AGNICO EAGLE MINES LTD
Form 20-F/A
May 26, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A

(Amendment No. 1)

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____

Commission file number: 1-13422

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrants Specified in its Charter)

Not Applicable

(Translation of Registrant's Name or Organization)

Ontario, Canada

(Jurisdiction of Incorporation or Organization)

145 King Street East, Suite 500
Toronto, Ontario, M5C 2Y7

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Common Shares without par value	**The Toronto Stock Exchange and the New York Stock Exchange**
(Title of Class)	*(Name of exchange on which registered)*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Share Purchase Warrants	**The Toronto Stock Exchange and the Nasdaq National Market**
(Title of Class)	*(Name of exchange on which registered)*

Securities for which this is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

97,836,954 Common Shares as of December 31, 2005

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ý No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act.

Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer ý Accelerated Filer o Non-Accelerated Filer o

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 o Item 18 ý

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes o No ý

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EXPLANATORY NOTE

This Amendment No. 1 on Form 20-F/A (the "Form 20-F") amends the Annual Report on Form 20-F for the year ended December 31, 2005 filed on March 28, 2006 (the "Original Filing"). Agnico-Eagle Mines Limited has filed this Form 20-F solely for the purpose of correcting the following errors in "Item 4. Information on the Company" of the Original Filing.

1. The fourth full paragraph on page 6 of this Form 20-F has been amended to clarify that the LaRonde II deposit has also been indicated as economic by a feasibility study. The revised sentence reads: "Based on the results of this study, the Company will determine whether to construct new, deeper infrastructure to access the almost 3.7 million ounces of probable gold reserves indicated to be economic by previous studies, but outside the reach of current infrastructure." This paragraph and the fourth full paragraph on each of pages 15 and 16 have been amended to clarify that a revised feasibility study was completed in respect of LaRonde II.

2. On page 18 of this Form 20-F, the first paragraph immediately following the table setting out the qualified person responsible for mineral reserve estimates has been amended to clarify that the studies in respect of the LaRonde II project and the Lapa project are feasibility studies.

3. The table setting out the reconciliation of mineral reserves on page 19 of this Form 20-F and the paragraph immediately preceding the table have been amended to (i) clarify that the probable mineral reserve estimates in respect of the Lapa project and the LaRonde II project are probable mineral reserves under both National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators and U.S. Securities and Exchange Commission's Industry Guide No. 7 ("Guide 7"), (ii) correct a typographical error in the reported tonnage of ore at Goldex (reported tonnage of proven mineral reserve under both NI 43-101 and Guide 7 is 17,933 tonnes, not 17,993 tonnes), and (iii) correct certain rounding errors.

4. The table on page 21 of this Form 20-F setting out the LaRonde Division's proven and probable reserves of gold and zinc and the table on page 28 of this Form 20-F setting out the Goldex Division's proven and probable mineral reserves of gold have each been amended to clarify that the average grades of gold or zinc reported therein are stated in grams per tonne, not ounces per tonne.

5. The fourth full paragraph under the caption "Lapa Project" on page 22 of this Form 20-F has been amended to clarify that a revised feasibility study is to be completed by the end of 2006

6. The fifth, seventh and eighth paragraphs under the caption "Goldex Project" beginning on page 25 of this Form 20-F have been amended to clarify that the 2004 and 2005 mineral reserve estimates were based on a revised feasibility study.

Except for the foregoing, this Form 20-F (i) does not amend or update any results or information from that contained in the Original Filing and (ii) speaks only as of the filing date of the Original Filing and does not purport to reflect events or developments subsequent to the filing date of the Original Filing. Accordingly, you should read this Form 20-F together with the Original Filing and other documents that we have filed with and furnished to the Canadian securities regulators and the U.S. Securities and Exchange Commission subsequent to the filing date of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in the Original Filing and this Form 20-F. The filing of this Form 20-F shall not be deemed an admission that the Original Filing, when made, included any known, untrue statement of material fact or knowingly omitted to state a material fact necessary to make a statement not misleading.

PRELIMINARY NOTE

Currencies: Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") presents its consolidated financial statements in United States dollars. All dollar amounts in this Form 20-F are stated in United States dollars ("US dollars", "$", or "US$"), except where otherwise indicated. Certain information in this Form 20-F is presented in Canadian dollars ("C$"). See "Item 3: Key Information Selected Financial Data Currency Exchange Rates" for a history of exchange rates of Canadian dollars into US dollars.

