensitivity of the base case values by varying the gold price from US$370 to US$420 and the discount rate from 3% to 7%, keeping constant the other assumptions discussed above. This analysis indicated an equity value of SEK 5.61 to SEK 11.90 per Riddarhyttan share, on a stand-alone basis.

Pro Forma Acquisition Analysis. Standard Bank analyzed the pro forma impact of the acquisition of Riddarhyttan on the projected fully diluted earnings per share for Agnico-Eagle for 2005 and 2006, based upon median estimates provided by I/B/E/S. The pro forma results were calculated based on, among other things, publicly available I/B/E/S estimates of fully diluted earnings per share, information provided by the management of Riddarhyttan and equity research.

Assuming no cost savings or synergies are realized, the analysis showed that the acquisition of Riddarhyttan would be dilutive to Agnico-Eagle's projected 2005 fully diluted earnings per share by 20%. The analysis also indicated that the acquisition of Riddarhyttan would be accretive to Agnico-Eagle's projected 2006 fully diluted earnings per share by 51%.

Standard Bank will receive a fee from Riddarhyttan for Standard Bank's services in connection with the Offer and is to be reimbursed for its reasonable out-of-pocket expenses. In addition, Riddarhyttan has agreed to indemnify Standard Bank and its affiliates, in certain circumstances, against certain losses and damages incurred in connection with the provision of its services. The fee payable to Standard Bank is not contingent in whole or in part on the outcome of the Offer or the conclusions reached by Standard Bank in its fairness opinion.

In the past, one or more affiliates of Standard Bank (such affiliates, together with Standard Bank, the "Standard Bank Group") have provided Agnico-Eagle with general financial services related to debt finance and commodities hedging in connection with unrelated transactions and for which the Standard Bank Group received compensation. The Standard Bank Group may have had, and may have in the future, positions in the securities of one or more of Riddarhyttan, Agnico-Eagle and their respective affiliates ("Interested Parties") and, from time to time, may have executed or may execute transactions on behalf of such Interested Parties or other clients for which the Standard Bank Group may have received or may receive compensation.

No member of the Standard Bank Group:

- is an associated or affiliated entity of any of the Interested Parties;
- is an advisor to any of the Interested Parties with respect to the Offer or any of the related transactions (except as financial advisor to the Special Committee);
- is a manager or co-manager of a soliciting dealer group formed in respect of the Offer; or
- has a material financial interest in the completion of the Offer.

Standard Bank has consented to the inclusion of its fairness opinion, with a summary thereof in a form acceptable to Standard Bank, in any filing made by Riddarhyttan or Agnico-Eagle in respect of the Offer and the transactions contemplated thereby with the U.S. Securities and Exchange Commissions and other regulatory authorities.

Standard Bank is an investment banking firm with operations in a broad range of investment banking activities, including corporate finance, mergers and acquisitions, equity and fixed income sales and trading, commodities trading and hedging, investment management and investment research. Standard Bank has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing valuations and fairness opinions.

Standard Bank's fairness opinion in relation to the Offer is the opinion of Standard Bank and its form and content have been approved by a committee of senior investment banking professionals of Standard Bank each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

In preparing the Offer, Agnico-Eagle conducted its own evaluation of Riddarhyttan. Some of the assumptions and analyses used by Agnico-Eagle differ from those used by Standard Bank and would lead to different results. Agnico-Eagle generally agrees with the conclusion of Standard Bank's analysis but does not believe that the acquisition of Riddarhyttan would be accretive to Agnico-Eagle's earnings in 2006.

TERMS, CONDITIONS AND INSTRUCTIONS FOR ACCEPTANCE OF THE OFFER

Terms of the Offer

The Offer to Riddarhyttan shareholders is being made on the following basis:

for each Riddarhyttan Share	**0.1137 of an Agnico-Eagle Share**

Fractions of Agnico-Eagle Shares will not be issued to persons accepting the Offer. Fractional entitlements to Agnico-Eagle Shares will be aggregated and sold in the market and the proceeds paid to those Riddarhyttan shareholders entitled to fractions of Agnico-Eagle Shares without deduction of any costs or commissions.

Conditions and Certain Further Terms of the Offer

The Offer is subject to the following conditions:

(a) acceptance to such an extent that Agnico-Eagle becomes owner of more than 90% of the outstanding Riddarhyttan Shares on a fully-diluted basis;

(b) the recommendation in favour of the Offer by the board of directors of Riddarhyttan shall not have been withdrawn or adversely amended;

(c) no other party shall have announced an offer to acquire Riddarhyttan Shares;

(d) all necessary regulatory, governmental or similar clearances, approvals and decisions for the Offer and the acquisition of Riddarhyttan, including from competition authorities, shall have been obtained, in each case on terms which, in Agnico-Eagle's opinion, are acceptable;

(e) save as publicly announced by Riddarhyttan prior to the date the Offer was announced or as otherwise disclosed in writing to Agnico-Eagle prior to that date, Agnico-Eagle does not discover that any information publicly disclosed by Riddarhyttan is materially inaccurate or misleading or that any material information that should have been publicly disclosed by Riddarhyttan has not been so disclosed;

(f) neither the Offer nor the acquisition of Riddarhyttan is wholly or partly prevented or materially adversely affected by any legislation or other regulation, court decision, public authority decision or similar circumstance, which has occurred or could reasonably be anticipated, outside the control of Agnico-Eagle and which Agnico-Eagle could not reasonably have foreseen at the time of the announcement of the Offer;

(g) no circumstances which Agnico-Eagle did not have knowledge about at the time of the announcement of the Offer shall have occurred that may materially adversely affect Riddarhyttan's results, liquidity, business or equity during the current or next financial year or the feasibility or economic prospects of the Suurikuusikko project, except any circumstance or effect attributable to changes in gold prices; and

(h) Riddarhyttan shall not have taken any measures that are typically intended to impair the prerequisites for the implementation of the Offer.

Agnico-Eagle reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions are not fulfilled or cannot be fulfilled. However, with regard to conditions (b) through (h), such withdrawal will only be made if the non-fulfillment of such condition is of material importance to Agnico-Eagle's acquisition of the Riddarhyttan Shares. Agnico-Eagle may, in its sole discretion, waive any of the foregoing conditions, in whole or in part. If Agnico-Eagle waives the condition to the Offer that it becomes the owner of more than 90% of the outstanding Riddarhyttan Shares on a fully diluted basis or otherwise decreases the percentage of Riddarhyttan Shares that Agnico-Eagle must own as a condition to the Offer, Agnico-Eagle will publicly announce by press release the waiver or modification of this condition and will hold the Offer open for at least 10 business days from the date of the public announcement in accordance with Regulation 14E promulgated under the United States Securities Exchange Act of 1934 (the "Exchange Act").

Riddarhyttan Shares will be acquired under the Offer free from all liens, equities, charges, encumbrances and other interests and together with all rights attaching thereto, including any dividend paid after the announcement of the Offer.

The Offer, including the related issue of Agnico-Eagle Shares, is not subject to approval by Agnico-Eagle shareholders.

Cost of Transfer

No cost or commission will be charged to Riddarhyttan shareholders who accept the Offer with respect to the transfer of Riddarhyttan Shares to Agnico-Eagle.

To Accept the Offer

Riddarhyttan shareholders who have their Riddarhyttan Shares directly registered with VPC AB ("VPC") (The Swedish Securities Register Centre) on , 2005 should receive enclosed with this Offer Document:

(a) a pre-printed acceptance form; and

(b) a reply-paid envelope.

For each such Riddarhyttan shareholder, the acceptance form is pre-printed with the name, address, personal identification or organisation number, VP-account number (the "VP Account") and details of the Riddarhyttan shareholding as at , 2005. Each Riddarhyttan shareholder should check that the pre-printed details on the acceptance form are correct.

Riddarhyttan shareholders whose Riddarhyttan Shares are directly registered with VPC and who wish to accept the Offer should complete, sign and submit the acceptance form to:

SEB
Issues & Part-ownership Programmes, B6
SE 106 40 Stockholm
Sweden

The acceptance form must be submitted to the Receiving Agent no later than the Final Acceptance Date. Acceptance forms may also be submitted to any branch of the Receiving Agent or other Swedish banks. Acceptance forms must be delivered or mailed well in advance of the Final Acceptance Date in order to be received by the Receiving Agent not later than 4:00 p.m. CET (10:00 a.m. EDT) on the Final Acceptance Date.

Incomplete or incorrectly completed acceptance forms may be disregarded.

The Receiving Agent, acting on Agnico-Eagle's instructions, will handle all submitted acceptance forms. Requests for additional acceptance forms and other questions relating to the Offer may be addressed to SEB, Issues & Part-ownership Programmes, or branch offices of SEB.

Nominee Registered Riddarhyttan Shares

Riddarhyttan shareholders whose holdings are registered in the name of a nominee (normally a Swedish bank or broker) and who wish to accept the Offer should follow the instructions of the nominee.

Riddarhyttan shareholders who after , 2005 but prior to the Final Acceptance Date register their Riddarhyttan Shares in the name of a nominee must accept the Offer through the nominee.

Pledged Riddarhyttan Shares

Where Riddarhyttan Shares have been pledged in the VPC system, both the Riddarhyttan shareholder and the pledgee must sign the acceptance form.

Fractional Entitlements

Fractions of Agnico-Eagle Shares will not be issued to persons accepting the Offer. Fractional entitlements to Agnico-Eagle Shares will be aggregated and sold in the market and the proceeds paid to those Riddarhyttan shareholders entitled to fractions of Agnico-Eagle Shares without deduction of any costs or commissions.

Payment of the proceeds from the sale of fractions of Agnico-Eagle Shares is expected to be made on , 2005, and the proceeds will be deposited in the yield account (Sw. *avkastningskonto*) linked to the VP Account, or, for shareholders who have their Riddarhyttan Shares registered with a nominee, paid to the nominee.

For additional information, see the section entitled "Resales of Agnico-Eagle Shares Pursuant to the Simplified Share Sales Process and Sales of Fractional Agnico-Eagle Shares".

Simplified Share Sales Process

Riddarhyttan shareholders, other than officers, directors or affiliates of Agnico-Eagle or Riddarhyttan prior to completion of the Offer or officers, directors or affiliates after completion of the Offer, may elect, if they so wish, to sell up to 570 of the Agnico-Eagle Shares (equivalent to approximately 5,000 Riddarhyttan Shares) to which they are entitled under the Offer through a simplified share sales process (the "Simplified Share Sales Process"). Riddarhyttan shareholders who make this election will not be required to pay any costs or commissions in connection with the Simplified Share Sales Process.

The following summary of the Simplified Share Sales Process should be read in conjunction with the more detailed information (the "Share Sales Process Information") concerning the Simplified Share Sales Process that is being delivered to Riddarhyttan shareholders under separate cover, including a separate instruction form (the "Instruction Form") instructing a designated broker dealer registered in the United States (the "Broker Dealer") to sell Agnico-Eagle Shares pursuant to the Simplified Share Sales Process and the revocation form pursuant to which a Riddarhyttan shareholder may elect to withdraw such shareholder's Agnico-Eagle Shares from the Simplified Share Sales Process, in each case if delivered prior to the time specified below and in the Share Sales Process Information.

Riddarhyttan shareholders who wish to make this election must complete the Instruction Form and deliver it to the Receiving Agent on or prior to the Final Acceptance Date. This will constitute the Riddarhyttan shareholder's authority to the Broker Dealer, at the request of Agnico-Eagle, to act as agent for the Riddarhyttan shareholder to sell on such shareholder's behalf Agnico-Eagle Shares to be received by that Riddarhyttan shareholder under the terms of the Offer in accordance with the terms set out below and in the Share Sales Process Information. No Riddarhyttan shareholder may elect to sell more than the total number of Agnico-Eagle Shares (up to a maximum of 570 Agnico-Eagle Shares) to which such shareholder is entitled under the Offer. If a Riddarhyttan shareholder elects to sell more Agnico-Eagle Shares than such shareholder is entitled to, such election shall be deemed to be an election to sell all the Agnico-Eagle Shares to which such Riddarhyttan shareholder is entitled under the Offer up to a maximum of 570 Agnico-Eagle Shares.

A Riddarhyttan shareholder may withdraw such shareholder's instruction for all or a portion of such shareholder's Agnico-Eagle Shares received pursuant to the Offer to be sold pursuant to the Simplified Share Sales Process by executing and delivering the Form of Revocation included with the Share Sales Process Information to the Broker Dealer on or prior to the Final Acceptance Date.

Following completion of the Offer, the Broker Dealer will use its reasonable efforts during a period of up to business days from the date on which the relevant Agnico-Eagle Shares are registered in its name, or in the name of its nominee, (the "Sale Period") to sell on the NYSE all of the Agnico-Eagle Shares that it has been instructed to sell. Riddarhyttan shareholders will receive, in respect of each Agnico-Eagle Share sold pursuant to the Simplified Share Sales Process an amount per such Agnico-Eagle Share equal to the average sale price (the "Average Sale Price") at which all Agnico-Eagle Shares are sold by the Broker Dealer as part of the Simplified Share Sales Process, as such price may be converted into the currency of a Riddarhyttan shareholder's yield account linked to that shareholder's VP account as discussed below. As discussed more fully below, there is no guaranteed minimum price at which Agnico-Eagle Shares may be sold pursuant to the Simplified Share Sales Process.

The proceeds of sale of the Agnico-Eagle Shares will be converted by the Broker Dealer, acting as agent, into the currency of a Riddarhyttan shareholder's yield account linked to that shareholder's VP account at the prevailing foreign exchange rate and forwarded by the Receiving Agent to the persons entitled thereto as soon as reasonably practicable after the end of the Sale Period. The proceeds will be deposited in the yield account (Sw. *avkastningskonto*) linked to the VP Account, or, for shareholders who have their Riddarhyttan Shares registered with a nominee, paid to the nominee. The Average Sale Price will be converted into the currency of a Riddarhyttan shareholder's yield account linked to that shareholder's VP account at the same price for each Riddarhyttan shareholder for whom Agnico-Eagle Shares are sold in the Simplified Share Sales Process. Notwithstanding the foregoing, if a Riddarhyttan shareholder elects to hold the Agnico-Eagle Shares issuable in respect of such shareholder's Riddarhyttan Shares other than through a VP Account, the proceeds of the sale of the Agnico-Eagle Shares issuable in respect of such shareholder's Riddarhyttan Shares and sold through the Simplified Share Sales Process shall be paid to such shareholder or such shareholder's nominee in U.S. dollars.

After the Sale Period has expired, if the Broker Dealer has been unable to sell all the Agnico-Eagle Shares that it has been instructed to sell, Riddarhyttan shareholders who made the election to participate in the Simplified Share Sales Process will receive Agnico-Eagle Shares. The number of Agnico-Eagle Shares that each Riddarhyttan shareholder will receive will be determined on a pro-rata basis, taking into account the number of Agnico-Eagle Shares each such Riddarhyttan shareholder elected to sell and the aggregate number of Agnico-Eagle Shares that the Broker Dealer was instructed, but was unable to sell. The Agnico-Eagle Shares will be transferred to the VP Account indicated on the acceptance form or, where the Riddarhyttan Shares are registered with a nominee, to the nominee, or as the Riddarhyttan shareholder otherwise directs.

There is no guarantee as to the price at which the Broker Dealer will be able to sell the Agnico-Eagle Shares or, where applicable, the exchange rate at which the proceeds will be converted into the currency of a Riddarhyttan shareholder's yield account linked to that shareholder's VP account. The Broker Dealer will, during the Sale Period, use its reasonable efforts to sell such Agnico-Eagle Shares as the Broker Dealer has been authorized to sell in accordance with the above but will have no other liability to Riddarhyttan shareholders or others in connection with such sales (other than to remit the proceeds of sale to the Receiving Agent as described above). For additional information, see the section entitled "Resales of Agnico-Eagle Shares Pursuant to the Simplified Share Sales Process and Sales of Fractional Agnico-Eagle Shares".

Confirmation Notice and Transfer of Riddarhyttan Shares to Blocked VP Accounts

Following receipt of duly completed acceptance forms, the Riddarhyttan Shares will be transferred to a newly opened, blocked VP account ("Blocked VP Account") in the name of each Riddarhyttan shareholder. Each Riddarhyttan shareholder will receive as confirmation a VP statement indicating the number of Riddarhyttan Shares transferred from the Riddarhyttan shareholder's original VP Account and a VP statement showing the deposit of such Riddarhyttan Shares into the newly opened Blocked VP Account in the name of the Riddarhyttan shareholder.

Where the Riddarhyttan Shares are registered in the name of a nominee, the VP statement will be sent to the nominee. Where the Riddarhyttan Shares are subject to a pledge, the VP statement will be sent both to the Riddarhyttan shareholder and to the pledgee.

Settlement

Settlement of the Offer, which means payment of the consideration to the Riddarhyttan shareholders, will begin promptly following the expiration of the offer period on the Final Acceptance Date, provided that settlement will only commence once Agnico-Eagle has announced that the conditions to the Offer have been satisfied or waived.

Settlement will be made as follows:

The Agnico-Eagle Shares will be transferred to the VP Account indicated on the acceptance form[1]. In connection with this the Riddarhyttan shareholder will receive a VP notice confirming the registration of the Agnico-Eagle Shares in the VP Account. No VP notice reporting the withdrawal of the Riddarhyttan Shares from the Blocked VP Account will be sent out. Where the Riddarhyttan Shares are registered in the name of a nominee, settlement will be made to the nominee. Settlement in connection with distribution of the proceeds from the sale of fractions of Agnico-Eagle Shares will be made as described under "   Fractional Entitlements" above

(1) Agnico-Eagle Shares to be sold pursuant to the Simplified Share Sales Process as instructed by the Riddarhyttan shareholder will not be transferred to the VP Account prior to such sale.

Where the Riddarhyttan Shares, at the time of settlement, are subject to a pledge, settlement will be made to the pledge account. Even if the Riddarhyttan Shares are pledged, any cash payment from the sale of fractions, or from sales under the Simplified Share Sales Process, will be made to the yield account as described under "   Fractional Entitlements" and "   Simplified Share Sales Process" above

In the case of Riddarhyttan shareholders who elect to sell their Agnico-Eagle Shares in accordance with the Simplified Share Sales Process, settlement is expected to be made on or around   , 2005, unless Agnico-Eagle decides to extend the acceptance period.

By accepting the Offer, Riddarhyttan shareholders authorize the Receiving Agent to:

(a) subscribe for Agnico-Eagle Shares on their behalf,

(b) distribute any cash payment to Riddarhyttan shareholders in respect of fractional entitlements, if any,

(c) if the Riddarhyttan shareholder has so elected, distribute any cash payment to Riddarhyttan shareholders according to the terms of the Simplified Share Sales Process, and

(d) deliver their Riddarhyttan Shares to Agnico-Eagle according to the terms of the Offer.

A transaction note confirming settlement will be sent to Riddarhyttan shareholders who have accepted the Offer.

Right to Extend the Final Acceptance Date

Agnico-Eagle reserves the right to extend the offer period, although Agnico-Eagle does not currently intend to do so. If Agnico-Eagle decides to extend the offer period, it will issue a press release announcing such extension. If any conditions to the Offer have not been fulfilled or waived at 4:00 p.m. CET (10:00 a.m. EDT), on   , 2005, Agnico-Eagle may extend the offer period in which case the Offer will remain subject to the fulfillment or waiver of any such outstanding conditions. In the event that all of the conditions of the Offer have been fulfilled or waived, Agnico-Eagle may extend the offer period provided that it promptly purchases all of the Riddarhyttan Shares tendered to the Offer during the initial offer period. In such circumstances, the Offer will no longer be subject to any further conditions being fulfilled or waived.

If Agnico-Eagle waives the condition to the Offer that it becomes the owner of more than 90% of the outstanding Riddarhyttan Shares on a fully diluted basis, or otherwise decreases the percentage of Riddarhyttan Shares that Agnico-Eagle must own as a condition to the Offer, Agnico-Eagle will publicly announce by press release the waiver or modification of this condition and will hold the Offer open for at least 10 business days from the date of such public announcement in accordance with Regulation 14E promulgated under the Exchange Act.

Right to Withdraw Acceptance of the Offer

Riddarhyttan shareholders have the right to withdraw their acceptance of the Offer. To be valid, written notice of withdrawal must be received by the Receiving Agent no later than 4:00 p.m. CET (10:00 a.m.

EDT) on , 2005. Riddarhyttan shareholders whose Riddarhyttan Shares are registered in the name of a nominee wishing to withdraw acceptance should do so in accordance with instructions from the nominee. If any conditions to the Offer, which Agnico-Eagle may waive, are unfulfilled at the time of extension of the offer period, the right to withdraw an acceptance will apply correspondingly until the earlier of the date to which the offer period has been extended and the date when all such conditions to the Offer have been fulfilled. If all of the conditions to the Offer are fulfilled or waived prior to such extension, Agnico-Eagle may purchase the Riddarhyttan Shares tendered to the Offer and those Riddarhyttan shareholders whose Riddarhyttan Shares have been purchased will have no further rights of withdrawal. However, if the condition to the Offer that Agnico-Eagle becomes the owner of more than 90% of the outstanding Riddarhyttan Shares has been waived or modified, Riddarhyttan shareholders will be entitled to exercise withdrawal rights for a period of not less than 10 business days following the public announcement of the waiver or modification of this condition.

Rights Pertaining to Agnico-Eagle Shares

Agnico-Eagle Shares will be issued as fully paid and non-assessable shares of Agnico-Eagle and will rank equally in all respects with the existing Agnico-Eagle Shares and carry the right to receive dividends (if any) and other shareholder distributions having a record date after the date of issuance, regardless of the financial year to which the dividend refers.