Generally Accepted Accounting Principles: Effective January 1, 2002, Agnico-Eagle changed its primary basis of financial reporting from Canadian generally accepted accounting principles ("Canadian GAAP") to

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United States generally accepted accounting principles ("US GAAP") due to its substantial U.S. shareholder base and to maintain comparability with other gold mining companies. All references to financial results herein are to those calculated under US GAAP.

Forward-Looking Information: Certain statements in this report constitute "forward-looking statements": within the meaning of the United States Private Securities Litigation Reform Act of 1995 and provisions of Canadian provincial securities laws. These forward-looking statements relate to, among other things, our plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as "may", "will", "should", "could", "would", "expects", "anticipates", "believes", "plans", "intends", or other variations of these terms or comparable terminology. Forward-looking statements in this report include, but are not limited to, the following:

- the Company's outlook for 2006;
- statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices;
- anticipated trends for prices of gold and byproducts mined by the Company;
- estimates of future mineral production and sales;
- estimates of future mining costs, cash costs, minesite costs and other expenses;
- estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof;
- statements as to the projected development of certain ore deposits, including estimates of exploration, development and other capital costs and estimates of the timing of such development or decisions with respect to such development;
- estimates of reserves and resources, and statements regarding anticipated future exploration and feasibility study results;
- the anticipated timing of events with respect to the Company's minesites, including the newly acquired Suurikuusikko and Pinos Altos projects;
- the anticipated timing of the Company obtaining advance possession of the Riddarhyttan shares that it does not own and the completion of the compulsory acquisition of such shares;
- estimates of future costs and other liabilities for environmental remediation; and
- other anticipated trends with respect to the Company's capital resources and results of operations.

Such forward-looking statements reflect the Company's views as at the date of this Form 20-F and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the Risk Factors set forth in "Item 3. Key Information Risk Factors". Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESOURCES

Cautionary Note to Investors concerning estimates of Measured and Indicated Resources

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

Cautionary Note to Investors concerning estimates of Inferred Resources

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

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This document presents certain measures, including "total cash cost per ounce" and "minesite cost per tonne", that are not recognized measures under US GAAP. This data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the closest measures recognized under US GAAP see "Item 5. Operating and Financial Review and Prospects Results of Operations Production Costs". The Company believes that these generally accepted industry measures are realistic indicators of operating performance and useful in allowing year over year comparisons. However, both of these non-GAAP measures should be considered together with other data prepared in accordance with US GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP.

ITEM 4. INFORMATION ON THE COMPANY

History and Development of the Company

The Company is an established Canadian gold producer with mining operations located in northwestern Quebec and exploration and development activities in Canada, Finland, the western United States and Northern Mexico. The Company's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation in 1972, the Company has produced over 3.9 million ounces of gold. For a definition of terms used in the following discussion, see " Property, Plant and Equipment Mineral Reserve and Mineral Resource".

The Company believes it is currently one of the lowest total cash cost producers in the North American gold mining industry. In 2005, the Company produced 241,807 ounces of gold at a total cash cost of $43 per ounce, net of revenues received from the sale of silver, zinc and copper byproducts. For 2006, the Company expects total cash costs per ounce of gold produced to be approximately $50. These expected higher costs compared to 2005 are due to lower assumed byproduct metals prices than those realized in 2005 and a reduction in the contribution of foreign exchange hedging activities. See "Note to Investors Concerning Certain Measures of Performance" for a discussion of the use of the non-US GAAP measure total cash costs per ounce. The Company has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production.

The Company's strategy is to focus on the continued exploration, development and expansion of its properties in the Abitibi region of Quebec in which the LaRonde Mine, the Goldex mine project and the Lapa property are situated, with a view to increasing annual gold production and gold mineral reserve. In addition, the Company will continue exploration and development at its recently acquired Suurikuusikko property in northern Finland and at the Pinos Altos project in northern Mexico. The Company also plans to pursue opportunities for growth in gold production and gold reserves through the acquisition or development of advanced exploration properties, development properties, producing properties and other mining businesses in the Americas or Europe.

The Company's principal operating divisions are the LaRonde Division, the Goldex Division, the Regional 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 the Company. The LaRonde Mine, with its single production shaft (the "Penna Shaft"), currently accounts for all of the Company's gold production. Since the commissioning of the mill in 1988, the LaRonde Division has produced almost 2.9 million

ounces of gold. In March 2000, the Company completed the Penna Shaft at the LaRonde Mine to a depth of 2,250 metres, which the Company believes makes it the deepest single-lift shaft in the Western Hemisphere. Production was expanded at the LaRonde Mine to 6,350 tonnes of ore treated per day in October 2002 and the milling complex has been operating well above this level for the last two years. 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, 2005, the LaRonde Division (including the project at LaRonde to access the Company's mineral reserve base located outside the Penna Shaft infrastructure (the "LaRonde II" project)) had established proven and probable mineral reserves of approximately 5.3 million ounces of contained gold.