Agnico-Eagle pays dividends through its registrar, Computershare Trust Company of Canada.

Listing

Agnico-Eagle's common shares are listed and traded in Canada on the TSX under the symbol "AGE" and in the United States on the NYSE under the symbol "AEM". Agnico-Eagle's convertible debentures trade on the TSX under the symbol "AGE.DB.U" and its warrants trade on the TSX under the symbol "AGE.WT.U" and on the Nasdaq National Market under the symbol "AEMLW-Q".

Application will be made to list the Agnico-Eagle Shares being issued under the Offer on the NYSE and the TSX. Neither the NYSE nor the TSX has approved the listing of these securities, and listing will be subject to Agnico-Eagle fulfilling all of the listing requirements of the NYSE and the TSX.

Registration under the United States Securities Act of 1933

Agnico-Eagle Shares issued pursuant to the Offer will be registered under the Securities Act. Agnico-Eagle Shares received by tendering Riddarhyttan shareholders under the Offer that are not held by affiliates of Agnico-Eagle subsequent to the completion of the Offer or by persons deemed to be "underwriters" for the purposes of the Securities Act will be freely tradeable and not subject to the registration requirements of the Securities Act.

Regulatory Requirements

Agnico-Eagle does not know of any regulatory requirements, other than those under applicable securities law, that must be complied with in order to complete the Offer.

Compulsory Acquisition; Merger

If as a result of the Offer Agnico-Eagle becomes the owner of more than 90% of the Riddarhyttan Shares, Agnico-Eagle intends to use the compulsory acquisition procedures available under Swedish law to acquire the remaining Riddarhyttan Shares that it does not own. In such circumstances, the *Swedish Companies Act of 1975* (the "Swedish Companies Act") would permit a Swedish subsidiary of Agnico-Eagle to compulsorily acquire any outstanding Riddarhyttan Shares for cash. The Swedish Companies Act also provides that, in such circumstances, a Riddarhyttan shareholder who has not accepted the Offer may require the acquisition of his or her Riddarhyttan Shares. Unless the parent company and minority holders agree on the price to be paid for the remaining shares, an arbitration tribunal will determine the price. According to Swedish practice relating to public share-for-share offers, the redemption price per share is often determined to be equal to the volume-weighted average share price for the shares offered as consideration in the offer during the acceptance period (or part thereof). In addition, certain interest will be payable on the redemption sum.

If Agnico-Eagle becomes owner of less than 90% of the Riddarhyttan Shares, Agnico-Eagle may consider a legal merger between Riddarhyttan and Agnico-Eagle or any of its subsidiaries against consideration in cash in accordance with the Swedish Companies Act or otherwise. A legal merger in accordance with the Swedish Companies Act requires the affirmative vote of at least two-thirds of the votes cast and the shares represented at the meeting of Riddarhyttan shareholders.

Neither the compulsory acquisition process nor any other appraisal or similar rights apply to the Offer.

Agnico-Eagle intends to cause Riddarhyttan to apply for the de-listing of Riddarhyttan Shares from the Stockholm Stock Exchange at the earliest opportunity following completion of the Offer.

Certain Overseas Shareholders

The Offer is not being made, directly or indirectly, in or into or by use of the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or Internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any state or jurisdiction where the Offer is not permitted (an "Excluded Jurisdiction") and the Offer is not capable of acceptance by any such use, means, instrumentality or facility of, or from within, an Excluded Jurisdiction. Accordingly, copies of the Offer Document, the relevant accompanying acceptance form and any related materials are not being and should not be mailed or otherwise distributed or sent in or into an Excluded Jurisdiction, and persons wishing to accept the Offer must not use an Excluded Jurisdiction's mails or any such means or instrumentality for any purpose directly or indirectly related to the acceptance of the Offer. Envelopes containing acceptance forms or other documents in respect of the Offer should not be postmarked in an Excluded Jurisdiction or otherwise dispatched from an Excluded Jurisdiction and all acceptors must provide addresses outside an Excluded Jurisdiction for the receipt of Agnico-Eagle Shares and cash consideration (if any), or for the return of acceptance forms and/or other documents.

By executing the accompanying acceptance form each tendering Riddarhyttan shareholder will represent and warrant that: it has not received or sent copies or originals of the Offer Document, the relevant accompanying acceptance form or any related offering documents in, into or from, an Excluded Jurisdiction and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone or Internet) of interstate or foreign commerce of, or any facilities of, a national securities exchange of an Excluded Jurisdiction; it is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer within an Excluded Jurisdiction or by use of any such mails, means, instrumentality or facilities, and such Riddarhyttan shareholder is accepting the Offer from outside an Excluded Jurisdiction. Any purported acceptance of the Offer by Riddarhyttan shareholders who are unable to give the foregoing representations and warranties will not be valid and Agnico-Eagle reserves the right, in its sole discretion, to disregard any such acceptance.

Information Regarding Agnico-Eagle Shares

Dividends

Payment of any approved dividend, when declared by the Agnico-Eagle board of directors and payable, will be forwarded to holders of Agnico-Eagle Shares who are directly registered with the VPC, or where Agnico-Eagle Shares are registered in the name of a nominee, in accordance with the practices of such nominee. Dividends, if any, will be paid by Agnico-Eagle after deduction of withholding tax, and, as the case may be, preliminary tax. See "Certain Tax Considerations".

The Agnico-Eagle Shares to be issued under the Offer will carry the right to receive dividends (if any) and other shareholder distributions having a record date after the date of issuance.

Meetings of Shareholders

Agnico-Eagle holds annual general meetings of its shareholders at which it elects its directors to hold office until its next annual meeting or until their successors are duly elected and qualified, and transacts such other business as may properly come before the meeting. Special meetings of shareholders of Agnico-Eagle may be called by the board of directors of Agnico-Eagle or the holders of not less than 5% of the issued and outstanding Agnico-Eagle Shares who request that the directors call a meeting of shareholders for the purposes stated in the request. For additional information, see "Other Information Certain Differences Between Ontario and Swedish Law Meetings of Shareholders".

Each Agnico-Eagle shareholder is entitled to one vote per Agnico-Eagle Share held at every meeting of shareholders. Voting rights can be exercised only by those that are recorded in Agnico-Eagle's share register on the record date as determined by the board of directors of Agnico-Eagle. Shareholders are entitled to participate and exercise their voting rights at shareholder meetings in person or by proxy.

Agnico-Eagle will distribute, in English, notices of shareholder meetings as well as other voting materials to holders of VPC-registered Agnico-Eagle Shares as of the record date.

Stock Market Reporting

As a Canadian public company listed on the TSX and the NYSE, Agnico-Eagle is subject to quarterly financial reporting requirements and files public reports with Canadian securities regulators and the SEC. The filed documents are accessible (in English) at www.sedar.com and at the SEC's website at www.sec.gov.

Share Ownership Information

Shareholders of Agnico-Eagle who, directly or indirectly, acquire beneficial ownership of more than 5% of the total number of outstanding Agnico-Eagle Shares are required to report such ownership to the SEC pursuant to the Exchange Act. These filing are made public by the SEC.

Similarly, under Ontario securities legislation a person or company that acquires beneficial ownership of Agnico-Eagle Shares (or securities convertible into Agnico-Eagle Shares) that, together with previously held Agnico-Eagle Shares (or securities convertible into Agnico-Eagle Shares) brings the total holdings of such holder to 10% or more of the outstanding Agnico-Eagle Shares, must (a) issue and file forthwith a news release containing certain prescribed information and (b) file a report within two business days containing the same information set out in the news release with the provincial securities commission. The acquiring person or company must also issue a press release and file a report with the provincial securities commission each time it acquires an additional 2% or more of the outstanding Agnico-Eagle Shares and every time there is a "material change" to the contents of the news release and report previously issued and filed.

In addition, all shareholders of Agnico-Eagle who (i) beneficially own, directly or indirectly, (ii) exercise control or direction over or (iii) have a combination of ownership and control over Agnico-Eagle Shares carrying 10% or more of the votes attaching to the total outstanding Agnico-Eagle Shares qualify as insiders and must report such ownership and any subsequent changes in such ownership to each of the Canadian securities regulators, which publicizes these reports through the System for Electronic Disclosure by Insiders (SEDI). Directors and officers of Agnico-Eagle are subject to the same insider reporting requirements.

Dissemination of Shareholder Information

Agnico-Eagle mails its annual reports, quarterly statements and information circulars to all registered Agnico-Eagle shareholders. Agnico-Eagle disseminates its press releases through North American wire services and from time to time these press releases are disseminated to international media and news agencies. The foregoing information is prepared and distributed in the English language.

Support Agreement

Agnico-Eagle and Riddarhyttan have entered into the Support Agreement, a copy of which is included in this Offer Document as Annex A. Under the Support Agreement:

(a) Agnico-Eagle agreed to promptly make the Offer;

(b) Riddarhyttan represented to Agnico-Eagle that Standard Bank has delivered a fairness opinion to its board of directors and that Standard Bank has not withdrawn or adversely modified such opinion;

(c) Riddarhyttan represented to Agnico-Eagle that the board of directors of Riddarhyttan (with the exception of Eberhard Scherkus and Alain Blackburn who, although concurring with the determination and recommendation of the board of directors of Riddarhyttan and the Special Committee, abstained from voting solely due to their positions as directors, officers or significant shareholders of parties who have an interest in the Offer), upon consultation with its financial advisor, has determined that the consideration to be received under the Offer is fair to the Riddarhyttan shareholders and that it is in the best interests of Riddarhyttan and the Riddarhyttan shareholders and recommends that Riddarhyttan shareholders accept the Offer;

(d) Riddarhyttan represented to Agnico-Eagle that, after reasonable inquiry, Riddarhyttan and its board of directors believe that all of the directors and senior officers of Riddarhyttan intend to tender the Riddarhyttan Shares held by them to the Offer;

(e) Riddarhyttan agreed that, promptly upon the purchase by Agnico-Eagle of such number of Riddarhyttan Shares as represents, when aggregated with the Riddarhyttan Shares held by Agnico-Eagle on the date hereof, at least a majority of the outstanding Riddarhyttan Shares, upon the request of Agnico-Eagle, the board of directors of Riddarhyttan will convene an extraordinary general meeting of the Riddarhyttan shareholders to remove the then current directors of Riddarhyttan and elect such replacement directors as Agnico-Eagle designates;

(f) Riddarhyttan agreed that it and its subsidiaries and joint venture will not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise make, solicit, initiate or encourage enquiries from or submissions of proposals or offers from any other person, company, partnership or other business organization whatsoever (including any of its officers, employees, advisors, representatives or agents) relating to any liquidation, dissolution, recapitalization, merger, amalgamation or acquisition or purchase of all or a material portion of the assets of, or any equity interest (including Riddarhyttan Shares) in, any of Riddarhyttan or any of its subsidiaries or its joint venture or other similar transaction or business combination (each an "Acquisition Proposal"), or participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek to do any of the foregoing; provided, however, that the foregoing does not prevent the board of directors of Riddarhyttan from receiving, considering, negotiating, approving, implementing and recommending to holders of the Riddarhyttan Shares any *bona fide* written Acquisition Proposal made by a third party after May 12, 2005, for which financing, to the extent required, is then committed or capable of being obtained (as determined reasonably and in good faith by the board of directors of Riddarhyttan after consultation with the third party offeror and Riddarhyttan's financial advisors), that was not solicited on or after April 21, 2005, and which does not otherwise result from a breach of the Support Agreement, in respect of which the board of directors of Riddarhyttan determines reasonably and in good faith (after receiving a written opinion of its financial advisors stating that such Acquisition Proposal is more favourable to Riddarhyttan shareholders than the Offer, both from a financial perspective and otherwise) and after receiving the written advice from its outside legal counsel to the effect that the failure to do so would be inconsistent with the fiduciary duties of the board of directors of Riddarhyttan, would, if consummated in accordance with its terms, result in a transaction more favourable, both from a financial perspective and otherwise, to the Riddarhyttan shareholders than the Offer (any such Acquisition Proposal being referred to as a "Superior Acquisition Proposal");

(g) Riddarhyttan covenanted to have ceased and caused to be terminated any existing discussions or negotiations with any parties (other than Agnico-Eagle) with respect to any potential Acquisition Proposal, agreed not to release any third party from any confidentiality or standstill agreement to which Riddarhyttan and such third parties are party and agreed to immediately request the return or destruction of all information provided to any third party who entered into a confidentiality agreement with Riddarhyttan relating to any potential Acquisition Proposal, and to use all reasonable effort to ensure that such requests are honoured;

(h) Riddarhyttan agreed to provide notice to Agnico-Eagle of any future *bona fide* Acquisition Proposal or any request for non-public information relating to Riddarhyttan or any of its subsidiaries or its joint venture in connection with such an Acquisition Proposal;

(i) if the board of directors of Riddarhyttan receives a request for non-public information from a party who proposes to Riddarhyttan a *bona fide* Acquisition Proposal and the board of directors of Riddarhyttan determines reasonably and in good faith ((after receiving a written opinion of its financial advisors stating that such Acquisition Proposal is more favourable to Riddarhyttan shareholders than the Offer, both from a financial perspective and otherwise) and after receiving the written advice from its outside legal counsel to the effect that the failure to do so would be inconsistent with the fiduciary duties of the board of directors of Riddarhyttan) that such proposal is a Superior Acquisition Proposal, then, and only in such case, Riddarhyttan may, subject to the execution of a confidentiality and standstill agreement which is customary in such situations and which is no less favourable to Riddarhyttan and no more favourable to the counterparty than the confidentiality provisions of the confidentiality agreement dated April 26, 2005 between Riddarhyttan and Agnico-Eagle, provide such party with access to information regarding Riddarhyttan;

(j) Riddarhyttan agreed that it would not enter into any agreement pursuant to the proviso described in paragraph (i) above regarding any other Acquisition Proposal (a "Proposed Agreement") without providing Agnico-Eagle with an opportunity to amend the Support Agreement and the Offer to provide for at least equal financial terms to those included in the Proposed Agreement, as determined by the board of directors of Riddarhyttan, acting reasonably, in good faith and in accordance with its fiduciary duties, and would provide to Agnico-Eagle a copy of any Proposed Agreement, together with a written notice from the board of directors of Riddarhyttan regarding the value in financial terms that the board of directors of Riddarhyttan has, in consultation with financial advisors, determined should be ascribed to any non-cash consideration offered under the Proposed Agreement, not less than five business days prior to its proposed execution by Riddarhyttan and, in the event that Agnico-Eagle agrees to amend the Support Agreement or the Offer as provided above, not to enter into the Proposed Agreement; and

(k) Riddarhyttan agreed that, prior to the time (the "Effective Time") of the election to the board of directors of Riddarhyttan of persons designated by Agnico-Eagle who represent a majority of the directors of Riddarhyttan, it will not take certain specified actions and will, and cause each of its subsidiaries and joint venture to, conduct its business only in, not take any action except in, and maintain its facilities in, the usual, ordinary and regular course of business.

The Support Agreement may be terminated in certain circumstances prior to the Effective Time, including: (i) by mutual consent of Agnico-Eagle and Riddarhyttan; (ii) by either Agnico-Eagle or Riddarhyttan if Agnico-Eagle has not announced that all of the conditions of the Offer have been fulfilled or waived within 120 days from the declaration of effectiveness by the SEC of the Offer Document, or if filing with the SEC is not made, from the publication of the Offer Document otherwise than as a result of the breach by such party of any material covenant or obligation under the Support Agreement or as a result of any representation or warranty of such party in the Support Agreement being untrue or incorrect in any material respect; (iii) by Riddarhyttan, if an Offer has not been made through a public announcement in accordance with the rules (the "NBK Rules") of the Näringslivets Börskommitté, the Swedish Industry and

Commerce Stock Exchange Committee (the "NBK"), within five days from the signing of the Support Agreement; (iv) by Agnico-Eagle, if there is not acceptance of the Offer to such an extent that Agnico-Eagle becomes owner of more than 90% of the Riddarhyttan Shares on a fully-diluted basis or any other condition of the Offer is not satisfied or waived at the time of the expiry of the Offer and Agnico-Eagle will not elect to waive such condition or extend the Offer; or (v) by either Agnico-Eagle or Riddarhyttan, if Agnico-Eagle elects not to match a Proposed Agreement in accordance with the terms of paragraph (j) above. See "Annex A Support Agreement."

Anticipated Accounting Treatment

The acquisition of Riddarhyttan Shares acquired in the Offer will be accounted for under the purchase method of accounting in accordance with U.S. GAAP, which means that Riddarhyttan's results of operations will effectively be combined with those of Agnico-Eagle as at the date of completion of the Offer. Riddarhyttan's consolidated assets and liabilities, including identified intangible assets, will be recorded at fair market value as at the date of completion of the Offer.

THE COMBINED COMPANY

Plans Following Completion of the Offer

Planned Dividend Policy

Agnico-Eagle expects to continue its current dividend policy after the completion of the acquisition of Riddarhyttan. In 2004, Agnico-Eagle declared an annual dividend payable in 2005 of $0.03 per share, an amount unchanged from the dividend it declared in 2003 and paid in 2004. 2005 represents the 25th consecutive year that Agnico-Eagle will have paid a dividend. Although Agnico-Eagle expects to continue paying dividends, future dividends will be at the discretion of Agnico-Eagle's board of directors and will be subject to factors such as income, financial condition and capital requirements. Cash dividends to be paid to shareholders resident outside Canada will be reduced by the amount of any applicable Canadian withholding tax. See "Certain Tax Considerations Certain Canadian Federal Tax Consequences".

Agnico-Eagle maintains a dividend reinvestment plan providing holders of Agnico-Eagle Shares with the opportunity to reinvest their cash dividends in additional Agnico-Eagle Shares at 95% of the then current average market price of the Agnico-Eagle Shares (determined in accordance with the plan). Registered holders of Agnico-Eagle Shares resident in the United States or Canada may participate in the dividend reinvestment plan, and holders of Agnico-Eagle Shares resident outside the United States and Canada may participate in the plan unless prohibited by the law of the country in which they reside. Holders of Agnico-Eagle Shares resident in Sweden may not participate in Agnico-Eagle's dividend reinvestment plan due to restrictions under Swedish securities laws. Cash dividends to be reinvested for holders of Agnico-Eagle Shares resident outside of Canada will be reduced by the amount of any applicable Canadian withholding tax. See "Certain Tax Considerations Certain Canadian Federal Income Tax Consequences".

Organization and Operations

Agnico-Eagle's plans for the post-acquisition structure of the combined companies are currently under development and therefore subject to further change. It is currently anticipated that Riddarhyttan will become a subsidiary of Agnico-Eagle. It is also anticipated that the majority of operations will initially continue in their existing locations, pending the results of Agnico-Eagle's integration planning process. Agnico-Eagle does not expect that the costs of integrating its operations with the operations of Riddarhyttan will be material.

Board of Directors and Management

Upon completion of the Offer, Agnico-Eagle intends to replace the current members of Riddarhyttan's Board, other than Alain Blackburn and Eberhard Scherkus, who are officers of Agnico-Eagle, with individuals designated by Agnico-Eagle. The individuals to be designated by Agnico-Eagle have not yet been determined. Under the Support Agreement, Riddarhyttan has agreed to convene an extraordinary general meeting of the Riddarhyttan shareholders, promptly upon the purchase by Agnico-Eagle of Riddarhyttan Shares representing at least a majority of the outstanding Riddarhyttan Shares, to remove the current members of Riddarhyttan's Board and to elect replacement directors designated by Agnico-Eagle.

Agnico-Eagle intends to maintain the current management structure of Riddarhyttan in place until the integration planning process can be completed.

No director, officer or affiliate of Riddarhyttan has any special arrangement with Agnico-Eagle in respect of the Offer, including Alain Blackburn and Eberhard Scherkus, who are both officers and/or directors of Agnico-Eagle and directors of Riddarhyttan.

Further information regarding the officers and directors of Agnico-Eagle, executive compensation, share ownership and related party transactions is provided in the section entitled "Agnico-Eagle Compensation of Directors and Officers".

Share Capital and Ownership Structure

If Agnico-Eagle were to acquire all of the outstanding Riddarhyttan Shares under the Offer that it does not currently own, 10,345,583 Agnico-Eagle Shares would be issued as consideration pursuant to the Offer, representing approximately 12% of the outstanding Agnico-Eagle Shares as at May 11, 2005 and approximately 10.7% of the approximately 96,542,570 Agnico-Eagle Shares that would be outstanding after completion of the Offer.

Fidelity Management & Research Company, Fidelity Management Trust Company and Fidelity International Limited (collectively, "Fidelity") have filed reports with securities regulators stating that they collectively have control over 9,067,516 (or approximately 10.52% based on the number of Agnico-Eagle Shares outstanding as at June 3, 2005) of the Agnico-Eagle Shares and Agnico-Eagle's corporate bonds and warrants convertible into Agnico-Eagle Shares. After giving effect to the completion of the Offer, assuming that Agnico-Eagle were to acquire pursuant to the Offer all of the Riddarhyttan Shares not currently owned by Agnico-Eagle, the securities controlled by Fidelity would represent approximately 9.4% of the outstanding Agnico-Eagle Shares.

To the knowledge of the directors and senior officers of Agnico-Eagle, as of June 6, 2005, except for Fidelity and the entities listed in the table below, no other person or corporation beneficially owns or exercises control or direction over Agnico-Eagle Shares carrying more than 3% of the voting rights attached to all Agnico-Eagle Shares.