The Company's Goldex Division is focused on the construction and development of the Goldex deposit.

The Company's Regional Division conducts all mining activities in northwestern Quebec, including the development and management of the Company's advanced projects in the Abitibi region other than the LaRonde Mine, but including the LaRonde II project. The Regional Division is also responsible for the Company's operations in respect of the Lapa, Bousquet and Ellison projects and supplies technical services for the Company's international projects.

The Company'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. The Company currently directly manages exploration on 68 properties in central and eastern Canada and 13 properties in the United States, including properties acquired from Contact Diamond Corporation (formerly Sudbury Contact Mines Limited) ("Contact Diamond") in September 2004. The Company's Reno, Nevada exploration office, acquired in that transaction, is focused on evaluating exploration opportunities in the United States and northern Mexico. An administrative office has been opened in Chihuahua, Mexico. The Company's operations in Finland and Mexico are conducted through separate subsidiaries.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. In the second quarter of 2004, the Company acquired a 13.8% ownership interest in Riddarhyttan Resources AB ("Riddarhyttan"), a Swedish company that was, until November 2006, listed on the Stockholm Stock Exchange. In December 2004, the Company raised its ownership level to 14% of Riddarhyttan's outstanding shares through participation in a rights offering made by Riddarhyttan. In May 2005, the Company initiated a tender offer (the "Offer") for all of the issued and outstanding shares of Riddarhyttan that it did not own and, in November 2005, the Company completed the Offer. As consideration for the Riddarhyttan shares acquired under the Offer, the Company issued 10,023,882 of its shares and paid an aggregate of $1,420 in cash to Riddarhyttan shareholders. Agnico-Eagle, through its wholly-owned subsidiary, Agnico-Eagle Sweden AB, currently holds 102,880,951 shares of Riddarhyttan representing approximately 97.3% of the outstanding shares and has initiated a compulsory acquisition procedure under Swedish law for the remaining 2.7% of the Riddarhyttan shares that it does not hold. The Company expects that, in accordance with Swedish practice relating to public share-for-share offers, the purchase price for the remaining Riddarhyttan shares will generally be equal to the price paid to Riddarhyttan shareholders under the Offer. The Company expects to obtain advance possession of these shares in the second half of 2006. Advance possession means that the Company will be entitled to be registered as owner of these shares and thereby entitled to exercise all rights relating to these shares that vest in a shareholder.

Riddarhyttan is a precious and base metals exploration and development company with a focus on the Nordic region of Europe. Riddarhyttan, through its wholly owned subsidiary, Suurikulta AB, is the 100% owner of the Suurikuusikko gold deposit, located approximately 900 kilometres north of Helsinki near the town of Kittilä in Finnish Lapland. Riddarhyttan's property position in the Suurikuusikko area consists of approximately 16,000 hectares with similar Precambrian greenstone belt geology and topography to the Company's land package in the Abitibi region of Quebec.

In the first quarter of 2005, the Company entered into an exploration and option agreement with Industrias Peñoles S.A. de C.V. ("Peñoles") to acquire the Pinos Altos project in northern Mexico. The Pinos Altos project is located on an approximately 11,000 hectare property in the Sierra Madre gold belt, roughly 225 kilometres

west of the city of Chihuahua in the state of Chihuahua in northern Mexico. Under the exploration and option agreement, the Company was required to spend $2.8 million on a 16,800 metre diamond drilling program. In December 2005, the length of time in which the Company could exercise its option to acquire Peñoles' 100% interest in the Pinos Altos project was extended and, in February 2006, the Company exercised the option. Under the terms of the exploration and option agreement, the purchase price was stipulated as $65 million, comprised of $32.5 million in cash and 2,063,635 shares of the Company. The transaction closed in escrow on in March 15, 2006. The escrow will be released five business days after the satisfaction of certain requirements relating to the Mexican environmental authorities' acceptance of the transfer by Peñoles to the Company of its environmental impact statement authorization relating to the Pinos Altos project. If satisfaction of these requirements has not occurred within 60 days following March 15, 2006 or such later date to which the Company and Peñoles may mutually agree, the Company may terminate the exploration and option agreement.

The Company has no other commitments or agreements with respect to any other acquisitions.

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

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

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

Effective February 11, 1999, two subsidiaries of the Company, Sudbury Contact Mines, Limited and Silver Century Explorations Ltd. ("Silver Century"), amalgamated pursuant to a court-approved plan of arrangement to form Contact Diamond. The Company has an approximate 39.4% interest in Contact Diamond. Contact Diamond is a junior exploration 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 Toronto Stock Exchange (the "TSX").

The Company'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 Form 20-F.

Business Overview

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

First, the Company and its predecessors have over three decades of continuous gold production, experience and expertise in metals mining. The Company's operations and exploration and development projects are located in areas that are supportive of the mining industry. The Company's mine is located in one of North America's principal gold-producing regions.

Second, the Company 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 $43 for 2005. The Company has

achieved significant improvements in this measure through the strength of its byproduct revenue, the economies of scale afforded by its large single shaft mine and its dedication to cost-efficient mining operations. In addition, the Company believes its highly motivated work force contributes significantly to continued operational improvements and to the Company's low cost producer status. For 2006, the Company expects total cash cost per ounce of gold produced to be approximately $50.

Third, the Company'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 and the development of the recently acquired projects in Finland and northern Mexico. 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 including the Lapa property, the construction of the Goldex mine project, and the LaRonde II project.

Fourth, the Company's senior management team has an average of approximately 20 years of operating and exploration experience in the mining industry. Management's significant experience has been instrumental in the Company's historical growth and provides a solid base upon which to expand the Company's operations. The geological knowledge that management has gained through its years of experience in mining and developing the LaRonde Division is expected to benefit the Company's current expansion program in the Abitibi region, Finland and northern Mexico.

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

The Company continues to focus its resources and efforts on the exploration and development of its properties in the Abitibi region of Quebec and Finland and northern Mexico with a view to increasing annual gold production and gold mineral reserve. The Company is evaluating, among others, the Lapa property, and the LaRonde II project as potential growth opportunities in the Abitibi region. LaRonde's proven and probable gold mineral reserves as at February 22, 2006 on contained gold basis were 1,625,825 ounces, including replacement of 241,807 ounces of gold mined (after mill recoveries and smelter charges). As a result, the LaRonde Division's current proven and probable mineral reserve (including LaRonde II) is estimated to contain approximately 5.3 million ounces of gold, 54.6 million ounces of silver, almost 1.8 billion pounds of zinc and over 275 million pounds of copper. In July 2005, based on an independently reviewed feasibility study, the Company decided to start construction of a mine at the Goldex property. Also, at the Lapa project, the Company's other advanced development project in the Abitibi region, the Company commenced a 870 metre deep shaft sinking project. At LaRonde II, a revised feasibility study has been completed and is currently undergoing independent review. The independent review is scheduled to be completed in the second quarter of 2006. Based on the results of this study, the Company will determine whether to construct new, deeper infrastructure to access the almost 3.7 million ounces of probable gold reserves indicated to be economic by previous studies, but outside the reach of current infrastructure. At the Company's Surrikuusikko project in northern Finland, estimated probable mineral reserves are 13.7 million tonnes grading 5.26 grams per tonne, and work in 2006 will continue on resource conversion, testing the deposit at depth and along strike. These results will be incorporated into a feasibility study that is expected to be ready to be submitted for independent review in the second quarter of 2006. At the Pinos Altos project in northern Mexico, work will continue on deep exploration and resource conversion in the Santo Niño, Cerro Colorado and Oberon de Weber zones in anticipation of preparing a feasibility study in respect of the property.

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

Expenditures on the expansion of the LaRonde Mine and exploration and development in the surrounding region in the last three fiscal years were $70 million, $53 million and $44 million, respectively. The 2005 expenditures include $42 million of capital expenditures at the LaRonde Mine, approximately $1 million at the LaRonde II project, $13 million for the development of the Lapa property and $14 million for the development of the Goldex property. Budgeted 2006 exploration and capital expenditures of $117 million consist of $82 million on construction of a mine at the Goldex property, $10 million of sustaining capital expenditures at the LaRonde Mine, $13 million on projects relating to the LaRonde II project and $12 million at the Lapa property. The financing for these expenditures is expected to be from internally generated cash flow from operations and from the Company's existing cash balances. Depending on the success of the exploration programs at this and other properties, the Company may be required to make additional capital expenditures for exploration, development and preproduction.