Name of Holder	**Number of Agnico-Eagle Shares Held**	**Percentage of Agnico-Eagle Shares Outstanding**
Royce & Assoc	4,462,000	5.177
Allianz Global	3,100,000	3.597
Mellon Bank NA	2,963,000	3.437

Source: Bloomberg

After giving effect to the completion of the Offer, to the knowledge of the directors and senior officers of Agnico-Eagle, the securities controlled by Royce & Assoc, Allianz Global and Mellon Bank NA would represent approximately 4.62%, 3.21% and 3.1%, respectively, of the outstanding Agnico-Eagle Shares.

Interest and Foreign Currency Policy

See "Risk Factors Risks Related to Agnico-Eagle and the Agnico-Eagle Shares Fluctuations in foreign currency exchange rates in relation to the U.S. dollar may adversely affect our results of operations".

Selected Unaudited Pro Forma Consolidated Financial Information

The selected unaudited pro forma consolidated financial information set out below is based on estimates and assumptions that are preliminary and does not purport to represent what Agnico-Eagle's results of operations or financial position actually would have been if the Offer had been consummated on the date or for the periods indicated or what such result will be for any future date or any future period. The pro forma transaction scenario is presented based upon the assumption that 100% of the outstanding shares of Riddarhyttan not already owned by Agnico-Eagle are tendered to the Offer.

The historical financial information set forth below has been derived from, and is qualified by reference to, the consolidated financial statements and notes thereto of Agnico-Eagle and Riddarhyttan, and should be read in conjunction with those financial statements and notes thereto. The consolidated financial statements of Agnico-Eagle and those of Riddarhyttan can be found elsewhere in this Offer Document. The historical financial information of Riddarhyttan was prepared in accordance with IFRS. Accordingly, the Unaudited Pro Forma Consolidated Financial Statements includes reconciling items for Riddarhyttan required to comply with U.S. GAAP.

The unaudited pro forma consolidated statements of income for the year ended December 31, 2004 and for the three months ended March 31, 2005 gives effect to the Offer and the acquisition of Riddarhyttan by Agnico-Eagle as if it had occurred on January 1, 2004. The unaudited pro forma consolidated balance sheet as at March 31, 2005 gives effect to the Offer and the acquisition of Riddarhyttan by Agnico-Eagle as if it had occurred on March 31, 2005.

The estimated purchase price, calculated as described in Note 3 to the unaudited pro forma consolidated financial statements, will be allocated to Riddarhyttan's tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the closing date of the transaction. A final determination of these fair values, which cannot be made prior to the completion of the transaction, will be based on the actual net tangible and intangible assets of Riddarhyttan that exist as of the date of the completion of the Offer. Therefore, the actual amounts recorded as of the completion of the transaction and thereafter may differ materially from the information presented herein.

The selected unaudited pro forma consolidated financial information is provided for informational purposes only and does not purport to present the consolidated financial position or results of operations of Agnico-Eagle and Riddarhyttan had the Offer and the Riddarhyttan acquisition occurred on the dates specified, nor is it necessarily indicative of the results of operations that may be expected in the future. Riddarhyttan shareholders should read this summary together with the "Unaudited Pro Forma Consolidated Financial Statements", and the accompanying notes thereto, beginning on page F-2.

Selected Unaudited Pro Forma Condensed Consolidated Statements of Income
U.S. GAAP

	For the three months ended March 31, 2005				
	Agnico-Eagle	**Riddarhyttan (as reported)**	**U.S. GAAP Adjustments**	**Pro Forma Adjustments**	**Pro Forma Consolidated**
	(thousands of U.S. dollars, except per share and per share amounts)				
Revenues from mining operations	61,766				61,766
Income before income, mining and federal taxes	10,378	(428)	(2,029)	342	8,263
Net income (loss) for the year	10,449	(428)	(2,029)	342	8,334
Net income (loss) per share basic and diluted	0.12				0.09
Weighted average number of common shares outstanding (in thousands)					
basic	86,131			10,345	96,476
diluted	86,545			10,345	96,890

	For the year ended December 31, 2004				
	Agnico-Eagle	**Riddarhyttan (as reported)**	**U.S. GAAP Adjustments**	**Pro Forma Adjustments**	**Pro Forma Consolidated**
Revenues from mining operations	188,049				188,049
Income before income, mining and federal capital taxes	46,033	(1,280)	(2,875)	440	42,318
Net income (loss) for the year	47,879	(1,280)	(2,875)	440	44,164
Net income per share basic and diluted	0.56				0.46
Weighted average number of common shares outstanding (in thousands)					
basic	85,157			10,345	95,502
diluted	85,572			10,345	95,917

Selected Unaudited Pro Forma Condensed Consolidated Balance Sheet
U.S. GAAP

	As at March 31, 2005				
	Agnico-Eagle	**Riddarhyttan (as reported)**	**U.S. GAAP Adjustments**	**Pro Forma Adjustments**	**Pro Forma Consolidated**
	(thousands of U.S. dollars)				
Total current assets	214,767	7,047			221,814
Future income and mining tax assets	52,952				52,952
Capitalized development costs		21,241	(21,241)		
Mining properties	436,402	57		182,546	619,005
Other assets	26,343			(13,331)	13,012
TOTAL ASSETS	730,464	28,345	(21,241)	169,215	906,783
Total current liabilities	29,850	1,815		6,200	37,865
Future income and mining tax liabilities	58,228			43,539	101,767
Other long term liabilities	159,501	101			159,602
TOTAL LIABILITIES	247,579	1,916		49,739	299,234
Total shareholders' equity	482,885	26,429	(21,241)	119,476	607,549
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	730,464	28,345	(21,241)	169,215	906,783

AGNICO-EAGLE

Information on Agnico-Eagle

Agnico-Eagle is an established Canadian gold producer with mining operations located in northwestern Quebec and exploration and development activities in Canada, the western United States and Northern Mexico. Agnico-Eagle's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation in 1972, Agnico-Eagle has produced over 3.5 million ounces of gold. For a definition of terms used in the following discussion, see "Glossary of Mining Terms".

Agnico-Eagle's principal operating divisions are the LaRonde Division, the Regional Development Division and the Exploration Division. The LaRonde Division consists of the LaRonde Mine and the adjacent El Coco and Terrex properties, each of which is 100% owned and operated by Agnico-Eagle. The LaRonde Mine, with its single production shaft (the "Penna Shaft"), currently accounts for all of Agnico-Eagle's gold production. Since 1988, the LaRonde Division has produced over 2.5 million ounces of gold. In March 2000, Agnico-Eagle completed the Penna Shaft at the LaRonde Mine to a depth of 7,380 feet, which Agnico-Eagle believes makes it the deepest single-lift shaft in the Western Hemisphere. Production was expanded at the LaRonde Mine to 7,000 tons of ore treated per day in October 2002. An extensive surface and underground exploratory drilling program to delineate additional mineral reserve began in 1990 and is continuing. The program successfully outlined several ore zones and a large mineral resource to the east of what was, at the time, the main production shaft. As at December 31, 2004, the LaRonde Division had established proven and probable mineral reserves of approximately 5.1 million ounces of contained gold.

Agnico-Eagle believes it is currently one of the lowest total cash cost producers in the North American gold mining industry. In 2004, Agnico-Eagle produced 271,567 ounces of gold at a total cash cost of $56 per ounce, net of revenues received from the sale of silver, zinc and copper by-products. For 2005, Agnico-Eagle expects to produce 270,000 ounces of gold at an expected total cash cost per ounce of gold produced of less than $100. These expected increased costs compared to 2004 are due to lower assumed by-product metals prices than those realized in 2004 and a reduction in the contribution of foreign exchange hedging activities. Agnico-Eagle has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production. See "Notice to Riddarhyttan Shareholders Resident in the United States Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Measured and Indicated Resources" and "Notice to Riddarhyttan Shareholders Resident in the United States Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Inferred Resources".

Agnico-Eagle's strategy is to focus on the continued exploration, development and expansion of its properties in the Abitibi region of northwestern Quebec in which the LaRonde Mine is situated, with a view to increasing annual gold production and gold mineral reserve. Agnico-Eagle also pursues opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas or Europe. Other than the transaction contemplated in this Offer Document and the option agreement with Industriás Penolés S.A. de C.V. ("Penolés"), which is described below, Agnico-Eagle has no other commitments or agreements with respect to any other material acquisitions.

Agnico-Eagle's Regional Development Division focuses on the development and management of Agnico-Eagle's advanced projects in the Abitibi region. The Regional Development Division currently is responsible for Agnico-Eagle's operations in respect of the Lapa, Goldex, Bousquet, Ellison and LaRonde II projects.

Agnico-Eagle's Exploration Division focuses primarily on the identification of new mineral reserve, mineral resource and development opportunities in the proven producing regions of Canada, with a particular emphasis on northwestern Quebec. Agnico-Eagle currently directly manages exploration on 56 properties in central and eastern Canada and the western United States, including properties acquired from Contact Diamond Corporation (formerly Sudbury Contact Mines Limited) ("Contact Diamond") in September 2004. Agnico-Eagle's Reno, Nevada exploration office, acquired in that transaction, is focused on evaluating exploration opportunities in the western United States and northern Mexico.

In the first quarter of 2005, Agnico-Eagle entered into an option agreement with Penoles to acquire the Pinos Altos project in northern Mexico. The Pinos Altos project is located on a 27,000-acre property in the Sierra Madre gold belt, 170 miles west of the city of Chihuahua in northern Mexico. Under the terms of the option agreement, Agnico-Eagle will spend $2.8 million on a 55,000-foot diamond-drilling program over the five months after executing the option agreement (subject to extension in certain events). After the completion of the five-month drilling program, Agnico-Eagle will have a two-month period in which to acquire Penoles' 100% interest in the project. If Agnico-Eagle exercises its option to purchase the Pinos Altos project, the purchase price will be approximately $65 million, which will be comprised of $39 million in cash and 1,809,350 shares of Agnico-Eagle.

History and Development of Agnico-Eagle

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

On December 19, 1989, Agnico-Eagle acquired the remaining 57% interest in Dumagami Mines Limited not already owned by it as a consequence of the amalgamation of Dumagami Mines Limited with a wholly-owned subsidiary of Agnico-Eagle, to continue as one company under the name Dumagami Mines Inc. On December 29, 1992, Dumagami Mines Inc. transferred all of its property and assets, including the LaRonde Mine, to Agnico-Eagle and was subsequently dissolved. On December 8, 1993, Agnico-Eagle acquired the remaining 46.3% interest in Goldex Mines Limited not already owned by it, as a consequence of the amalgamation of Goldex Mines Limited with a wholly-owned subsidiary of Agnico-Eagle, to continue as one company under the name Goldex Mines Limited. On January 1, 1996, Agnico-Eagle amalgamated with two wholly-owned subsidiaries, including Goldex Mines Limited.

In October 2001, pursuant to a plan of arrangement, Agnico-Eagle amalgamated with an associated corporation, Mentor Exploration and Development Co., Limited. In connection with the arrangement, Agnico-Eagle issued 369,348 Agnico-Eagle Shares in consideration for the acquisition of all of the issued and outstanding shares of Mentor Exploration and Development Co., Limited that it did not already own.

Effective February 11, 1999, two subsidiaries of Agnico-Eagle, Sudbury Contact Mines, Limited and Silver Century Explorations Ltd., amalgamated pursuant to a court-approved plan of arrangement to form Contact Diamond. Agnico-Eagle owns approximately 44% of the voting equity of Contact Diamond. Contact Diamond is an exploration stage mining and development company with diamond properties in Ontario, Quebec, Nunavut and the Northwest Territories. Contact Diamond is incorporated under the laws of the Province of Ontario and is listed on the TSX.

Agnico-Eagle's executive and registered office is located at Suite 500, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7; telephone number (416) 947-1212; website: http://www.agnico-eagle.com. The information contained on the website is not part of this offer document.

Business Overview

Agnico-Eagle believes that it has a number of key operating strengths that provide distinct competitive advantages.

First, Agnico-Eagle and its predecessors have over three decades of continuous gold production, experience and expertise in metals mining. Agnico-Eagle's operations are located in areas that are supportive of the mining industry. These operations are concentrated in areas among North America's principal gold-producing regions.

Second, Agnico-Eagle believes that it is one of the lowest total cash cost producers in the North American gold mining industry with total cash costs per ounce of gold produced at $56 for 2004. Agnico-Eagle has achieved significant improvements in these measures through the strength of its by-product revenue, economies of scale afforded by its large single shaft mine and its dedication to cost-efficient mining operations. In addition, Agnico-Eagle believes that its highly motivated work force contributes significantly to continued operational improvements and to Agnico-Eagle's low cost producer status. For 2005, Agnico-Eagle expects total cash cost per ounce of gold produced of less than $100 due to assumed lower prices of the by-product metals than those realized in 2004 and the reduction in the contribution of foreign exchange derivatives.

Third, Agnico-Eagle's existing operations at the LaRonde Division provide a sound economic base for additional mineral reserve and production development at the property and in the Abitibi region of northwestern Quebec. The experience gained through building and operating the LaRonde Mine, along with the LaRonde Mine's extensive infrastructure, are expected to support the development of new projects in the region including the Lapa property, the Goldex property and the development project at LaRonde to access Agnico-Eagle's mineral resource base located outside of the Penna Shaft infrastructure (the "LaRonde II" project).

Fourth, Agnico-Eagle's senior management team has an average of 16 years of operating and exploration experience in the mining industry. Management's significant experience has been instrumental in Agnico-Eagle's historical growth and provides a solid base upon which to expand Agnico-Eagle's operations. The geological knowledge that management has gained through its years of experience in mining and developing the LaRonde Division is expected to benefit Agnico-Eagle's current expansion program in the region.

Agnico-Eagle believes it can benefit not only from the existing infrastructure at its mines, but also from geological knowledge that it has gained in mining and developing its properties. Agnico-Eagle plans to capitalize on its mining expertise to exploit fully the potential of its properties. Agnico-Eagle's goal is to apply the proven operating principles of the LaRonde Division to each of its existing and future properties.

Agnico-Eagle focuses its resources and efforts on the exploration and development of its properties in the Abitibi region of northwestern Quebec, including the LaRonde II project, the Lapa property, the Goldex property and the LaRonde Mine with a view to increasing annual gold production and gold mineral reserve. At the end of 2004, LaRonde's proven and probable gold mineral reserves on contained gold basis were essentially unchanged from 2003, including replacement of 292,858 ounces of gold mined (before mill recoveries and smelter charges). As a result, the LaRonde Division's current proven and probable mineral reserve is estimated to contain approximately 5.1 million ounces of gold, 63.4 million ounces of silver, 2.1 billion pounds of zinc and 276.7 million pounds of copper. The underground workings at the Penna Shaft provide a base from which Agnico-Eagle conducted its drilling program of 161,000 feet in 2004 and will conduct an estimated 174,000 feet of drilling in 2005.

Agnico-Eagle's growth strategy includes pursuing the expansion of its development base through the acquisition of additional properties in the Americas and Europe. Historically, Agnico-Eagle's producing properties have resulted from a combination of investments in early-stage exploration companies and primary exploration activities. By investing in early-stage exploration companies, Agnico-Eagle has been able to acquire control of exploration properties at favourable prices. Agnico-Eagle's approach to property acquisition has evolved to include joint ventures and partnerships and the acquisition of producing properties and, more recently, has evolved to include consideration of properties outside of Canada and the United States. Agnico-Eagle currently considers opportunities to acquire development and producing properties in the Americas and Europe.

Agnico-Eagle mitigates the likelihood and potential severity of the various risks it encounters in its day-to-day operations through the application of the highest standards in the planning, construction and operation of mining facilities. In addition, emphasis is placed on hiring and retaining competent personnel and developing their skills through training in safety and loss control. Agnico-Eagle's operating and technical personnel have a solid track record of developing and operating precious metal mines and the LaRonde Mine has been recognized for its excellence in this regard with various safety and development awards.

Agnico-Eagle also mitigates some of Agnico-Eagle's normal business risk through the purchase of insurance coverage. An Insurable Risk Management Policy, approved by the board of directors, governs the purchase of insurance coverage and only permits the purchase of coverage from insurance companies of the highest credit quality. For a more complete list of the risk factors affecting Agnico-Eagle, see "Risk Factors".

Mining Legislation and Regulation

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

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

In Quebec, mining rights are governed by *Mining Act* (Quebec). In 1966, the mining concession system set out for Crown lands containing mineralized zones by the *Mining Act* (Quebec) was replaced by a system of claims and mining leases. A claim entitles its holder to explore for minerals on the subject land. It remains in force for a term of two years from the date it is registered and may be renewed indefinitely subject to continued exploration works in relation thereto. A mining lease entitles its holder to mine and remove valuable mineral substances from the subject land. Leases are granted initially for a term of 20 years and are renewable up to three times, each renewal for a duration of 10 years.

Agnico-Eagle believes it holds all necessary claims, mining leases and environmental permits necessary for its mining operations and is reliant on these claims, leases and permits for its continued operations. Agnico-Eagle is currently unaware of any issues that would affect the validity of its claims, mining leases and environmental permits in the near future.

Organizational Structure

Agnico-Eagle's only significant associate is Contact Diamond, a public company listed on the TSX under the symbol "CO". Agnico-Eagle has an approximate 44% interest in Contact Diamond. Contact Diamond is an exploration and development company with diamond properties in Ontario, Quebec, Nunavut and the Northwest Territories. Contact Diamond is a corporation incorporated under the laws of the Province of Ontario. Historically and until August 31, 2003 Contact Diamond had been a subsidiary of Agnico-Eagle. However in 2003, through a series of equity financings, Contact Diamond became more financially independent and Agnico-Eagle's ownership was diluted to less than 50%. Accordingly, Agnico-Eagle no longer had a controlling financial interest in Contact Diamond and therefore ceased consolidating Contact Diamond's operations with its own. Agnico-Eagle now uses the equity method to account for its interest in Contact Diamond. Each member of Contact Diamond's management team (other than Matthew Manson, its recently appointed President and Chief Operating Officer and Graham Long, its recently appointed Vice-President, Exploration, a former employee of Agnico-Eagle) is also a member of the management team of Agnico-Eagle, three of its directors are also directors of Agnico-Eagle (including two directors of Agnico-Eagle who are also officers of Agnico-Eagle), and one of its directors is also an officer of Agnico-Eagle. In total, three of the five officers of Agnico-Eagle are also officers of Contact Diamond. Agnico-Eagle does not have any significant subsidiaries.

Property, Plant and Equipment

LaRonde Division Property

Agnico-Eagle's LaRonde Division consists of the LaRonde property, currently Agnico-Eagle's only material property, and the adjacent El Coco and Terrex properties (collectively the "LaRonde Mine"), each of which is 100% owned and operated by Agnico-Eagle. The LaRonde Mine is situated approximately 35 miles west of the City of Val d'Or in northwestern Quebec (approximately 400 miles northwest of Montreal, Canada) in the municipalities of Preissac and Cadillac. The LaRonde Mine can be accessed from either Val d'Or or Rouyn-Noranda, which is approximately 35 miles west of the LaRonde Mine, via Quebec provincial highway No. 117. The Rouyn-Noranda municipal airport is located approximately 25 miles west of the LaRonde Mine, via highway No. 117. The LaRonde Mine is situated approximately 1.2 miles north of highway No. 117 on Quebec regional highway No. 395. Agnico-Eagle has access to the Canadian National Railway at Cadillac, Quebec, roughly four miles from the LaRonde Mine.

Location Map of Agnico-Eagle LaRonde Division

The LaRonde Mine is located in the Abitibi region of northwestern Quebec, a region characterized by its availability of experienced mining personnel. The elevation is 1,106 feet above sea level. All of the LaRonde Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. Water used in the LaRonde Mine's operations is sourced from Lac Preissac and is transported approximately 2.5 miles to the minesite through a surface pipeline. Agnico-Eagle's productivity is not reliant on any one supplier of inputs. The climate of the region is continental and the average annual rainfall is 25 inches and the average annual snowfall is 125 inches. The average monthly temperatures range from a minimum of 23 degrees Celsius in January to a maximum of 23 degrees Celsius in July. Under normal circumstances, mining operations are conducted year round without interruption due to weather conditions. However, in 2002 high underground temperatures due to extreme summer heat caused delay in development activity in lower portions of the mine.

The LaRonde Mine operates under mining leases obtained from the Quebec Ministry of Natural Resources and under certificates of approval granted by the Quebec Ministry of the Environment. The

LaRonde property consists of 35 contiguous mining claims and two provincial mining leases and covers in total approximately 2,785 acres. The El Coco property consists of 22 contiguous mining claims and a portion of one of the LaRonde provincial mining leases and covers in total approximately 888 acres. The Terrex property consists of 20 mining claims that cover in total approximately 1,009 acres. In Quebec, in order to retain title to mining claims, in addition to paying a small bi-annual rental fee, exploration work (or an equivalent value cash payment) has to be completed in advance (either on the claim or on adjacent claims) and filed with the Quebec Ministry of Natural Resources. The amount of exploration work (and bi-annual rental fee) required bi-annually ranges from $500 to $2,500 per claim (the rate is fixed by Quebec Government regulations). The mining leases on the LaRonde property and on the LaRonde and El Coco properties expire in 2008 and 2021, respectively, and are automatically renewable for three further ten-year terms on payment of a small fee.

The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, treatment plant, secondary crusher building and related facilities. The El Coco property was acquired from Barrick Gold Corporation ("Barrick") in June 1999 and is subject to a 50% net profits interest in future production from approximately 500 meters (1,640 feet) east of the LaRonde property boundary. The remaining 1,500 meters (4,921 feet) is subject to a 4% net smelter return royalty. This area of the property is now substantially mined out and therefore Agnico-Eagle did not pay royalties in 2004 and does not expect to pay royalties in 2005. In 2003, exploration work started to extend outside of the LaRonde property on to the Terrex property where a down plunge extension of the 20 North gold zone was discovered. The Terrex property is subject to a 5% net profits royalty to Delfer Gold Mines Inc., a 1% of the net smelter return royalty to Breakwater Resources Ltd. and a 2% of the net smelter return royalty to Barrick. In addition, Agnico-Eagle owns 100% of the Sphinx property immediately to the east of the El Coco property.

Mining and Milling Facilities

The LaRonde Mine was originally developed utilizing a 3,961 foot shaft (Shaft #1) and an underground ramp access system. The ramp access system is available down to the 25th Level of Shaft #1 and then continues down to Level 167 at the Penna Shaft. The mineral reserve accessible from Shaft #1 was depleted in September 2000. Shaft #1 is currently being used as a second escape way and provides services for the Penna Shaft (i.e. ventilation, compressed air, water). A second production shaft (Shaft #2), located 4,000 feet to the east of Shaft #1, was completed in 1994 down to a depth of 1,722 feet and was used to mine Zones #6 and #7. Both ore zones were depleted in March 2000 and the workings were allowed to flood up to the 6th Level. A third shaft (the Penna Shaft) located approximately 1,640 feet to the east of Shaft #1, was completed down to a depth of 7,380 feet in March 2000. The Penna Shaft is used to mine Zones 20 North, 20 South, 7 and 6.

Four mining methods have historically been used at the LaRonde Mine: open pit for the two surface deposits, sublevel retreat, longitudinal retreat with cemented backfill, and transverse open stoping with both cemented and unconsolidated backfill. The primary source of ore at the LaRonde Mine continues to be from underground mining methods. During 2004, two methods were used: longitudinal retreat with cemented backfill and transverse open stoping with both cemented and unconsolidated backfill. In the underground mine, sublevels are driven at 100 foot and 130 foot intervals, depending on the depth. Stopes are undercut in 45-foot panels. In the longitudinal method, panels are mined in 45-foot sections and backfilled with 100% cemented rock fill or paste fill. In the transverse open stoping method, 50% of the ore is mined in the first pass and filled with cemented rock fill or paste fill from the paste backfill plant completed two years ago located on the surface at the milling facility. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or paste fill.

Currently, water is treated at various facilities at the LaRonde Division. Prior to the water entering the tailings pond system, cyanide is removed at a cyanide destruction facility using a sulphur dioxide (Inco) process. A secondary treatment plant located between the #1 and #2 polishing ponds uses a peroxysilica process to complete the cyanide destruction process. In addition, water with higher than permissible acidity is treated by lime in the mill complex prior to being released to the environment. In the first quarter of 2004, in response to revised Federal mining effluent regulations, Agnico-Eagle completed and commissioned a new water treatment plant that will reduce tailing effluent toxicity immediately prior to discharge. The plant uses a biological treatment process. Prior to the completion of the water treatment plant, Agnico-Eagle retained excess water in its tailing pond complex. At the end of March 2004 treated water released from the plant successfully passed a toxicity test. The flow rate is steadily being increased as the biomass continues to build up. In 2004, high water levels at the tailings pond at LaRonde caused by above average rainfall and overcast conditions were mitigated by a discharge of slightly toxic water into the environment that was permitted by the Quebec Ministère de l'Environnement. Also, Agnico-Eagle installed a coffer dam in the tailings pond to provide extra capacity. In 2004, Agnico-Eagle initiated construction on a second phase expansion of the water treatment plant and to further increase treatment capacity. Second phase construction was completed in December 2004 and the second phase of the plant is expected to be fully commissioned in the second quarter of 2005. Estimated expenditures for this second phase expansion are $4.2 million.

Tailings are stored in tailings ponds covering an area of approximately 293 acres and waste rock is stored in two waste rock piles with a combined volume of approximately 50.4 million cubic feet. Agnico-Eagle holds mining claims to the northeast, to the east and to the southeast of the tailings ponds that would allow expansion of the tailings ponds and the establishment of additional waste disposal areas.

Surface facilities at the LaRonde Mine include a 7,000 tons of ore treated per day milling complex, which has been expanded three times from the original 2,000 tons of ore treated per day rate. The expansion to 7,000 tons per day was completed in October 2002. This expansion consisted of additions to the grinding and precious metals circuits and modifications to the copper and zinc flotation circuits. An ore handling system was completed at the end of 1999. It included a truck dump linked by a new conveyor gallery to a 5,000-ton coarse ore bin. The coarse ore bin feeds a semi-autogenous (SAG) mill that was installed at the end of 1999. Ore from the Penna Shaft is transported to the ore handling facility by 35-ton trucks.

The milling complex consists of a grinding, gravity, copper flotation, zinc flotation, and a precious metals recovery circuit and refinery. A copper concentrate containing approximately 75% of the gold and by product silver and copper is recovered. The zinc flotation circuit produces a zinc concentrate containing approximately 5% of the gold. The remaining 20% is recovered by the precious metals circuit including a new refinery using the Merrill Crowe process and shipped as doré bars. Both the zinc and copper flotation circuits consist of a series of column and mechanical cells that sequentially increase the zinc concentrate and copper concentrate quality. In 2004, zinc recoveries averaged 83.5% and zinc concentrate quality averaged over 54.23% zinc. In 2004, copper recoveries averaged 78.9% and copper concentrate quality averaged 17.1% for the year.

Since commercial production began in 1988, gold recoveries have averaged over 92%. During 2004, gold recoveries averaged approximately 91.5%. In 2004, silver recoveries averaged 86.5%. During 2004, the mill processed approximately 3.0 million tons of ore, averaging approximately 8,137 tons of ore treated per day and operating over 93.8% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.977 million tons of ore extracted by Agnico-Eagle at the LaRonde Division in 2004.

	Head Grades	Copper Concentrate (84,827 tons produced)		Zinc Concentrate (184,397 tons produced)		Doré Produced	Overall Metal Recoveries	Payable Production (000s)
		Grade	Recovery	Grade	Recovery			
Gold	0.10 oz/t	2.15 oz/t	61.50%	0.30 oz/t	8.99%	59,000 oz	91.49%	271.6 oz
Silver	2.51 oz/t	44.76 oz/t	51.00%	15.00 oz/t	15.00%	1,070,000 oz	86.50%	5,699 oz
Zinc	4.03%	7.53%		54.23%	83.50%		83.50%	167,282 lbs
Copper	0.54%	14.85%	78.90%				78.90%	22,816 lbs

Development

In 2004, development was focused on preparing mining blocks well in advance of their planned production to mitigate the impact of any unforeseen development delays on production. In 2004, Agnico-Eagle initiated ramp development construction between Level 215, the lowest producing level of the LaRonde Mine, and Level 236 in order to establish a new mining horizon for production on this lower level.

The ramp development to Level 224 was completed in the second quarter of 2005 and Agnico-Eagle expects that the first mining blocks on Level 221 should be ready for mining by the third quarter of 2005. Ramp development to Level 236 is expected to be completed in the third quarter of 2006. Also construction will continue on a ramp between the upper and lower mining horizons of the Penna Shaft that will provide Agnico-Eagle with continuous ramp access from the surface to Level 236. Agnico-Eagle expects to complete this ramp development program in mid 2005.

In 2004, development crews focused on continuing the Level 215 drift to the west as drilling from this level is pivotal to Agnico-Eagle's ongoing testing of Zone 20 North at depth and to the west. At December 31, 2004, development activity had reached 722 feet to the west of the boundary between the LaRonde and Bousquet properties. The exploration drift was extended an additional 590 feet during 2005.

Geology and Diamond-Drilling

Geologically, the LaRonde Mine property is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake fault zone marking the contact between the Abitibi and the Pontiac sub-provinces, located approximately 1.2 miles to the south of the LaRonde property.

The geology that underlies the LaRonde Mine consists of three east-west trending, steeply south dipping and generally southward facing regional lithological units (geological Groups). The units are, from north to south: (i) 1,200 feet of the Kewagama Group which is made up of thick band of interbedded wacke; (ii) 5,000 feet of the Blake River Group, a volcanic assemblage which hosts all the known economic mineralisation on the property; and (iii) 1,800 feet of the Cadillac Group, made up of thick band of wacke interbedded with pelitic schist and minor iron formation.

Zones of strong sericite and chlorite alterations, which enclose massive to disseminated sulphide mineralization (in which gold, silver, copper and zinc are mined at the LaRonde Mine) follow steeply dipping, east-west trending, anastomosing shear zone structures within the Blake River Group volcanic units from east to west across the property. These shear zones comprise a larger structure, the Doyon-Dumagami Structural Zone, which hosts several important gold occurrences (including the Doyon gold mine and the former Bousquet mines) and has been traced for over 6 miles within the Blake River Group from the LaRonde Division property westward to the Mouska gold mine.

The gold bearing zones at the LaRonde Division are lens-shaped aggregates of disseminated, stringer through to massive, aggregates of coarse pyrite with a copper, zinc and silver content. Ten zones that vary in size from 50,000 to 40,000,000 tons have been identified, of which eight are believed to be economic. Gold content is not proportional to the total sulphide content but does increase with copper content. Gold values are also enhanced where closely spaced north-south fractures cut the pyrite lenses.

These historical relationships are maintained at the Penna Shaft zones. The zinc-silver (i.e. Zone 20 North) mineralization, which is common in the upper Penna Shaft area and contains lower gold values, grades into gold-copper mineralization at depth. North-south fractures have been noted in the Penna Shaft underground development along with the associated gold value enhancement.

The copper mineral that is present at the Penna Shaft is chalcopyrite while the predominant zinc mineral is sphalerite.

Compared to the mineral reserve estimate as of December 31, 2003, on a tonnage basis, the LaRonde Division's combined proven and probable mineral reserve decreased by 2.1% to 40.7 million tons in 2004. The 40.7 million tons of mineral reserves includes the replacement of 3.0 million tons that were mined in 2004. Agnico-Eagle's ability to sustain its level of proven and probable mineral reserve was primarily due to continued successful exploration results at depth.

In 2004, drilling targeted continued definition of Zone 20 North, Zone 7 and Zone 20 South and testing the extension of Zone 20 North at depth and to the west (the LaRonde II exploration program).

In 2004, one focus of the LaRonde II Project exploration program was testing Zone 20 North at depth and to the west. The exploration program was expanded in 2004 when the property boundary constraints were removed with Agnico-Eagle's acquisition of the Bousquet and Terrex properties in 2003. In 2004, other goals of the exploration program were to continue the conversion of mineral resource to mineral reserve at depth in the Zone 20 North portion of LaRonde II, to confirm potential higher grade core at depth, to define the recently discovered polymetallic zone at depth to the west and to test for the extension of Zone 20 South at depth and to the west. The results of the exploration program will be incorporated into the LaRonde II pre-feasibility study that Agnico-Eagle expects to complete by the third quarter of 2005. A summary of the diamond drilling completed on the LaRonde Mine property is set out below:

	Number of Holes Drilled		**Feet Drilled**	
LaRonde Target for Diamond Drilling	**2003**	**2004**	**2003**	**2004**
Production Stope Delineation	218	180	43,285	35,880
Definition	84	54	50,479	24,852
Deep Exploration (LaRonde II, Zone 20 North)	41	41	69,171	98,749
TOTAL	343	275	162,935	159,481

The combined cost of the diamond drilling at the LaRonde Mine was approximately $2.2 million in 2004 (including $ 0.6 million in definition drilling expenses charged to operating costs at the LaRonde Mine and also the cost of the Level 215 exploration drift and services). The total cost of exploration incurred since production started at the LaRonde Mine in 1988 is estimated to be over C$58.4 million. Expenditures on exploration and studies for LaRonde II (Zone 20 North at depth) were $3.9 million in 2004 and is expected to be $2.2 million in 2005.

Zone 20 North has developed into what Agnico-Eagle believes is one of the largest gold bearing massive sulphide mineralized zones known in the world and one of the largest mineralized zones known in the Abitibi region of Ontario and Quebec. The following table summarizes Zone 20 North's contribution to the LaRonde Mine's mineral reserve:

	Proven and Probable Mineral Reserves
Total LaRonde Property	40,713,000 tons
Zone 20 North	38,202,000 tons

The following tables summarizes Zone 20 North's contribution to the LaRonde Mine's mineral resources (see "Notice to Riddarhyttan Shareholders Resident in the United States Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Measured and Indicated Resources" and "Notice to Riddarhyttan Shareholders Resident in the United States Cautionary Note to Riddarhyttan Shareholders Concerning Estimates of Inferred Resources"):

	Measured and Indicated Mineral Resources
Total LaRonde Property	3,972,000 tons
Zone 20 North	3,212,000 tons

	Inferred Mineral Resource
Total LaRonde Property	10,831,000 tons
Zone 20 North	10,060,000 tons

Zone 20 North initially occurs at a depth of 2,200 feet below surface and has been traced down to a depth of 10,300 feet below surface. With increased access on the lower levels of the mine (i.e., Levels 170, 194, 215 and 218), the transformation from a "zinc/silver" ore body to a "gold/copper" deposit continued during 2004. Most of the definition drilling was conducted from Levels 194 and 215. In 2004, deep

exploration drilling for the LaRonde II Project was principally conducted from Level 215, the deepest exploration drift at the Penna Shaft.

Zone 20 North can be divided into an upper zinc/silver-enriched zone and a lower gold/copper-enriched zone. The zinc zone has been traced over a vertical distance of 5,600 feet and a horizontal distance of 1,900 feet, with thicknesses approaching 125 feet. The gold zone has been traced over a vertical distance of over 7,200 feet and a horizontal distance of 2,000 feet, with thicknesses varying from 20 feet to 100 feet. The zinc zone consists of massive zinc/silver mineralization containing 50% to 90% massive pyrite and 10% to 50% massive light brown sphalerite. The gold zone mineralization consists of 30% to 70% finely disseminated to massive pyrite containing 1% to 10% chalcopyrite veinlets, minor disseminated sphalerite and rare specks of visible gold. Gold grades are generally related to the chalcopyrite or copper content. This is the same historical relationship noted at Shaft #1's Main Zone. At depth, the massive sulphide lens becomes richer in gold and copper. During 2004, 2.9 million tons of ore grading 0.10 ounces of gold per ton, 2.6 ounces of silver per ton, 0.55% copper and 4.3% zinc were mined from Zone 20 North.

While drilling results in 2004 continued to delineate and increase the size of the gold ore body at depth, one of the most significant results of the year was obtained from drill hole 3215-68A. The drill hole intersected the following values:

		Interval (ft)					
Drill Hole	**True Thickness (ft)**	**From**	**To**	**Gold (oz/ton) Cut (1.5 oz)**	**Silver (oz/ton)**	**Copper (%)**	**Zinc (%)**
3215-68A	45.9	4,160.0	4,245.0	0.19	2.21	0.61	1.87

The result is significant because it indicates a reoccurrence of massive sulphide bands with up to 15% chalcopyrite mineralization and significant zinc values in an area deep and to the west of the Penna Shaft, on the recently acquired Terrex property. Additional drill intercepts completed in this sector in 2004, including drill holes 3215-85A and 3215-95, which confirmed the presence of this new polymetallic massive sulphide zone. The results are summarized below:

Drill Hole	**True Thickness (ft)**	**From**	**To**	**Gold (oz/ton) Cut (1.5 oz)**	**Silver (oz/ton)**	**Copper (%)**	**Zinc (%)**
3215-85D	12.1	3,784.1	3,800.2	0.26	1.95	0.37	9.66
Uncut	12.1	3,784.1	3,800.2	0.59	1.95	0.37	9.66
3215-95	40.7	3,103.6	3,152.2	0.22	1.60	0.52	6.26
Uncut	40.7	3,103.6	3,152.2	0.26	1.60	0.52	6.26

The most significant result was obtained in drill hole 3215-95, which is the third hole to confirm the existence of a higher grade polymetallic zone at depth. The intercept, located at a depth of 9,339 feet and approximately 3,700 feet to the west of the Penna Shaft, straddles the boundary of the LaRonde and Terrex properties. The intersection consisted of 30% to 90% massive pyrite with occurrences of sphalerite and chalcopyrite hosted by a siliceous matrix. Visible gold was noted in a quartz vein. The vein graded 2.55 ounces of gold (uncut) over an interval of 2.1 feet. With the most recent results, the polymetallic zone has been traced over a length of approximately 1,500 feet and a vertical height of 500 feet.

Another significant result was obtained in drill hole 3215-85A, located approximately 1,000 feet west of 3215-68A, which intersected strong alteration but no significant gold values; this result appears to indicate that drilling has reached the western limit of Zone 20 North at a depth of approximately 10,000 feet.

These results will be used in the preparation of Agnico-Eagle's deep mining pre-feasibility study that is expected to be completed in the third quarter of 2005.

Agnico-Eagle currently controls almost 20 miles along this belt both east and west of the LaRonde Mine, much of which remains unexplored. Access to a portion of this property holding provided by the LaRonde Mine's underground infrastructure will facilitate further exploration.

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

Zone 20 South is located approximately 400 feet south of Zone 20 North. It consists of at least two known disseminated to massive sulphide gold/copper/zinc-bearing lenses made up of 80% to 90% pyrite, 5% to 10% sphalerite and 1% to 3% chalcopyrite. The Zone 20 South horizon has been traced over a vertical distance of 5,300 feet and a horizontal distance of 400 feet, with a mineralized thickness varying from 10 feet to 40 feet. The El Coco property contains the eastern extension of Zone 20 South. The current mineral reserve position on Zone 20 South on the LaRonde property is 178,000 ounces and on the El Coco property is negligible (180 ounces). In 2004, approximately 38,000 tons grading 0.12 ounces of gold per ton were mined from Zone 20 South on the LaRonde property and over 23,000 tons grading 0.20 ounces of gold per ton were mined from Zone 20 South on the El Coco property.

Most of the current reserves for Zone 20 South (almost 164,000 ounces of gold) are located in the lower mine area. Mineralization of Zone 20 South in this lower area of the Penna Shaft appears to be very similar to what was initially encountered in Zone 20 South near Level 146 where the mineralization is narrow, high-grade but more difficult to define. Additional high-grade gold mineralization at depth could have a significant impact on the long-term mine plan. High grade mineralization just above Level 215 has not yet been factored into the long-term mine plan.

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

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

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

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

- Mineralization is continuous down to Level 154 (5,050 feet below surface). Economic mineralization reoccurs at the Level 170 horizon (5,600 feet below surface) and is open at depth. Mineralization has been traced to a depth of 7,800 feet.

- Zone 20 South will require significantly more delineation drilling. Zone 20 South will be drilled from the Level 215 exploration drift, resulting in shorter drill holes and significantly tighter drill spacing.

In 2004, 23 drill holes were completed in Zone 20 South below Level 215. The results were highly erratic and generally poor. While additional drilling will be conducted in 2005, the current results do not justify an economic evaluation.

The 2004 drilling program continued testing Zone 20 North at depth and to the west and will continue upper and lower mine delineation drilling. In addition to drilling conducted from the LaRonde Mine infrastructure, drilling was also conducted in 2004 using the underground infrastructure available from Agnico-Eagle's recently acquired Bousquet property. For 2004, three main areas of drilling were conducted including testing potential extensions of mineralization at depth on the Ellison property from the 9th Level and drilling from bottom of the Bousquet Shaft to probe the results at depth encountered in Drill Hole 3215-68A, intersected from LaRonde's Level 215 exploration drift.

Capital Projects and Expansion

Expenditures on the expansion of the LaRonde Mine and exploration and development in the surrounding region in the last three fiscal years were $53 million, $44 million and $63 million, respectively. The 2004 expenditures include $31 million of capital expenditures at the LaRonde Mine, $8 million at the LaRonde II project, $8 million for the development of the Lapa property, $4 million for the development of the Goldex property, and $2 million for the exploration of properties in the surrounding region.

In 2004, Agnico-Eagle commissioned a water treatment plant that reduces tailing effluent toxicity immediately prior to discharge. Agnico-Eagle has initiated construction on a second phase expansion of the water treatment plant to further increase treatment capacity, which was completed in December 2004 and is expected to be fully commissioned in the second quarter of 2005. In 2004, Agnico-Eagle initiated ramp development between Level 215 and Level 236. Agnico-Eagle expects to complete this development and ramp construction between the upper and lower mining horizons at the Penna Shaft in the third quarter of 2005.

The regional development team will continue to evaluate the development project at LaRonde II, Agnico-Eagle's mineral resource base located outside of the Penna Shaft infrastructure. In 2004, Agnico-Eagle continued the deep drilling program from the Level 215 drift and the bottom of the Bousquet Shaft to incorporate those results into a pre-feasibility study which is expected to be completed in mid 2005. In connection with the preparation of this feasibility study, the development team is also refining studies of the technical and risk issues associated with deep mining.

Agnico-Eagle made capital expenditures of $53 million in 2004, $22 million more than originally budgeted, with the increase primarily due to the commencement of underground programs at Lapa and Goldex projects (see "   Lapa Project" and "   Goldex Project"). Budgeted 2005 exploration and capital expenditures of $41 million consist of $14 million of sustaining capital expenditures at the LaRonde Mine, $13 million on projects relating to LaRonde II, $12 million on the Lapa property and $2 million on the bulk sample and engineering projects at the Goldex property. During 2005, Agnico-Eagle plans exploration expenditures on grassroots exploration projects of approximately $10 million. The financing for these expenditures is expected to be from internally generated cash flow from operations and from Agnico-Eagle's existing cash balances. Depending on the success of the exploration programs at this and other properties, Agnico-Eagle may be required to make additional capital expenditures for exploration, development and pre-production. There can be no assurance that Agnico-Eagle will not revise its anticipated capital expenditure program.

Discussion of Mineral Reserves and Mineral Resources

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

The information set forth below with respect to the mineral reserves and resources at the LaRonde Division, Bousquet, Ellison, Goldex and Lapa properties has been prepared in accordance with the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("National Instrument 43-101"). The criteria set forth in National Instrument 43-101 are similar to the reserve definitions and guidelines for classification of mineral resource used by the SEC's Industry Guide No. 7. However, the definitions in National Instrument 43-101 differ in certain respects from the definitions set forth in the SEC's Industry Guide No. 7 concerning mining operations. Agnico-Eagle's mineral reserve estimate was derived from internally generated data or audited reports.

Agnico-Eagle's Manager, Project Evaluations, Marc H. Legault, P.Eng, a "qualified person" under National Instrument 43-101, has supervised the preparation of and verified the information that forms the basis for the scientific and technical information in this offer document. The following qualified persons are responsible for the preparation of the mineral reserve and resource estimates on the properties set out below:

Property	Qualified person responsible for mineral reserve estimates
LaRonde Division	Guy Gosselin, Ing., P.Geo., Chief Geologist, LaRonde Division
Bousquet and Ellison	Normand Bedard, P.Geo., Senior Geologist, Regional Development Division
Goldex	Marc Legault, P.Eng., Manager, Project Evaluations
Lapa	Christian D'Amours, P.Geo., Consulting Geologist

For further information on the mineral reserve and resource estimates contained herein, refer to the Scientific and Technical Data footnote to the tables under the caption "Agnico-Eagle Mineral Reserve Data" and "Agnico-Eagle Mineral Resource Data" under the heading " Management's Discussion and Analysis".

National Instrument 43-101 requires mining companies to disclose reserves and resources using the subcategories of "proven" reserves, "probable" reserves, "measured" resources, "indicated" resources and "inferred" resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability. For detailed definitions of these terms, see "Glossary of Mining Terms".

	At December 31,		
LaRonde Division	**2004**	**2003**	**2002**
Gold			
Proven[(1)] tons	3,600,000	4,100,000	3,800,000
Average grade gold ounces per ton	0.14	0.14	0.13
Probable[(1)] tons	27,400,000	25,900,000	22,700,000
Average grade gold ounces per ton	0.16	0.16	0.13
Zinc			
Proven tons	2,900,000	2,800,000	4,200,000
Average grade gold ounces per ton	0.03	0.03	0.03
Probable tons	6,800,000	8,900,000	11,000,000
Average grade gold ounces per ton	0.03	0.03	0.03
Total mineral reserve tons	40,700,000	41,600,000	41,700,000
Total contained gold ounces[(2)]	**5,104,000**	**5,020,000**	**4,022,000**

Tonnage information is rounded to the nearest 100,000 tons.

Notes:

(1) The proven and probable mineral reserves set forth in the table above are based on net smelter return cut-off value of the ore that varies between C$35.38 per ton and C$54.43 per ton depending on the deposit. (For instance, the C$35.38 cut-off, which is supported by LaRonde engineering reports that demonstrate that economic extraction can be justified, is applied only in respect of the recovery of gold mineralization located in a part of the LaRonde Mine immediately adjacent to zinc mineralization to which the C$54.43 cut-off applies. The zinc mineralization is economic at a cut-off grade of C$54.43 and will be extracted in the ordinary course. When the zinc mineralization is extracted, the access costs for the zinc will have been incurred. To extract the gold mineralization from this area once the adjacent zinc mineralization has been extracted, Agnico-Eagle will not have to incur additional access costs. As a result, the incremental cost of extracting the gold mineralization is low, and a cut-off grade of C$35.38 is appropriate.) The metal grades reported in the mineral reserve estimate represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. Agnico-Eagle's historical metallurgical recovery rates for gold at the LaRonde Mine to December 31, 2004 were 91.5%. 86.5% for silver, 78.9% for copper and 83.5% for zinc. The mineral reserve figures presented herein are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

The 2005 mineral reserve and mineral resource estimate at LaRonde was calculated using a gold price of $360 per ounce, a silver price of $5.42 per ounce, a copper price of $0.95 per pound, a zinc price of $0.41 per pound and a C$/US$ exchange rate of $1.42. The metal and foreign exchange assumptions were changed in 2004 resulting from changes in the prices for each metal and C$/US$ exchange rate and reflect the three year historical average initial prices and exchange rate for the three year period ended December 31, 2004. The impact of the increase in gold price from $325 to $360 was essentially negated by the change in the C$/US$ exchange rate from $1.50 to $1.42. For every 10% change in the gold price, there would be an estimated 7% change in proven and probable reserves.

(2) Represents contained gold ounces and does not include equivalent gold ounces for the by-product metals contained in mineral reserve.

(3) *Preparation of Scientific and Technical Data:* The personnel at the LaRonde Division utilize quality assurance procedures and assay protocols in connection with drilling and sampling that conform to industry-accepted quality control procedures. Exploration drilling is carried out on approximately a 400-foot by 400-foot pattern, whereas reserve drilling is carried out on approximately a 130-foot by 130-foot pattern. Samples are taken at regular (one foot to five feet) intervals and assayed for gold using the fire assay method. Drill hole collar, survey and assay information used in

modelling and resource estimation are manually verified by on-site geologic staff and all core sample metal grades are verified by independent assay laboratories. Factors that could affect the accuracy or reliability of the results of the sampling and assaying carried out at the LaRonde Division include uncleanliness of the coreshack area, a dirty coresaw, the lack of an unobstructed drain for water and rock cuttings during the cutting process, the inability to collect uniform representative samples of adequate size, as well as an ore core recovery of less than 100%. In cases of irregular mineralization, representative samples are sometimes chosen in order to avoid introducing a sampling bias during cutting.

Reconciliation of LaRonde Division Mineral Reserve

The following table shows the reconciliation of mineral reserves (in nearest thousand tons) at the LaRonde Division by category as at December 31, 2003 to December 31, 2004.

	Proven	Probable	Total
December 31, 2003	6,848	34,754	41,602
Mined	(2,977)		(2,977)
Revision	2,622	(535)	2,088
December 31, 2004	6,493	34,219	40,713

Lapa Project

The Lapa Project is a pre-production stage development property located approximately seven miles east of the LaRonde Mine near Cadillac, Quebec and is accessible by provincial highway. The Lapa property is made up of the Tonawanda property, which consists of 42 mining claims totalling approximately 1,912 acres, and the Zulapa property, which consists of one mining concession totalling approximately 231 acres. In 2002, soon after signing an initial option agreement with Breakwater Resources and undertaking an aggressive exploration program, Agnico-Eagle discovered a new gold deposit almost 1,000 feet below the surface. In 2003, Agnico-Eagle purchased the Lapa property from Breakwater Resources for a payment of $8.925 million, a 1% net smelter return royalty on the Tonawanda property and a 0.5% net smelter return royalty on the Zulapa property. An additional $1 million is payable to Breakwater if the published inferred mineral resource at the Lapa property reaches 2.0 million ounces of gold. Of the total potential cash consideration of $9.925 million, $2.0 million may be used by Agnico-Eagle as a credit to offset net smelter return royalties payable.

In February 2003, the inferred mineral resource for the Lapa property, which consisted entirely of the Contact Zone lens, was estimated to be 3,270,546 tons grading 0.249 ounces per ton of gold. Most of the mineralized drill holes in the Contact Zone contain visible gold. For this mineral resource estimate, high assay values were capped at 1.50 ounces per ton. Drilling throughout 2003 also confirmed a new zone, the Contact South Zone, immediately adjacent to the west and south of the Contact Zone. The 2003 drilling program also focused on infill drilling that resulted in the resource to reserve conversion at year end.

In 2003, Agnico-Eagle also focused on collecting material to be used in conducting metallurgical testing and preliminary engineering and baseline environmental studies were initiated. As of December 31, 2003 the Lapa property had probable mineral reserves of 4.6 million tons grading 0.25 gold ounces per ton.

Drilling in 2004 concentrated on expanding the known ore bodies (Contact Zone and Contact South Zone) as well as drilling untested portions of the volcano-sedimentary contact in the eastern portion of the property. Exploration drilling, in particular drill holes 118-04-52B, 118-04-57C and 118-04-57E which tested below the lowest level of the Lapa property reserves (at approximately 4,100 feet below the surface) successfully traced the Contact Zone lens in particular to a depth of 5,200 feet and the deposit remains open for expansion at depth. The results are summarized below:

Drill Hole	**True Thickness (ft)**	**From**	**To**	**Gold (oz/ton) Cut (1.5 oz)**
118-04-52B	9.8	4,832.6	4,845.7	0.20
118-04-57C	19.7	6,189.9	6,210.2	0.21
118-04-57E	12.5	5,997.0	6,009.8	0.20

Preliminary engineering throughout 2004 was focused on providing various options for the development of the property. In 2004 Agnico-Eagle initiated a project to sink a 2,700 foot deep shaft at the Lapa property. Completion of the phase 1 underground program is expected to occur in 2006. The shaft will provide access for underground diamond drilling to test the depth potential of the deposit, confirm appropriate mining methods and initiate a bulk sampling program. Activity at the Lapa property in 2005 will focus on the construction of the shaft and initiating the underground drilling program.

At December 31, 2004, the Lapa property contained 4.5 million tons of probable reserves grading 0.26 ounces of gold per ton. The slight reduction in probable reserves (less than 2% in contained gold ounces) is mainly due to drilling results in 2004 that affected the western limit of the Lapa deposit.

	December 31, 2004	December 31, 2003
Gold		
Probable tons	4,509,000	4,661,000
Average grade gold ounces per ton	0.26	0.25
Total mineral reserve tons	4,509,000	4,661,000
Total contained gold ounces	**1,168,000**	**1,187,000**

Tonnage information is rounded to the nearest 100,000 tons.

Notes:

(1) The 2004 mineral reserve and mineral resource estimate was calculated using a gold price of $360 per ounce and a C$/US$ exchange rate of $1.42. In estimating the Lapa probable mineral reserve and mineral resource, cut-off grades of 0.19 and 0.15 ounces per ton, respectively, were used to evaluate drill intercepts that have been adjusted to respect a minimum mining width of 9.2 feet. Separate cut-off grades are used for the estimation of mineral reserves and mineral resources. The cut-off grade used for the estimate of mineral reserves is based on the grades used in the preliminary feasibility study or feasibility study that supports the estimate of mineral reserves whereas the cut-off grade used for the estimation of mineral resources is determined by Agnico-Eagle based on the minimum grade of ore that has reasonable prospects for economic extraction. The estimate was derived using a three dimensional block model of the deposit; the grades were interpolated using the inverse distance power squared method. The metal grades reported in the mineral reserve estimate represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve and resource figures presented herein are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. In addition to the mineral reserves set out above, at December 31, 2004 the Lapa property contained 0.8 million tons of indicated mineral resource grading 0.16 ounces of gold per ton and 1.9 million tons of inferred mineral resource grading 0.22 ounces of gold per ton. As at December 31, 2003, the Lapa property's estimated indicated mineral resource was 0.7 million tons grading 0.16 ounces of gold per ton and its estimated inferred mineral resource was 0.3 million tons grading 0.18 ounces of gold per ton.

(2) For the 2004 mineral reserve and mineral resource estimate, high assay values were capped at 1.5 and 2.0 ounces of gold per ton, respectively, for the Contact Zone and Contact South Zone that comprise the Lapa deposit.

(3) *Preparation of Scientific and Technical Data:* The qualified person responsible for the Lapa mineral reserves and mineral resource estimate is Christian D'Amours, P.Geo., of Service Conseil Geopointcom. All Lapa drill core has been logged and the results have been verified by Dino Lombardi, P.Geo., Senior Geologist, Exploration Division, who is fully qualified per the standards outlined in National Instrument 43-101. The Exploration Division personnel utilize quality assurance and assay protocols that conform to industry accepted quality control procedures. Exploration drilling at Lapa is carried out on approximately a 400-foot by 400-foot pattern, whereas probable reserve drilling is carried out on approximately a 260-foot by 260-foot pattern. Samples are taken consecutively at one foot to five feet intervals. The drill core selected for analysis is sawed in half with one half sent to a commercial laboratory and the other half retained for future reference. Upon reception of the assay results, the pulps and rejects are recovered and submitted to a second laboratory for check-assay purposes. The gold assaying method uses a 30-gram sample by Fire Assay or Metallic Sieve finish as requested by the project geologist. The laboratories used are Bourlamaque Assay Laboratories Ltd., Val d'Or, Quebec, and Expert Laboratories Inc., Rouyn-Noranda, Quebec.

Goldex Project

The Goldex Project is a development property held under 22 claims, totalling approximately 661.7 acres. The Goldex property is located in Val d'Or, Quebec and is accessible by provincial highway. The claims are renewable every second year upon payment of a small fee. Agnico-Eagle has a 100% working interest in the Goldex property. The Goldex property is made of three claim blocks: the Probe block (10 claims, 302.4 acres); the Dalton block (one claim, 25.7 acres); and the Goldex Extension block (11 claims, 333.6 acres). The Goldex Extension Zone, which is the gold deposit on which Agnico-Eagle is currently focusing its exploration and development efforts, was discovered in 1989 on the Goldex Extension claim block (although a small portion of the deposit is interpreted to occur on both the Dalton and Probe claim blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe claim block. Should commercial production commence on the Dalton claim, 18,000 shares of Agnico-Eagle are required to be issued to the estate of John Michael Dalton Jr. The Goldex Extension block claims are subject to a 1% net smelter return royalty interest in favour of Donald, Bernard, Marlin and Christine Charlebois.

The surface facilities at the Goldex Project include a headframe, a surface building containing a mechanical shop, a warehouse, an office and a 2,600-foot shaft, which provides underground access. Since 1989, Agnico-Eagle has undertaken a major exploration program on the Goldex Extension Zone. This program included deepening the shaft from 1,500 feet to its current 2,600-foot depth, over 158,700 feet of drilling, over 6,833 feet of horizontal development, 146,500 cubic feet of slashing, 476.2 feet of raising and the extraction and milling of two bulk samples (36,743 tons in 1995 and 113,395 tons in 1996). Underground exploration drilling in 1997 confirmed earlier results that outlined a large zone of low-grade mineralization ranging from 20 to 25 million tons in size with a gold grade in the range of 0.064 to 0.072 ounces per ton (using a cutting factor of one ounce per ton).

In 1997, Agnico-Eagle completed a mining study that showed that the deposit was not economically viable to mine using the mining approach chosen and drill-hole indicated grade. Results from the bulk sampling suggested, however, that the estimation method used may have underestimated the realized grade for the Goldex Extension Zone. However, in late 1997, in view of the then-prevailing market price of gold, the property was placed on a care and maintenance basis. In September 1998, the workings were allowed to flood. The carrying value of the Goldex Project was written down to nil in 1997.

Throughout 2003, Agnico-Eagle re-evaluated the Goldex project reviewing mining methods and grade estimation methods. In February 2004, a new reserve and resource estimate was completed for the Goldex Extension Zone conforming to National Instrument 43-101 which, coupled with a new preliminary feasibility study, led to a probable reserve estimate of 1.6 million ounces of gold contained in 24.0 million tons grading 0.069 ounces of gold per ton.

In addition, the February 2004 reserve and resource estimate led to an indicated resource estimate of 1.2 million tons grading 0.077 ounces of gold per ton and an inferred resource estimate of 2.8 million tons grading 0.062 ounces of gold per ton.

In February 2004, based on a review of the project conducted by independent engineers, Agnico-Eagle decided to undertake a $4.7 million underground bulk sampling program to provide additional geological and sampling information to increase the level of confidence in the gold grade. Three vertical raises and additional diamond drilling were completed in 2004 and the bulk sampling program was completed and processed in the first quarter of 2005.

The 18,000 ton bulk sample returned a grade of 0.081 ounces of gold per ton, nearly 10% higher than the grade of 0.074 ounces of gold per ton returned during the 113,000 ton bulk sample processed in 1996. Assuming a positive feasibility study, management expects Goldex to begin contributing to Agnico-Eagle's production in late 2008. The feasibility study was completed in June 2005 and is currently under review by independent mining engineers. Agnico-Eagle expects a project decision will be made in late June 2005. The following table shows the Goldex property reserves as of December 31, 2004. While the current probable reserve estimate is essentially unchanged at 1.6 million contained ounces of gold, the bulk sampling program has greatly increased the confidence level in the estimate.

	December 31, 2004	December 31, 2003
Gold		
Probable tons	22,148,000	23,983,000
Average grade gold ounces per ton	0.074	0.069
Total mineral reserve tons	22,148,000	23,983,000
Total contained gold ounces	**1,627,000**	**1,647,000**

Tonnage information is rounded to the nearest 100,000 tons.

Notes:

(1) The 2005 mineral reserve and mineral resource estimate was calculated using a gold price of $360 per ounce and a C$/US$ exchange rate of $1.42. The cut-off grade used to evaluate drill intercepts at Goldex was 0.04 ounce per ton over a minimum true thickness of 50 feet. The reserve was derived by evaluating a three-dimensional model of the Goldex Extension Zone, whose gold grade was estimated using a 95% confidence interval grade calculation method, and then adjusting the model envelope to only include sectors with a greater than 75% probability of exceeding the 0.04 ounce per ton cut-off grade. The metal grades reported in the mineral reserve estimate represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve and resource figures presented herein are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. In addition to the mineral reserves set out above, the Goldex property contained 0.9 million tons of indicated resource grading 0.07 ounces of gold per ton and 3.5 million tons of inferred mineral resource grading 0.05 ounces per ton. As at December 31, 2003, Goldex was estimated to have 1.2 million tons of indicated resource grading 0.08 ounces of gold per ton and 2.8 million tons of inferred mineral resource grading 0.18 ounces of gold per ton.

(2) *Preparation of Scientific and Technical Data:* At Goldex, exploration drilling was carried out on approximately a 300-foot by 600-foot pattern whereas probable reserve drilling was carried out on approximately a 100-foot by 100-foot pattern. Core samples were taken consecutively at one foot to five feet intervals. The core selected for analysis was cut or sawed in half with one half sent to a commercial assay laboratory. Prior to 2004, 1.4 inch diameter, or BQ, core was used to test the Goldex Extension Zone; whereas in 2004, 1.8 inch diameter, or NQ, core drilling was completed at Goldex. Upon reception of the assay results, at least 10% of the pulps and rejects were sent to another laboratory for check assay purposes. Prior to 2004, the principal gold assaying method used was either by Fire Assay with an atomic absorption of a 30 gram pulverized sub-sample or by Metallic Sieve assaying method of a 30 gram pulverized sub-sample. The principal laboratory used was Abilab Laboratories, Val d'Or, Quebec. During the 2004-2005 program, ALS Chemex of Val d'Or Quebec completed all of the assaying of core and chip samples. The principal assaying method was by Fire Assay with an atomic absorption or gravimetric finish of a 50 gram pulverized sub-sample. In the case of visible gold, a 1000 gram pulverized sub-sample was assayed using the Total Pulverisation method.

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde property and consists of two mining leases (180.6 acres) and 31 claims (951.0 acres). The property, along with various equipment and other mining properties, was acquired from Barrick in September 2003 for $3.9 million in cash (including transaction costs), $1.5 million in Agnico-Eagle Shares, and the assumption of specific reclamation and other obligations related to the Bousquet property. The property is subject to a 2% net smelter return royalty interest in favour of Barrick.

The Ellison property is located immediately west of the Bousquet property and consists of eight claims (249.8 acres). The property was acquired in August 2002 for C$0.5 million in cash and a commitment to spend C$0.5 million in exploration over four years. The property is subject to a net smelter return royalty interest in favour of Yorbeau Resources Inc. that varies between 1.5% and 2.5% depending on the price of gold. Should commercial production from the Ellison property commence, Yorbeau Resources Inc. will receive an additional C$0.5 million in cash. As of December 31, 2004, Agnico-Eagle has spent C$1.9M in exploration on the Ellison property.

In the first quarter of 2003, a mineral resource was estimated for the A Zone on the Ellison property conforming to National Instrument 43-101. The estimate, which used a gold price of $300 per ounce and 0.09 ounce per ton cut-off grade, revealed an indicated mineral resource of 249,000 tons grading 0.16 ounces

of gold per ton. With the underground exploration access provided by the Bousquet II infrastructure, an exploration program was initiated in late 2003 to test the potential of both the Ellison and Bousquet properties. As of December 2004, exploration activity on the Ellison property totalled 22 holes totalling 37,422 feet. The two main targets were the deep extension of the Bousquet 1 corridor and the felsic volcanic package to the south. The drilling activity on the Bousquet property for the same period totalled 57,562 feet in 32 holes. The main targets were the deep extension of the Bousquet 2 ore body, the deep extension of the 3-1 Zone and the felsic volcanic package to the south which may potentially contain mineralization similar to that found at the Laronde Mine.

In addition, in 2003, the mineral resources at the Bousquet and Ellison properties were reviewed with the possibility of mining resource blocks which could become potentially economic given the proximity of the mill facility at LaRonde. The result was the definition of a small proven mineral reserve (104,000 tons grading 0.09 ounces of gold per ton) of which 100,419 tons were extracted in 2004 from a small open pit mine grading 0.07 ounces of gold per ton. In addition, 20,124 tons of low grade material grading 0.04 ounces of gold per ton and 284,459 tons of waste were extracted. As of December 31, 2004, 63,287 tons have been milled at a grade of 0.08 ounces of gold per ton. The remaining ore and the low grade material is crushed and stockpiled close to the mill.

The 2004 measured and indicated mineral resource at the Bousquet property is approximately 2.0 million tons grading 0.18 ounces of gold per ton and the inferred mineral resource is 2.0 million tons grading 0.22 ounces of gold per ton. The December 31, 2004 measured and indicated mineral resource at Ellison is 0.3 million tons grading 0.17 ounces of gold per ton, almost unchanged from December 31, 2003, but the inferred resource decreased to 1.1 million tons grading 0.19 ounces of gold per ton. The main changes occurred in the newly named Zone 3-4 (formerly called the Deep Zone 3) which represents the deep extension of the Bousquet 1 mineralization. The zone straddled the Bousquet/Ellison property boundary. The tonnage and grade decreased significantly but the drilling allowed the delineation of approximately 0.4 million tons of indicated resources grading 0.26 ounces of gold per ton.

The exploration program continued during the first quarter of 2005 with approximately 29,000 feet of diamond drilling completed with a budgeted cost of C$1.6 million. The results were sufficiently positive to initiate additional holes which are scheduled to be completed in the third quarter of 2005. Following this program, a revision of the economic potential of the resource identified on both properties will be initiated.

Preparation of Scientific and Technical Data

In estimating the Bousquet and Ellison 2004 mineral reserve and mineral resource, a minimum gold cut-off grade of 0.09 ounces of gold per ton was used to evaluate drill intercepts that have been adjusted to respect a minimum mining width of 9.8 feet. The estimate was derived using a combination of three dimensional block modelling (grades were interpolated using the inverse distance power squared method) for certain zones and for the other zones, by the polygonal method on longitudinal sections. A portion of the resource estimate is based on estimates reported when the Bousquet I mine closed in 1996. This information is of a good quality and is considered reliable. The resource was reviewed and reclassified using the CIM Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines (the "CIM Guidelines") published by the Canadian Institute of Mining, Metallurgy and Petroleum.

Joutel Project

The Joutel properties consist of the Eagle Mine (including the Eagle West Zone) and the Telbel Mine, in Joutel Township, Quebec, located approximately 180 miles northwest of the LaRonde mine. The Eagle Mine and Telbel Mine are held under two adjoining provincial mining leases, totalling approximately 911 acres. Dismantling of the Eagle Mine and Telbel Mine facilities was completed in 2000. Mining and milling operations at the Eagle and Telbel Mines in Joutel ceased in December 1993 and Agnico-Eagle began the restoration of the Joutel mining and milling site in 1998. The carrying value of the Joutel minesite was written down to nil in 1997.

During 1996, Agnico-Eagle submitted a mine closure plan for the Joutel Project to the Minister of Natural Resources in Quebec. Based on this closure plan, the estimated current reclamation cost is

$0.3 million. Expenditures on reclamation at the Joutel Project under this closure plan were $0.1 million in 2004 and $0.1 million in 2003. As of December 31, 2004, Agnico-Eagle's reclamation provision for the Joutel Project was $0.7 million.

All decommissioning and rehabilitation of the Joutel property has been completed except for re-vegetation of the tailings area. In 2002, Agnico-Eagle submitted a modelling study on the long-term acid drainage potential of tailings area to the Ministry of Natural Resources in Quebec in support of a closure plan to revegetate the tailings pond. Agnico-Eagle is currently monitoring the site and will repeat the modelling exercise in 2005 to validate it against actual water conditions in the tailings. This new modelling study will be submitted to the Ministry of Natural Resources and contouring and re-vegetation of the tailings area will commence after receiving a favourable ruling from the Ministry of Natural Resources regarding the closure plan.

Vezza Project

Agnico-Eagle's Vezza Project is located approximately 38 miles northwest of the Joutel properties and consists of the Vezza deposit located in Vezza Township, Quebec and a number of properties in the Vezza, Noyon and Cavalier Townships in Quebec. The Vezza Project currently comprises 10 exploration properties held under 578 mining claims, totalling approximately 22,152 acres. Agnico-Eagle owns 100% of the Vezza deposit free of royalty interests. The carrying value of the Vezza Project was written down to nil in 1997. Agnico-Eagle has submitted a closure plan to the Ministry of Environment in Quebec which was accepted. Rehabilitation will be carried out after Agnico-Eagle has made a decision on the future exploration potential of the property. Expenditures under the closure plans were $0.1 million in 2004 and are expected to be $0.1 million in 2005. As at December 31, 2004, Agnico-Eagle's reclamation provision for the Vezza Project was nil.

Agnico-Eagle's Exploration Activities

Agnico-Eagle continued to actively explore in Quebec, Newfoundland, Nevada and Idaho. At the end of December 2004, the land holdings of Agnico-Eagle consisted of 3,162 mineral titles (claims, mining leases, etc.) covering 139,123 acres. During 2003 and 2004, Agnico-Eagle's exploration activities were focused mainly on the Lapa property and acquiring additional property along the Cortez sector of the Battle Mountain trend in Nevada.

Pinos Altos

In March 2005, Agnico-Eagle entered into an option agreement with Penoles, a Mexican public mining company, to acquire the Pinos Altos project in northern Mexico. The Pinos Altos project is located on a 27,000 acre property in the Sierra Madre gold belt, 170 miles west of the city of Chihuahua in northern Mexico. Under the terms of the option agreement, Agnico-Eagle will spend $2.8 million on a 55,000 foot diamond drilling program over a five month period ending in October 2005 (subject to extension in certain events). After the completion of the five-month drilling program, Agnico-Eagle will have a two month period in which to decide whether to exercise its option to acquire Penoles' 100% interest in the project. If Agnico-Eagle exercises its option to purchase the Pinos Altos project, the purchase price will be approximately $65 million, which will be comprised of $39 million in cash and 1,809,350 shares of Agnico-Eagle. Except as disclosed in this Offer Document, Agnico-Eagle has no other commitments or agreements with respect to any other material acquisitions.

The Pinos Altos property is made up of three blocks, the Parreña Concessions (19 concessions, 14,928 acres), the Madroño Concessions (16 concessions, 8,199 acres) and the Pinos Altos Concession (1 concession, 4,129 acres). The Madroño Concessions (which cover approximately 64% of the current mineral resource) are subject to Net Smelter Royalty of 3.5% payable to Minerales El Madroño S.A. de C.V. The Pinos Altos Concession (which covers approximately 36% of the current mineral resource) is subject to a 2.5% Net Smelter Return royalty payable to the Consejo de Recursos Minerales, a Mexican Federal Government agency; after 20 years, this portion of the property will also be subject to a 3.5% Net Smelter Return Royalty payable to Minerales El Madroño S.A. de C.V. Beginning on May 18, 2006, advance royalty payments of $0.142 million are payable to Minerales El Madroño S.A. de C.V. The surface rights for approximately 1,000 acres have been secured for mine construction and installations at Pinos Altos. The property is also approximately 60 miles from a major electric power terminus and within six miles of a proposed extension of the grid.

Peñoles acquired the property in 1995 and drilling to date has outlined an indicated mineral resource of 4.4 million tons with a grade of 0.18 ounces of gold per ton and 3.82 ounces of silver per ton. In addition, the property has an inferred mineral resource of 2.5 million tons grading 0.18 ounces of gold per ton and 3.41 ounces of silver per ton. Over 90% of the Pinos Altos mineral resource is located in the Santo Nino vein, along a regional fault zone that holds a number of other known deposits in the area. This Santo Nino vein zone has thicknesses of up to 150 feet over a length of 1.2 miles and a vertical extent of at least 1,800 feet. It remains open to the west and at depth. Peñoles' work to date has also included metallurgical testing and initial work on the permitting for a potential mining operation.

The mineral resource estimate by Peñoles was completed in June 2003 and was reviewed by Agnico-Eagle and determined to conform with the standards of National Instrument 43-101. The data disclosed, including the sampling, analytical and test data underlying the mineral resource estimate, has been verified. The key assumptions and parameters used in the estimate are a gold price of $300 per ounce, a silver price of $4.75 per ounce, a 0.10 ounce per ton gold grade cut-off, and metallurgical recoveries of 92.39% for gold and 47.83% for silver. Gold assays were cut to 0.89 ounces per ton while silver assays were cut to 19.25 ounces per ton. Although more recent exploration information has been collected in the area where the mineral resource estimate was completed, it is the opinion of the qualified person that including this information would not materially change the estimate. Agnico-Eagle believes that the estimate of mineral resources at Pinos Altos is not likely to be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues. In Mexico, mineral rights are granted as exploration and exploitation concessions which require that certain mineral exploration work be completed and submitted and that a nominal amount of taxes are paid annually.

Legal and Regulatory Proceedings

Agnico-Eagle is subject to various legal proceedings and threatened legal proceedings from time to time. Agnico-Eagle is not currently party to any legal proceedings and is not aware of any threatened legal proceedings, the adverse outcome of which, in the opinion of Agnico-Eagle's management, individually or in the aggregate, would have a material adverse effect on Agnico-Eagle's business, financial condition or results of operations. However, any potential litigation, regardless of its merits, could result in substantial costs and divert management's attention from Agnico-Eagle's operations. Such diversions could have an adverse impact on Agnico-Eagle's business, results of operations and financial condition.

As disclosed by Agnico-Eagle on March 18, 2004, the staff of the Ontario Securities Commission had been investigating Agnico-Eagle in relation to the timing and content of Agnico-Eagle's disclosure concerning a rock fall that occurred at the LaRonde Mine in the first quarter of 2003. On April 28, 2005, Agnico-Eagle announced that it had reached a settlement agreement with the Ontario Securities Commission, including regarding the timing of Agnico-Eagle's disclosure of a production shortfall prior to its earnings announcement in the third quarter of 2003. The settlement requires Agnico-Eagle to undertake a third party review of its disclosure practices and procedures at its own expense and to implement any recommendations made by the reviewer.

In addition, on November 4, 2004, Agnico-Eagle was advised that Ontario Securities Commission staff were investigating an officer of Agnico-Eagle for potential insider trading violations. On November 5, 2004, Agnico-Eagle suspended the officer with pay pending the outcome of an internal investigation into the allegations. On November 8, 2004 the board of directors met and appointed an independent director to conduct, with the assistance of Agnico-Eagle's external counsel, an investigation into the matter and to report back to the Board. The board of directors met again on November 15, December 1, December 3 and December 7, 2004 in connection with the investigation. On December 7, 2004, Agnico-Eagle terminated the officer. Agnico-Eagle is cooperating with the Ontario Securities Commission in its investigation.

Management's Discussion and Analysis

Business Overview

Agnico-Eagle earns the majority of its revenue and generates cash flow from the production and sale of gold in both doré and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals, namely silver, zinc and copper.

In 2004, Agnico-Eagle increased gold production to a record level. This was a record year on numerous fronts:

- Record gold production of 271,567 ounces
- Record mined and processed tonnage at about 3.0 million tons
- Record low full year and fourth quarter total cash costs per ounce of $56 and $13, respectively
- Record earnings and cash flow from operating activities at US$47.9 million and US$49.5 million, respectively
- Record proven and probable gold reserves of 7.9 million ounces

Throughout this section, the terms total cash costs per ounce and minesite costs per ton are used. Both of these measures are non-GAAP measures and are discussed in more detail, including management's use of the measures and their limitations and the reconciliation of such measures to GAAP measures, under the heading "Notice to Riddarhyttan Shareholders Resident in the United States Cautionary Note to Riddarhyttan Shareholders Concerning Certain Measures of Performance".

Key Performance Drivers

The key drivers of financial performance for Agnico-Eagle are:

- the spot price of gold
- spot prices of silver, zinc and copper
- the C$/US$ exchange rate
- production volumes
- production costs

Agnico-Eagle believes that other gold mining companies are affected by many of the same key performance drivers.

Agnico-Eagle has never sold gold forward. It believes that low-cost production is the best protection against decreasing gold prices. As a result, Agnico-Eagle is positioned to benefit from rising gold prices. The sale of by-product silver, zinc and copper is important to both revenue and total cash costs per ounce. Therefore, hedging strategies are implemented occasionally to mitigate the effects of fluctuating prices of by-product metals. The C$/US$ exchange rate is also an important financial driver as practically all operating costs are paid in Canadian dollars while revenue is generated in U.S. dollars. As such, hedging strategies are also used to mitigate the impact of fluctuating exchange rates on total cash costs per ounce.

Markets

Gold PM Fix (US$/Oz)

Agnico-Eagle is a relatively small producer in the world gold market and, consequently, its annual gold production, 271,567 ounces in 2004, does not necessarily affect the world market price for gold. The gold price (based on Scotia Mocatta *"Metal Matters"* reports) continued to rise in 2004 reaching the highest intraday level since the late 1980s at $457/oz in December 2004. Gold prices (London PM fixes) during the year ranged from a low of $375/oz to a high of $454/oz finishing the year at $437/oz.

Many factors contributed to the increase in gold prices throughout 2004. The most influential factor was continued weakness in the U.S. dollar largely caused by growing concern about the United States trade and budget deficits. A stabilizing global economy led to increased gold demand for jewellery in 2004 after three years of declines. Investment demand, sparked by the launch of additional gold Exchange Traded Funds ("ETFs"), has also helped push prices higher. ETFs give fund managers the opportunity to buy exposure to gold bullion without owning physical metal. Producer de-hedging has also contributed to improved demand. As physical and investment demand increased throughout 2004, declining mine supply further fueled price increases. Global mine production was negatively impacted in 2004 as South African production decreased steadily throughout the year as a result of the rapid appreciation of the rand against the U.S. dollar.

At the beginning of 2004, the silver price (based on Scotia Mocatta *"Metal Matters"* reports) continued a strong rally which began in November 2003. The rally took silver to a high of $8.44/oz in April 2004. The sharp appreciation in silver prices caused physical demand to decrease and thus prices retreated to $5.43/oz during April and May of 2004. Silver prices then appreciated gradually from these lows and prices reached $8.17/oz in December before retreating again. Despite the rapid price appreciation, industrial demand still showed modest growth in 2004 as jewellery and silverware fabricators became accustomed to the higher prices. Silver's use in photography has been declining since 1999 and is expected to continue declining as digital photography becomes more widespread. Investment demand was also a factor leading to the price changes in 2004 as the commodity became more popular with funds as a means to offset continued U.S. dollar weakness.

Silver PM Fix (US$/Oz)

In 2004 base metals benefited from increased demand, stemming from the rapid economic growth in China, stimulating a worldwide price rise. Continued weakness in the U.S. dollar, the primary currency of quoted market prices, also contributed to the increase in metal prices. Zinc and copper refined metal prices in U.S. dollars rose over 25% and 60%, respectively, as the growth in global demand for these metals outpaced the growth in global supply. Zinc concentrate spot treatment charges fell marginally over the year as smelter shortages developed, but spot copper treatment charges rose dramatically as supplies from mine re-openings and new production overtook smelter demand. Refined copper and zinc both have mainly industrial usages. Copper is used mainly in the electrical and construction industry in the form of cable, electrical wire and pipes for plumbing. Zinc is mainly used for galvanizing to protect against corrosion to vehicles, machinery and building structures.

Results of Operations for the Three Months Ended March 31, 2005 and 2004 and the Years Ended December 31, 2004, 2003 and 2002

Revenues from Mining Operations

Agnico-Eagle reported first quarter of 2005 net income of $10.4 million, or $0.12 per share, compared to net income of $12.9 million, or $0.15 per share, in the first quarter of 2004. Gold production in the first quarter of 2005 was 55,310 ounces compared to 70,188 ounces in the first quarter of 2004. This reduction was primarily due to the mining of a greater number of stopes from the upper mine (generally zinc rich) than from lower levels (generally gold rich). Rehabilitation work was required in some areas of the sill pillar, below 194 Level, which resulted in a delay in extracting six of the higher grade gold stopes. Cash flow provided by operating activities was $28.1 million in the quarter compared to $6.2 million in the prior year's first quarter.

Year-to-date ore processed increased 4% to 715,121 tons in the first three months of 2005 compared to 689,176 tons in the same period in 2004. First quarter earnings in 2005 were negatively affected by mark-to-market losses on by-product metal derivative contracts of $3.4 million, or $0.04 per share, and stock option expenses of $1.2 million, or $0.01 per share.

The table below summarizes the key variances in net income for the first quarter of 2005 from the net income reported for the same period in 2004.

	Three Months Ended March 31, 2005	
	(millions of dollars)	
Decrease in gold production	$	(6.1)
Increase in gold price		0.9
Decrease in copper and silver revenues		(1.8)
Increase in zinc revenue		7.5
Sale of prior year inventory build-up and settlement adjustments		9.6
Stronger Canadian dollar, net of hedges		(2.9)
Increased amortization		(1.6)
Cost of increased ore throughput		(0.8)
Mark-to-market on by-product metal hedges		(3.4)
Corporate costs and other		(3.9)
Net negative variance	$	(2.5)

In the first quarter of 2005, revenue from mining operations increased $13.2 million to $61.8 million from $48.6 million in the first quarter of 2004. While realized prices for all metals increased in 2005 compared to the first quarter of 2004, these increased metal prices were offset by lower gold, silver and copper production. The decreased production volume for these metals was offset by a 12% increase in zinc production. Revenue was also positively impacted by the sale of the large copper concentrate inventory which had built up at December 31, 2004 and by positive settlement adjustments resulting from price increases for all metals.

In 2004, revenue from mining operations increased 48% to $188 million from $127 million in 2003. The increased revenue was due to both increased production volumes and increased metal prices. In 2004, Agnico-Eagle achieved record production of all metals with gold production up 15% to 271,567 ounces while by-product silver, zinc and copper production increased by 44%, 67% and 13%, respectively.

The majority of Agnico-Eagle's revenue is derived from precious metal sales. In 2004, sales of gold and silver accounted for 75% of revenues, down from 84% and 88% in 2003 and 2002, respectively. The decline in the percentage of revenues from precious metals is largely due to increased revenues from by-product copper and zinc as a result of a sharp increase in prices for each metal. Revenues from mining operations are accounted for net of related smelting, refining, transportation and other charges. In 2005, Agnico-Eagle anticipates precious metal sales to account for 78% of overall revenue. The table below summarizes net revenue by metal:

	Three months ended March 31				
	2005	2004	2004	2003	2002
Revenues from mining operations (thousands):					
Gold	$ 36,504	$ 30,394	$ 105,528	$ 85,566	$ 80,177
Silver	9,318	7,432	35,289	20,584	14,115
Zinc	11,939	4,170	33,044	14,218	14,762
Copper	4,004	6,608	14,188	6,452	(1,027)
	$ 61,766	$ 48,604	$ 188,049	$ 126,820	$ 108,027
Production:					
Gold (ounces)	55,310	70,188	271,567	236,653	260,183
Silver (000's ounces)	1,398	1,128	5,699	3,953	3,084
Zinc (000's pounds)	37,454	36,804	167,282	100,337	108,060
Copper (000's pounds)	3,989	5,840	22,816	20,131	8,927

Revenue from gold sales increased $20 million, or 23%, in 2004. Approximately 49% of the $20 million increase was due to increased production, while 51% of the increase was attributable to increased realized prices. Realized gold prices increased 14% in 2004 to $418 per ounce from $368 per ounce in 2003. Silver revenue increased $15 million, or 71%, in 2004. Of the $15 million increase, 46% was due to increased production, while 54% was attributable to increased realized prices. Realized silver prices increased 35% in 2004 to $6.84 per ounce from $5.07 per ounce in 2003.

Revenue from copper sales increased $8 million, or 120%, in 2004. Revenue from zinc sales increased $19 million, or 132%, in 2004. Both copper and zinc revenues benefited from increased production and prices but were negatively impacted by higher smelting, refining and transportation charges. Higher smelting and refining charges were mostly attributable to the increased production volumes for both copper and zinc and to rising treatment charges for copper. Increased transportation charges were due to higher ocean freight for zinc and copper concentrate shipments as the growing Asian economies continue to put a strain on the marine transportation system. The impact of increasing ocean freight costs was somewhat mitigated throughout 2004 as Agnico-Eagle began delivering zinc concentrate to Falconbridge's nearby Kidd Creek smelter in Timmins, Ontario.

Gold production increased to 271,567 ounces in 2004, up 15% from 236,653 ounces in 2003, primarily due to increased tonnage from LaRonde's lower, gold-copper rich, mining horizons. Production of all metals increased as LaRonde benefited from operational improvements, a more focused mining plan and increased ore throughput. For 2004, ore throughput increased 22% to 3.0 million tons from 2.4 million tons in 2003. The increased ore throughput was a result of a new mining plan, which was designed and implemented at the end of 2003 to address the production difficulties that were encountered. While LaRonde achieved record tonnages for both ore mined and milled, lower than expected gold grades resulted in gold production below Agnico-Eagle's original estimate of 300,000 ounces. Higher than expected dilution on the lower mining levels was the main reason for the decreased gold grade. As a result, Agnico-Eagle has adjusted its reserves and production forecasts to take into account the increased dilution. The mining team at LaRonde continues to look for ways to minimize this dilution effect.

Silver and zinc production increased 44% and 67%, respectively when compared to 2003, largely due to higher tonnage milled. Copper production increased 13% as ore production from the lower level mining areas increased. As a result of implementing a new mining plan, ore production from the lower gold-copper rich levels accounted for 63% of the ore processed through the mill, up from 55% in 2003.

Operational improvements and ore body optimization continued throughout 2004, culminating in record quarterly mill throughput of almost 800,000 tons or 8,614 tons per day in the fourth quarter. Fourth quarter revenues also increased in 2004 compared to 2003 due to the same factors which affected full year revenues.

Interest and Sundry Income

Interest and sundry income consists of interest on cash balances, realized gains on the disposition of available-for-sale securities, and amortization related to gold put option contracts expiring in the year. Interest and sundry income was $0.7 million in 2004 compared to $2.8 million in 2003. The $2.1 million decrease was due almost entirely to decreased gains on the disposition of available for sale securities. Interest on cash balances and charges relating to amortization of gold puts purchased in 1999 remained relatively unchanged over 2003.

Production Costs

Taking into consideration year-to-date performance, Agnico-Eagle has revised its gold production targets for 2005 to 270,000 ounces. LaRonde's total cash costs are expected to be less than $100 per ounce, as lower gold production is expected to be offset by higher by-product production and metal prices.

In 2004, production costs decreased 6% to $98 million from $105 million in 2003. The table below presents the components of production costs:

	Three Months ended March 31,				
	2005	**2004**	**2004**	**2003**	**2002**
			(thousands of dollars)		
Definition Drilling	$ 136	$ 151	$ 723	$ 511	$ 437
Stope Development	2,751	2,807	10,768	11,832	8,625
Mining	5,196	4,623	20,851	17,263	10,961
Underground Services	8,389	7,040	32,668	25,836	16,591
Milling	8,411	7,968	34,466	27,478	20,603
Surface Services	788	599	2,480	2,245	1,928
Administration	1,975	1,687	8,005	6,472	5,368
Minesite costs	$ 27,646	$ 24,875	$ 109,961	$ 91,637	$ 64,513
El Coco Royalty				12,888	10,764
Accretion expense and reclamation costs	107	168	314	519	1,301
Inventory adjustments	3,368	294	(7,436)	(368)	1,071
Hedging losses (gains)	(148)	(1,196)	(4,671)	314	(1,680)
Production costs per Consolidated Statement of Income (Loss)	$ 30,973	$ 24,141	$ 98,168	$ 104,990	$ 75,969

Minesite costs increased to $110 million from $92 million in 2003 primarily as a result of the increased tonnage mined and milled in 2004 and the continued strength of the Canadian dollar. The average C$/US$ exchange rate for 2004 fell to $1.3017 from $1.4018 in 2003 and this deterioration of the U.S. dollar was responsible for $8.1 million of the $18.3 million increase in 2004 minesite costs. Underground services costs increased due to increased preventative maintenance to underground fixed and mobile equipment resulting from the increased tonnage mined. At the beginning of 2004, two separate industrial accidents claimed the lives of a contract miner and an employee. As a result, Agnico-Eagle conducted a review of safety procedures and made modifications to underground equipment to further ensure the safety of Agnico-Eagle's employees that also contributed to the increased minesite costs. Increases in the cost of raw materials such as fuel and iron, used in the mining process, and chemicals, used in the milling process, further contributed to the overall increase in minesite costs.

The increased minesite costs were offset by a number of factors which helped reduce total production costs. In 2004, Agnico-Eagle did not incur royalty expenditures on production attributable to the El Coco property as this area of the mine was essentially mined out at the end of 2003. At the end of 2004, $7.4 million of minesite costs were allocated to inventory which was a significant increase from the small inventory adjustments made in 2003. Due to the large increases in production volumes in 2004, zinc and copper concentrate inventories were much higher at the end of 2004 compared to 2003. This inventory adjustment reflects the production costs associated with unsold concentrates at the end of the year. Realized hedging gains also contributed to the reduction in production costs. Hedge gains increased over 2003 due to the continued deterioration of the U.S. dollar. Throughout 2004, Agnico-Eagle was able to benefit from its currency hedges to sell U.S. dollars at a C$/US$ exchange rate of $1.59, well above the average C$/US$ exchange rate of $1.30. These realized hedging gains were somewhat offset by negative mark-to-market adjustments on certain foreign exchange hedges which do not qualify for hedge accounting. The impact of Agnico-Eagle's foreign exchange hedges was much smaller in the first quarter of 2005 thereby resulting in increased minesite costs. Minesite costs also increased slightly as a result of the 4% increase in ore throughput in the first quarter of 2005.

In 2003, operational difficulties and increased royalty expenses were responsible for the $27 million increase in minesite costs compared to 2002. The rock fall in the first quarter of 2003 and the production drilling challenges encountered in the third quarter of 2003 caused mining and underground service costs to increase over 2002. Furthermore, of the $27 million increase over 2002, the strengthening Canadian dollar accounted for $10 million.

In the first quarter of 2005 total cash costs per ounce decreased to $67 per ounce of gold produced from $78 per ounce in the first quarter of 2004. The main driver leading to the decrease in total cash costs for the quarter was higher by-product metal prices, offset partially by lower gold production. Minesite costs per ton were unchanged at C$48 in the first quarter of 2005 compared to the first quarter of 2004. As total cash costs are calculated on a production basis, the sale of the prior quarter's copper concentrate buildup did not affect total cash costs.

In 2004, total cash costs to produce an ounce of gold decreased to $56 from $269 in 2003 and $182 in 2002. Total cash costs are comprised of minesite costs reduced by net silver, zinc and copper revenue. Total cash costs per ounce are affected by various factors such as the number of gold ounces produced, operating costs, C$/US$ exchange rates, production royalties and by-product metal prices. The table below illustrates the variance in total cash costs per ounce attributable to each of these factors. The most significant factors contributing to the decrease in total cash costs per ounce in 2004 were: higher by-product revenue as a result of increased production and higher by-product metal prices, elimination of the El Coco royalty and increased gold production. Total cash costs per ounce is not a recognized measure under U.S. GAAP and is described more fully below.

	2004	2003
Total cash costs per ounce (prior year)	$ 269	$ 182
Lower (higher) gold production	(35)	19
Stronger Canadian dollar	29	30
Higher (lower) El Coco royalty	(47)	13
Cost associated with increased throughput	39	77
Foreign exchange hedge gains	(18)	
(Higher) lower by-product revenue	(181)	(52)
Total cash costs per ounce (current year)	$ 56	$ 269

Total cash cost per ounce is not a recognized measure under U.S. GAAP and this data may not be comparable to data presented by other gold producers. Management believes that this generally accepted industry measure is a realistic indication of operating performance and is useful in allowing year over year comparisons. As illustrated in the table below, this measure is calculated by adjusting Production Costs as shown in the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) for net by-product revenues, royalties, and asset retirement provisions. This measure is intended to provide investors with information about the cash generating capabilities of mining operations. Management uses this measure to monitor the performance of mining operations. Since market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess the mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance can be impacted by fluctuations in by-product metal prices and exchange rates. Management compensates for the limitation inherent in this measure by using it in conjunction with the minesite cost per ton measure (discussed below) as well as other data prepared in accordance with U.S. GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

Minesite cost per ton is not a recognized measure under U.S. GAAP and this data may not be comparable to data presented by other gold producers. As illustrated in the table below, this measure is calculated by adjusting Production Costs as shown in the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) for royalties, inventory and hedging adjustments and asset retirement provisions and then dividing by tons processed through the mill. Since total cash cost data can be affected by fluctuations in by-product metal prices and exchange rates, management believes this measure provides additional information regarding the performance of mining operations and allows management to monitor operating costs on a more consistent basis as the per ton measure eliminates the cost variability associated with 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 ton mined, in order to be economically viable the estimated revenue on a per ton basis must be in excess of the minesite cost per ton. Management is aware that this per ton measure is impacted by fluctuations in production levels and thus uses this measure as an evaluation tool in conjunction with production costs prepared in accordance with U.S. GAAP. This measure supplements production cost information prepared in accordance with U.S. GAAP and allows investors to distinguish between changes in production costs resulting from changes in production versus changes in operating performance.

Both of these non-GAAP measures used should be considered together with other data prepared in accordance with U.S. GAAP, and none of the measures taken by themselves is necessarily indicative of operating costs or cash flow measures prepared in accordance with U.S. GAAP. The tables presented below reconcile total cash costs and minesite costs per ton to the figures presented in the financial statements prepared in accordance with U.S. GAAP.

Reconciliation of Total Cash Costs per ounce

	Three Months Ended March 31,		Year Ended		
	2005	**2004**	**2004**	**2003**	**2002**
	(thousands, except as noted)				
Production costs per Consolidated Statement of Income (Loss)	$ 30,973	$ 24,141	$ 98,168	$ 104,990	$ 75,969
Adjustments:					
By-product revenues, net of smelting, refining and marketing charges	(25,261)	(18,210)	(82,521)	(41,254)	(27,850)
El Coco royalty				(12,888)	(10,764)
Accretion expense and other	(107)	(131)	(493)	(151)	(708)
Cash costs	$ 3,711	$ 5,506	$ 15,154	$ 50,697	$ 36,647
Gold production (ounces)	55,310	70,188	271,567	236,653	260,183
Cash costs (per ounce)	$ 67	$ 78	$ 56	$ 215	$ 141
El Coco royalty				54	41
Total cash costs (per ounce)	$ 67	$ 78	$ 56	$ 269	$ 182

Reconciliation of Minesite Costs per ton

	Three Months Ended March 31,		Year Ended		
	2005	2004	2004	2003	2002
	(thousands, except as noted)				
Production costs per Consolidated Statement of Income (Loss)	$ 30,973	$ 24,141	$ 98,168	$ 104,990	$ 75,969
Adjustments:					
Inventory[(i)] and hedging[(ii)] adjustments	(3,220)	865	12,107	54	609
El Coco royalty				(12,888)	(10,764)
Accretion expense and other	(107)	(131)	(314)	(519)	(1,301)
Minesite costs (US$)	$ 27,646	$ 24,875	$ 109,961	$ 91,637	$ 64,513
Minesite costs (C$)	$ 33,918	$ 32,790	$ 142,702	$ 127,931	$ 101,289
Tons milled (000's tons)	715	689	2,977	2,449	1,963
Minesite costs per ton (C$)	$ 48	$ 48	$ 48	$ 52	$ 52

Notes:

(i) Under Agnico-Eagle's revenue recognition policy, revenue is recognized on concentrates when legal title passes. Since minesite costs per ton are calculated on a production basis, this adjustment reflects the portion of costs associated with concentrate production for which revenue has not been recognized in the period.

(ii) Hedging adjustments reflect gains and losses on Agnico-Eagle's derivative positions entered into to hedge the effects of foreign exchange fluctuations on production costs. These items are not reflective of operating performance and thus have been eliminated when calculating minesite costs per ton.

Exploration and Corporate Development Expense

Exploration costs increased in the first quarter of 2005 compared to the first quarter of 2004 due to increased exploration activities around the LaRonde Mine. Also contributing to the increased exploration expense were expenditures on U.S. properties purchased from Contact Diamond, Agnico-Eagle's 44% equity investee, in the fourth quarter of 2004.

Exploration expenditures in the first quarter of 2005 were also affected by the option agreement with Penolés to acquire the Pinos Altos project located in the Sierra Madre gold belt of Mexico. Exploration work on the Pinos Altos project commenced in the first quarter of 2005. Equity losses in Contact Diamond and Riddarhyttan also increased in the first quarter of 2005 compared to 2004. The first quarter of 2004 did not include equity losses from Riddarhyttan as Agnico-Eagle's purchased its 14% stake in May 2004. Equity losses from Contact Diamond increased in the first quarter of 2005 as Contact Diamond increased its field exploration activities relating to its potential diamond deposits.

In 2004, with Goldex and Lapa in the pre-production development stage, the exploration team was able to focus on new opportunities. The exploration team continued to assess properties around the LaRonde Mine. Exploration expenditures on the Cadillac-Bousquet belt were $2.3 million in 2004, up only marginally from $2.2 million in the prior year. In 2003, the majority of the expenditures on the Cadillac-Bousquet belt were dedicated to the Lapa exploration program. In 2004, exploration was conducted on the Ellison property, adjacent to the Bousquet property west of LaRonde. Exploration programs were commenced on the Chibex properties, contiguous to the Lapa property, where testing began for the existence of Lapa style mineralization.

Agnico-Eagle's portion of exploration expenditures of Contact Diamond decreased in 2004 over 2003 due to decreased exploration activities. In 2004, Contact Diamond's exploration was focused on evaluating the results of a bulk sample completed in 2003 and initial drilling of new targets. In 2003, higher exploration expenditures were the result of Contact Diamond conducting a bulk sample on one of its kimberlite pipes.

In 2004, Agnico-Eagle purchased a 14% equity stake in Riddarhyttan which owns the Suurikuusikko gold deposit in Finland. Riddarhyttan conducted an extensive drilling program in 2004, which culminated in a new resource calculation in early 2005. The amounts shown in the table below are Agnico-Eagle's portion of Riddarhyttan's losses from the date of acquisition to the end of 2004. Agnico-Eagle considers its equity losses in Riddarhyttan as exploration expense as the significant majority of these losses are generated from Riddarhyttan's exploration activities. Also in 2004, Agnico-Eagle purchased all of Contact Diamond's gold exploration properties, including a Nevada-based subsidiary which was renamed Agnico-Eagle (USA) Limited. Agnico-Eagle (USA) Limited is currently conducting exploration in proven gold producing areas of Nevada. In 2003 and up to September 30, 2004, exploration expenditures related to United States exploration were recorded as part of Agnico-Eagle's portion of Contact Diamond expenditures.

Agnico-Eagle's corporate development team remained active in 2004 despite the decrease in expenditures over 2003. The $0.4 million decrease was due to the team utilizing more of Agnico-Eagle's in-house expertise to evaluate opportunities rather than external consultants.

The table below illustrates the various components of exploration expense.

	Three months ended March 31,				
	2005	2004	2004	2003	2002
Lapa property (net of investment tax credits)	$	$	$	$ 1,751	$ 246
Other properties on the Cadillac-Bousquet belt	1,575	163	2,276	465	976
Agnico-Eagle portion of exploration conducted by Contact Diamond	788	289	1,784	4,216	2,271
United States exploration	399		544		
Pino Altos exploration	310				
Agnico-Eagle portion of exploration conducted by Riddarhyttan Resources AB	429		440		
Corporate development expense	396	127	764	1,169	273
	$ 3,897	$ 579	$ 5,808	$ 7,601	$ 3,766

The 2003 increase in expenses over 2002 reflects the success of Agnico-Eagle's exploration and development efforts. The 2003 gross exploration expenses on the Lapa property were approximately $3.0 million. However, these expenses were reduced by exploration investment tax credits received from the provincial government of Quebec.

In 2004, Agnico-Eagle issued flow-through shares to take advantage of its large undeducted exploration tax pools. Issuing flow-through shares is common practice in the mining industry for companies with large pools of available tax deductions. Under the terms of the flow-through share agreements, Agnico-Eagle is required to spend the proceeds of the offering on eligible Canadian exploration expenses and renounce the tax deductions associated with those exploration expenses to the initial purchasers of the flow-through shares. Since investors are receiving tax deductions for the exploration expenses incurred by Agnico-Eagle, these flow-through shares typically command a premium to the market price of Agnico-Eagle's stock on the date of issuance. Should Agnico-Eagle fail to spend the proceeds of the flow-through share offering on eligible Canadian exploration expenses, the investors would lose their tax deductions, which would create the potential for shareholder lawsuits and penalties imposed by the Canada Revenue Agency. In its history, Agnico-Eagle has never failed to spend flow-through share proceeds on eligible exploration nor has it ever failed to renounce those exploration expenditures to investors. To comply with flow-through share purchase agreements, Agnico-Eagle must spend $8.1 million on eligible Canadian exploration expenses in 2005 relating to the expenditures renounced effective December 31, 2004.

In March 2005, Agnico-Eagle entered into an agreement with Penoles to acquire the Pinos Altos project in Chihuahua, Mexico. Under the terms of the agreement, Agnico-Eagle has the option to purchase the Pinos Altos project for $65 million. Agnico-Eagle will conduct an exploration program in order to determine whether to exercise its option. Agnico-Eagle has currently planned an exploration program which contemplates $2.8 million in exploration expenditures in 2005.

General and Administrative Expenses

General and administrative expenditures increased $2.0 million in the first quarter of 2005 compared to 2004 primarily due to the expensing of stock options granted. The compensation expense related to these options recognized in the first quarter of 2005 was $1.2 million, or $0.01 per share.

General and administrative expenses decreased to $6.9 million in 2004 from $7.1 million in 2003. A number of factors influenced general and administrative expenses in 2004. The strengthening Canadian dollar had a negative impact on general and administrative expenses as most of these expenses are incurred in Canadian dollars. This negative impact was offset by a reduction in financial reporting compliance costs, as much of these activities were brought in-house in 2004, and a reduction in pension expense due to settlements of Agnico-Eagle's Retirement Compensation Arrangement Plans.

Provincial and Federal Capital Taxes

Provincial capital taxes were $0.4 million in 2004 compared to $1.2 million in 2003. These taxes are assessed on Agnico-Eagle's capitalization (paid-up capital and debt) less certain allowances and tax credits for exploration expenses incurred. The decrease in 2004 was due primarily to favorable tax re-assessments of prior years' calculation of exploration expenditures eligible for tax credits.

Federal capital taxes are assessed on essentially the same capitalization base as provincial capital taxes. The decrease in 2004 to $1.0 million from $1.1 million in 2003 represents increases in capitalization throughout the year offset by decreased tax rates. New legislation introduced in 2003 will eliminate federal capital taxes by 2008. These changes are being phased in gradually with rate reductions each year.

Amortization Expense

Amortization was $1.6 million higher in the first quarter of 2005 compared to 2004 due to the reversal of the copper concentrate inventory which had built up at the end of 2004 as the amortization relating to the production of those concentrates is recognized in the same period as the related revenue.

Amortization expense was $21.8 million in 2004 compared to $17.5 million in 2003. Agnico-Eagle calculates its amortization on a unit-of-production basis using proven and probable reserve tonnage as its amortization base. A 22% increase in tons processed was the main reason for the increase. Amortization on a per ton basis was lower than originally anticipated at $7 per ton compared to an initial estimate of $8 per ton. The decrease was a result of recording $2.3 million of amortization in inventory in 2004, reflecting the amortization costs associated with inventoried concentrates.

Interest Expense

Interest costs increased in the first quarter of 2005 compared to 2004 due to payments made under our interest rate swap as a result of increasing 3-month LIBOR rates.

In 2004, interest expense decreased to $8.2 million from $9.2 million in 2003 due to realized gains generated under an interest rate swap. Throughout 2004, Agnico-Eagle received $0.9 million in swap payments such that net interest on the convertible unsecured subordinated debentures due February 15, 2012 ("Convertible Debentures") was $5.6 million. Under the terms of the interest rate swap, fixed rate payments on the Convertible Debentures were swapped for variable rate payments. The notional amount under the swap exactly matches the $144 million face value of the Convertible Debentures and the swap agreement terminates on February 15, 2006, which is the earliest date that the debentures can be called for redemption. Under the terms of the swap agreement, Agnico-Eagle makes interest payments of three-month LIBOR plus a spread of 2.37% and receives fixed interest payments of 4.50%, which completely offsets the interest payments made on the Convertible Debentures. The three-month LIBOR rate was also capped at 3.38% such that total variable interest payments will not exceed 5.75%.

Of the remaining $2.6 million of interest expense in 2004, $1.4 million relates to cash standby fees and other costs associated with the revolving bank facility, and the remaining $1.2 million represents non-cash amortization of the financing costs associated with the 2012 Convertible Debentures and revolving bank facility.

In December 2004, Agnico-Eagle refinanced its revolving bank facility. The amount available under the new facility is $100 million and the interest rate under the new facility can range from LIBOR plus 1.50% to LIBOR plus 2.25% per annum depending on certain financial ratios. Standby fees on undrawn portions of the new facility can range from 0.5% to 0.875% per annum depending on certain financial ratios. The new facility is fully revolving and any indebtedness under the facility is due at the end of December 2007. With the consent of the lenders, Agnico-Eagle may extend the new facility to the end of December 2010. The new facility is secured by a first charge on substantially all of the property relating to Agnico-Eagle's LaRonde Mine and El Coco property.

Income and Mining Taxes

In 2004, the effective accounting income tax recovery rate was 6.3% compared to an income tax recovery rate of 8.0% in 2003. Although Agnico-Eagle reported income before income and mining taxes of $46.0 million, tax expense was not recorded due to the utilization of losses carried forward which had previously not been recorded as future taxes. Normally, the benefits of being able to utilize prior year losses against future taxable income would have been recorded as a future tax asset. However, due to the uncertainty surrounding the realization of this and other limited life tax assets at the end of 2003, a full valuation allowance was provided against these tax assets thereby reducing their value in the consolidated financial statements to nil at the end of 2003. The effect of utilizing these previously unrecorded benefits in 2004 reduces the tax expense that would have otherwise been recorded in 2004. Agnico-Eagle paid no cash income or mining taxes in the year ended December 31, 2004.

In 2003, Agnico-Eagle reported a loss before income and mining taxes of $18.1 million but did not record a recovery, and related future tax asset, representing the ability to carry these losses forward to reduce taxes payable in future years. Therefore, the recovery rate in 2003 was 8.0% compared to a statutory tax rate of 38.3%.

Liquidity and Capital Resources

At March 31, 2005, Agnico-Eagle's cash and cash equivalents balance was $97.1 million, restricted cash was $4.7 million, short-term investments were $15.3 million, while working capital was $184.9 million. At December 31, 2004, Agnico-Eagle had $33.0 million in cash and cash equivalents, $8.2 million of restricted cash, $64.8 million of short-term investments and $177.3 million in working capital. Agnico-Eagle's policy is to invest excess cash in highly liquid investments of the highest credit quality to minimize risks associated with these investments. Such investments with original maturities greater than three months are classified as short-term investments and decisions regarding the length of maturities are based on cash flow requirements, rates of returns and other various factors. As of March 31, 2005, the majority of highly liquid investments had original maturities of three months or less and therefore contributed to the increase in cash and cash equivalents. The total of cash and cash equivalents, restricted cash and short-term investments was $117.1 million at March 31, 2005 and $106.0 million at December 31, 2004.

Cash flow provided by operating activities in the first quarter of 2005 was positively affected by higher gold and by-product metal prices partially offset by lower gold production when compared to the first quarter of 2004. Working capital changes also contributed to the stronger operating cash flow in the quarter due to the sale of the copper concentrate buildup experienced at the end of 2004 and the receipt of income tax refunds.

Cash flow provided by operating activities was $28.1 million in the first quarter of 2005 compared to $6.2 million in the first quarter of 2004.

In 2004, Agnico-Eagle amended its revolving bank facility with a syndicate of international banks. The amended facility provides Agnico-Eagle with a $100 million line of credit on a revolving basis. The facility matures and all indebtedness thereunder is due and payable on December 23, 2007. Agnico-Eagle, with the consent of lenders representing $66^2/_3$% of the aggregate commitments under the facility, has the option to extend the term of the facility for three additional one-year terms to December 23, 2010. The facility limits, among other things, Agnico-Eagle's ability to incur additional indebtendness, pay dividends, make investments or loans, transfer assets or make expenditures that are not consistent with mine plans and operating budgets delivered pursuant to the facility. The facility also requires Agnico-Eagle to maintain specified financial ratios and meet financial condition covenants. Letters of credit issued as security for pension and environmental obligations decrease the amount available under the facility. As at December 31, 2004, net of letters of credit issued, Agnico-Eagle had $89 million of undrawn credit under its revolving bank facility. As at March 31, 2005, Agnico-Eagle had $91 million in undrawn credit lines.

For the three months ended March 31, 2005, capital expenditures were $15.2 million compared to $10.2 million in the first quarter of 2004. Capital expenditures at the LaRonde mine increased to $9.4 million from $7.5 million in the first quarter of 2004. The remainder of the capital expenditures in 2005 represents continued expenditures for Agnico-Eagle's regional projects, namely Lapa, Goldex and LaRonde II. Capital expenditures for these projects increased by $3.2 million compared to the first quarter of 2004 as shaft sinking commenced at Lapa in the first quarter of 2005. For the full year, forecasted capital expenditures are essentially in line with the original budget of $41.9 million.

Agnico-Eagle expects to continue to fund its current project expenditures with internally generated funds. Agnico-Eagle's ability to continue generating cash flow is dependent on continued strength in gold and by-product metal prices and continued cost savings generated from economies of scale at LaRonde as the mill processes more tons of ore.

In 2004, Agnico-Eagle declared an annual dividend, payable in 2005, of $0.03 per share, an amount unchanged from the dividend it declared and paid in the previous two years. 2005 represents the 25th consecutive year that Agnico-Eagle will have paid a dividend. Although Agnico-Eagle expects to continue paying dividends, future dividends will be at the discretion of Agnico-Eagle's board of directors and will be subject to factors such as income, financial condition and capital requirements.

At the end of 2004, Agnico-Eagle's cash and cash equivalents were $33 million compared to $57 million at the end of 2003. In 2004, significant increases in operating and financing cash flows were offset by continued investments in sustaining and project capital at the LaRonde Mine and in the surrounding region as well as Agnico-Eagle's investment in Riddarhyttan. Operating cash flow increased substantially from $4 million in 2003 due primarily to increased production volumes and increased metal prices. These positive impacts were offset by a buildup in non-cash working capital balances and the continued strengthening of the Canadian dollar. Due to the increased production volumes, 2004 ended with large buildups in metals awaiting settlement and concentrate inventories. These buildups are expected to reverse throughout 2005.

In 2004, Agnico-Eagle used $95 million of cash in investing activities. The largest components of this $95 million were:

- $38 million in capital expenditures at LaRonde
- $12 million in capital expenditures at Lapa and Goldex
- $3 million for the purchase of gold properties from Contact Diamond
- $22 million net investment and acquisition expenditures including $13 million for Agnico-Eagle's equity investment in Riddarhyttan and $9 million for purchases of available-for-sale securities
- $14 million increase in short-term investments for tax planning purposes
- $6 million increase in restricted cash pursuant to a flow-through share private placement

Agnico-Eagle's contractual obligations as at December 31, 2004 are summarized as follows:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt[(1)]	$ 143.8	$	$	$	$ 143.8
Capital lease obligations	0.5	0.5			
Letter of credit obligations	11.1				11.1
Reclamation obligations[(2)]	24.6	2.0	2.1	2.1	18.4
Pension obligations[(3)]	3.4	0.4	0.8	0.8	1.4
	$ 183.4	$ 2.9	$ 2.9	$ 2.9	$ 174.7

Notes:

(1) Agnico-Eagle's Convertible Debentures, with an aggregate principal amount of $143.8 million, mature on February 15, 2012. Agnico-Eagle may redeem the debentures on or after February 15, 2006, in cash, or at the option of Agnico-Eagle, by delivering freely tradeable Agnico-Eagle Shares.

(2) Mining operations are subject to environmental regulations which require companies to reclaim and remediate land disturbed by mining operations. Agnico-Eagle has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. The estimated undiscounted cash outflows of these reclamation obligations are presented here. These estimated costs are recorded in Agnico-Eagle's consolidated financial statements on a discounted basis in accordance with FAS 143. See Note 5(a) to the audited consolidated financial statements.

(3) Agnico-Eagle has Retirement Compensation Arrangements ("RCA") with certain executives and a Defined Benefit pension plan for certain former employees. The RCAs provide pension benefits to the executives equal to 2% of the executive's final three-year average pensionable earnings for each year of service with Agnico-Eagle less the annual pension payable under Agnico-Eagle's basic defined contribution plan. Payments under the RCAs are secured by letter of credit from a Canadian chartered bank. The figures presented in this table have been actuarially determined.

Outlook

For 2005, Agnico-Eagle expects to continue working toward its strategic objectives using LaRonde as the cornerstone. Agnico-Eagle expects LaRonde to generate strong cash flow again in 2005 as production volumes are expected to remain steady. Metal prices will have a large impact on financial results, and although Agnico-Eagle cannot predict the prices that will be realized in 2005, prices in early 2005 have continued to remain strong.

In 2005, revenues from mining operations are expected to be largely unchanged. The table below summarizes actual production for 2004 and estimated production in 2005.

	2005 Estimate	2004 Actual
Gold (ounces)	270,000	271,567
Silver (000's ounces)	5,500	5,699
Zinc (000's pounds)	160,000	167,282
Copper (000's pounds)	18,000	22,816

For 2005, Agnico-Eagle expects total cash costs to be less than $100 per ounce of gold compared to $56 in 2004. Revenue from mining operations and total cash cost estimates are based on gold and by-product metal price assumptions that are well below current prices and prices realized in 2004. If current metal prices and exchange rates were used, total cash costs per ounce would be lower and revenues from mining operations would increase significantly.

Net silver, zinc and copper revenue is treated as a reduction of production costs in arriving at estimates of total cash costs per ounce, and therefore production and price assumptions play an important role in these estimates. As production costs are denominated in Canadian dollars, the C$/US$ exchange rate can also affect the estimate. The table below summarizes the metal price assumptions and exchange rate

assumptions used in deriving the estimated total cash costs per ounce for 2005 (production estimates for each metal are shown in the table above).

Silver	$	6.00
Zinc	$	0.45
Copper	$	1.15
C$/US$ exchange rate	$	1.27

Agnico-Eagle entered into new derivative contracts during the first quarter of 2005. Silver put options were purchased with a strike price of $7.00 on approximately one million ounces of silver. Copper calls were written with a strike price of $1.50 on approximately 10 million pounds of copper. Agnico-Eagle also entered into a series of derivative transactions to sell zinc forward at $0.57 and a zero-cost collar was entered into to set a minimum price of $0.55 on approximately 49 million pounds of zinc over 2005 and 2006. While setting a minimum price, the zero-cost collar strategy also limits participation to zinc prices above $0.67. See "Agnico-Eagle Mines Limited Notes to Audited Consolidated Financial Statements Note 9".

The estimated sensitivity of LaRonde's 2005 estimated total cash costs to a 10% change in the metal price and exchange rate assumptions above follows:

Change in variable	**Impact on total cash cost ($/oz.)**
C$/US$	39
Zinc	17
Silver	11
Copper	6

Agnico-Eagle expects its acquisition of shares of Riddarhyttan will result in an increased amount of exploration expense in 2005. Agnico-Eagle expects to record $12 million of exploration expense in the income statement in 2005 which includes $2 million in non-cash expenses representing Agnico-Eagle's share of the exploration expenses of Contact Diamond and Riddarhyttan. This amount does not include possible exploration expense that may be incurred in connection with Riddarhyttan's properties in the event that the Offer is successfully completed. The anticipated exploration expense also includes $2.8 million of expenditures planned on the Pinos Altos project in 2005. Exploration is success driven and thus these estimates could increase materially on the success of the various exploration programs.

General and administrative expenses are not expected to increase materially in 2005. In 2005 provincial capital taxes are expected to be between $1.5 and $1.7 million. Federal capital taxes are expected to decrease to $0.8 million in 2005 due to new legislation introduced in 2003 which reduces tax rates every year until 2008 when this tax will be eliminated. Amortization is expected to increase to $9 per ton in 2005 due to a higher capital base and relatively small increase in reserves.

At current three-month LIBOR rates of approximately 3%, interest expense is expected to increase by $1.2 million in 2005. As a result of the LIBOR rate being capped at 3.38% pursuant to the terms of the interest rate derivative agreements, interest expense is not expected to increase more than $1.7 million in 2005. In 2005, Agnico-Eagle expects to capitalize interest on the Convertible Debentures relating to the construction costs incurred at Lapa. Based on estimated construction expenditures on the Lapa property for 2005, capitalized interest is expected to be between $0.6 and $0.8 million.

Although Agnico-Eagle is recording the fair value of stock options in income in 2003 and 2004, a new accounting standard requires that fair value accounting be applied to any stock options that were granted or modified since January 1, 1995. Agnico-Eagle is currently evaluating the requirements under the new standard and expects the adoption to have a significant impact on the statement of income (loss) and income (loss) per share, but no impact on financial condition or cash flows.

In 2005, Agnico-Eagle expects to incur approximately $14 million of sustaining capital expenditures at LaRonde I, $13 million on the LaRonde II project, $12 million on the continued construction and underground at the Lapa property and $2 million on completing the Goldex bulk sample program and revising the current feasibility study and mining plan. Capital expenditures could increase significantly at Goldex should construction and development commence in 2005. Agnico-Eagle also expects to incur cash exploration expenditures of $6 million on properties on the Cadillac-Bousquet belt and in the United States and $3 million of exploration expenditures on the Pinos Altos property in Mexico. Agnico-Eagle expects all these expenditures to be completely funded out of operating cash flow.

If Agnico-Eagle decides to exercise the option to purchase the Pinos Altos property in 2005, the cash portion (up to $39 million) of the $65 million acquisition cost is expected to be funded from cash on hand and operating cash flow. Agnico-Eagle continues to examine other possible acquisitions, which if made, would be with securities, cash or a combination thereof. If cash is used, depending on the size of the acquisition, Agnico-Eagle may be required to borrow money or issue debt or equity securities to fund such cash requirements.

Outstanding Securities

The following table presents the maximum number of Agnico-Eagle Shares that would be outstanding if all dilutive instruments outstanding at June 3, 2005 were exercised:

Agnico-Eagle Shares outstanding at June 3, 2005	86,196,789
Convertible Debentures (based on debenture holders' option)	10,267,919
Employee stock options	3,021,050
Warrants	6,900,000
	106,385,758

The Convertible Debentures are convertible into Agnico-Eagle Shares, at the option of the holder, at any time prior to maturity, at a conversion rate of 71.429 Agnico-Eagle Shares per $1,000 principal amount of debentures. The Convertible Debentures mature on February 15, 2012 but may be redeemed at the option of Agnico-Eagle on or after February 15, 2006 at a redemption price equal to par value plus accrued and unpaid interest. Agnico-Eagle may pay the redemption price in cash or, at its option, by delivering freely tradeable Agnico-Eagle Shares.

Each Warrant entitles the holder to purchase one Agnico-Eagle Shares at a price of US$19.00. The Warrants expire on November 14, 2007.

If all of the convertible securities described above were exercised, the shareholders' equity of Agnico-Eagle would increase by $322,289,245.

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Agnico-Eagle evaluates the estimates periodically, including those relating to metals awaiting settlement, inventories, future tax assets and liabilities, and mining properties. In making judgments about the carrying value of assets and liabilities, Agnico-Eagle uses estimates based on historical experience and various assumptions that are considered reasonable in the circumstances. Actual results may differ from these estimates.

Agnico-Eagle 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 of the board of directors and the Audit Committee has reviewed Agnico-Eagle's disclosure in this Operating and Financial Review.

Mining Properties

Agnico-Eagle capitalizes the cost of acquiring land and mineral rights. If a mineable ore body is discovered, such costs are amortized when production begins, using the units-of-production method based on proven and probable reserves. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Costs for grassroots exploration are charged to income when incurred until an ore body is discovered. Further exploration and development to delineate costs of the ore body are capitalized as mine development costs once a feasibility study is successfully completed and proven and probable reserves are established.

Mine development costs incurred after the commencement of production are capitalized or deferred to the extent that these costs benefit the entire ore body. Costs incurred to access single ore blocks are expensed as incurred; otherwise, such vertical and horizontal developments are classified as mine development costs.

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. Interest costs incurred prior to the commencement of commercial production are capitalized. Subsequent capital expenditures which benefit future periods, such as the construction of underground infrastructure, are capitalized at cost and depreciated as mentioned above.

The carrying values of mining properties, plant and equipment and mine development costs are reviewed periodically, when impairment factors exist, for possible impairment, based on the future undiscounted net cash flows of the operating mine and development property. If it is determined that the estimated net recoverable amount is less than the carrying value, then a write down to the estimated fair value amount is made with a charge to income. Estimated future cash flows of operating mine and development properties include estimates of recoverable ounces of gold based on the proven and probable reserves. To the extent economic value exists beyond the proven and probable reserves of an operating mine or development property, this value is included as part of the estimated future cash flows. Estimated future cash flows also involve estimates regarding gold prices (considering current and historical prices, price trends and related factors), production levels, capital and reclamation costs and related income and mining taxes, all based on detailed engineering life-of-mine plans. Cash flows are subject to risks and uncertainties and changes in the estimates of the cash flows could affect the recoverability of long-lived assets.

Revenue Recognition

Revenue is recognized when the following conditions are met:

(a) persuasive evidence of an arrangement to purchase exists;

(b) the price is determinable;

(c) the product has been delivered; and

(d) collection of the sales price is reasonably assured.

Revenue from gold and silver in the form of doré bars is recorded when the refined gold and silver is sold. Generally all the gold and silver in the form of doré bars recovered in Agnico-Eagle's milling process is sold in the period in which it is produced.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc and copper in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. Agnico-Eagle records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to 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.

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

Reclamation Obligations

Estimated reclamation costs are based on legal, environmental and regulatory requirements. Current accounting standards require Agnico-Eagle to recognize the present value of mine reclamation costs as a liability in the period the obligation is incurred and to periodically re-evaluate the liability. At the date a reclamation liability is incurred, an amount equal to the present value of the final liability is recorded as an increase to the carrying value of the related long-lived asset. Each period, an accretion amount is charged to income to adjust the liability to the estimated future value. The initial liability, which is included in the carrying value of the asset, is also depreciated each period based on the depreciation method used for that asset. In order to calculate the present value of mine reclamation costs, Agnico-Eagle has made estimates of the final reclamation costs based on mine-closure plans approved by environmental agencies. Agnico-Eagle periodically reviews these estimates and updates reclamation cost estimates if assumptions change. Material assumptions that are made in deriving these estimates include variables such as mine life and inflation rates.

Future Tax Assets and Liabilities

Agnico-Eagle uses the liability method of tax allocation for accounting for income taxes. Under the liability method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities. Future tax assets are reduced by a valuation allowance if it is more likely than not that some or all of the future tax asset will not be realized. Agnico-Eagle evaluates the carrying value of its future tax assets quarterly by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are forecasts of future taxable income and available tax planning strategies that could be implemented to realize future tax assets.

Financial Instruments

Agnico-Eagle uses derivative financial instruments, primarily option contracts, to manage exposure to fluctuations in metal prices, foreign currency exchange rates and interest rates. Under Agnico-Eagle's treasury management system which complies with Statement of Financial Accounting Standard ("SFAS") 133 requirements for hedge accounting, unrealized mark-to-market losses on gold put option contracts are originally recorded in equity as a component of accumulated other comprehensive loss. On the contracts' scheduled maturity dates, the realization of losses on these contracts is reflected by removing the accumulated mark-to-market losses from accumulated other comprehensive loss and recording these losses as part of normal income. All Agnico-Eagle's hedging contracts on by-product production were liquidated in 2003 with a corresponding charge being recorded in income. Effective January 1, 2003, foreign currency hedges also qualified for hedge accounting and as such are now being accounted for in the same manner as the gold puts. Unrealized mark-to-market gains and losses on these hedges are recorded in accumulated other comprehensive loss and realized gains and losses are recorded in income in the same period the hedged transaction affects income, or on the scheduled maturity dates. Prior to 2003, unrealized mark-to-market gains and losses on foreign currency hedges were recorded in income. In the first quarter of 2005, Agnico-Eagle recorded an unrealized, mark-to-market loss on by-product metals derivative contracts of $3.4 million, or $0.04 per share. These by-product metals contracts were entered into in the first quarter of 2005.

In late 2003, Agnico-Eagle entered into interest rate swap arrangements whereby it swapped its fixed rate payments on the Convertible Debentures for variable rate payments. The fair value of the swap is recorded as an asset or liability with a corresponding charge to income. The carrying value of the Convertible Debentures is also adjusted for changes in fair value attributable to the risk being hedged with a corresponding charge to income. In connection with the swap, Agnico-Eagle also entered into an interest rate cap to limit the interest rate charged under the swap to 3.38%. The fair value of the swap is recorded as an asset or a liability with a corresponding charge to income.

Stock-Based Compensation

In 2003, Agnico-Eagle prospectively adopted SFAS 123, "Accounting for Stock-Based Compensation" as amended by SFAS 148, "Accounting for Stock-Based Compensation Transition and Disclosure". These accounting standards recommend the expensing of stock option grants after January 1, 2003. The standards recommend that the fair value of stock options be recognized in income over the applicable vesting period as a compensation expense.

Agnico-Eagle's existing stock-based compensation plan provides for the granting of options to directors, officers, employees and service providers to purchase Agnico-Eagle Shares. Share options have exercise prices equal to market price at the grant date or over the life of the applicable vesting period depending on the terms of the option agreements. The fair value of these stock options is recorded as an expense on the date of grant. Fair value is determined using the Black-Scholes option valuation model which requires Agnico-Eagle to estimate the expected volatility of Agnico-Eagle'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 creates difficulties in determining a reliable single measure of the fair value of stock option grants. The dilutive impact of stock option grants is currently factored into Agnico-Eagle's reported diluted income (loss) per share.

In December 2004, the Financial Accounting Standards Board ("FASB") enacted SFAS 123 revised 2004 ("SFAS 123R"), *Share-Based Payment,* which replaces SFAS 123, *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25 ("APB 25"), *Accounting for Stock Issued to Employees.* SFAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in the statement of income (loss).

Agnico-Eagle was originally required to adopt SFAS 123R in the third quarter of 2005 but due to a delay in the implementation date, is now required to adopt it in the first quarter of 2006. Although Agnico-Eagle has recorded the fair value of stock options in income in 2003 and 2004, SFAS 123R requires that fair value accounting be applied to any stock options that were granted or modified since January 1, 1995. Agnico-Eagle is currently evaluating the requirements under SFAS 123R and expects the adoption to have a significant impact on the statement of income (loss) and income per share, but no impact on financial condition or cash flows.

Selected Five Year Financial and Operating Summary

	Three Months Ended		Years Ended December 31,				
	March 31, 2005	March 31, 2004	2004	2003	2002	2001	2000
	U.S. GAAP (thousands of U.S. dollars, except where noted)						
Financial Data							
Revenues from mining operations	$ 61,766	$ 48,604	$ 188,049	$ 126,820	$ 108,027	$ 96,043	$ 63,676
Interest, sundry and fair value of derivative financial instruments	(2,791)	205	655	2,775	1,943	5,752	2,145
	58,975	48,809	188,704	129,595	109,970	101,795	65,821
Production costs	30,973	24,141	98,168	104,990	75,969	67,009	49,997
Exploration expense	2,763	290	3,584	5,975	3,766	6,391	3,213
Equity loss in junior exploration company(2)	1,134	289	2,224	1,626			
Amortization	7,211	5,582	21,763	17,504	12,998	12,658	9,220
General and administrative	3,749	1,799	6,864	7,121	5,530	4,461	4,223
Provincial capital tax	599	455	423	1,240	829	1,551	1,301
Interest	2,552	1,757	8,205	9,180	7,341	12,917	5,920
Foreign exchange (gain) loss	(384)	139	1,440	72	(1,074)	(336)	890
Income (loss) before income taxes	10,378	14,357	46,033	(18,113)	4,611	(2,856)	(8,943)
Federal capital tax and income and mining taxes expense (recovery)	(71)	1,448	(1,846)	(358)	588	2,862	(3,906)
Income (loss) before cumulative catch-up adjustment	10,449	12,909	47,879	(17,755)	4,023	(5,718)	(5,037)
Cumulative catch-up adjustment relating to SFAS 143 (2003) and revenue recognition (2000)				(1,743)			(1,831)
Net income (loss)	$ 10,449	$ 12,909	$ 47,879	$ (19,498)	$ 4,023	$ (5,718)	$ (6,868)