Agnico-Eagle mitigates the likelihood and potential severity of the various risks it encounters in its day to day operations through the application of high standards in the planning, construction and operation of 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. Unfortunately, in spite of efforts to ensure the safety of employees, industrial accidents can occur. In the first quarter of 2005, an accident claimed the life of an employee. Quebec's Commission de la santé et de la sécurité du travail completed an investigation into this accident and determined that the accident was caused by human error and the Company expects no further fines or sanctions in connection with the accident. The Company previously paid C$27,500 in fines relating to two fatalities at the LaRonde Mine in January 2004. Other than the investigations discussed above, no regulatory or other action has been initiated against the Company in connection with these industrial accidents. The Company's LaRonde Mine remains one of the safest mines in Quebec with a lower accident frequency index than the provincial mining industry average. Nevertheless, the Company and its employees continue with a focused effort to improve workplace safety and the Company has placed additional emphasis on safety procedure training for both mining and supervisory employees.

Agnico-Eagle also mitigates some of the Company'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 the Company, please see "Item 3. Key Information Risk Factors".

Mining Legislation and Regulation

Canada

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 the Company'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, providing it pays the annual lease fees set by Quebec government regulations, which range from C$37 to C$85 per hectare. 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). Leases are granted initially for a term of 20 years and are renewable up to three times, each for a duration of 10 years.

The Company 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. The Company is currently unaware of any issues that would affect the validity of its claims, mining leases and environmental permits in the near future.

Finland

Mining legislation in Finland consists of the Mining Act and the Mining Decree. In Finland any individual, corporation, or foundation having its principal place of business or central administration within the European Economic Area is entitled to the same rights to carry out prospecting, to stake a claim and to exploit a deposit as any Finnish citizen or corporation.

The Ministry of Trade and Industry ("MTI") is primarily responsible for mining legislation and administration as well as granting concessions. If there are no impediments to granting a claim, the MTI is obliged to grant the applicant a prospecting licence. The MTI has no power of discretion as to the material merits of the mining operation. A prospecting licence, which is in force for two to five years, depending on the scope of the search for mineable minerals, gives the holder the right to examine the area in order to determine the size and scope of the deposit. In order to obtain the rights to the mineable minerals located on the claim, the claimant must apply to the MTI for the appropriation of a mining patent. When the mining patent procedure has become final (i.e., unappealable) regarding all matters other than compensation, the MTI must issue the mining operator a mining certificate which gives the holder the right to fully exploit all mineable minerals found in the mining patent.

Mining operations must be carried out in accordance with a number of laws and regulations concerning conservation and environmental protection issues. Under the Environmental Protection Act mining activities require an environmental permit which is issued either for a definite or for an indefinite period of time. The Act is based on the principles of prevention and minimising of damages and hazards, application of the best available technology, application of the best environmental practice and "polluter pays".

The Act on Compensation for Environmental Damage includes provisions on the compensation for damage to a person or property resulting from pollution of water, air or soil, noise, vibration, radiation, light, heat or smell, or other similar nuisance caused by an activity carried out at a fixed location. This Act is based on the principle of strict liability, that is liability without fault if the causal relation between the activity and the damage can be established.

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

According to the Land Use and Building Act, the buildings and constructions required in mining will require building permits. Furthermore, according to the Act on Environmental Impact Assessment Procedure, certain projects always require compliance with an environmental impact assessment procedure. These include major projects with a considerable impact on the environment, such as the excavation, enrichment and handling

of metals and other minerals in cases where the excavated material is estimated to exceed 550,000 tonnes annually. A permit authority may not give its approval to an activity covered by the scope of the Act on the Environmental Impact Assessment Procedure without having taken an environmental impact assessment report into consideration.

Mexico

Mining in Mexico is subject to the Mining Law, a federal law. Under the Mexican Constitution, all minerals belong to the Mexican Nation. Private parties may explore and extract them pursuant to mining concessions granted by the executive branch of the Mexican Federal Government, as a general rule to whoever first claims them. While the Mining Law touches briefly upon labour, occupational or worker health and safety standards, these are primarily dealt with by the Federal Labour Law, also a federal statute. The Mining Law also briefly addresses environmental matters, which are primarily regulated by the General Law of Ecological Balance and Protection of the Environment, also of federal jurisdiction.

The primary agencies with jurisdiction over mining activities are the Ministry of the Economy, the Ministry of Labor and Social Welfare and the Ministry of the Environment and Natural Resources. The National Water Commission has jurisdiction regarding the granting of water rights, and the Ministry of Defense as concerns the use of explosives.

Concessions are for 50 years, renewable once. The main obligations to keep them current is the semiannual payment of mining duties (taxes), based on the surface of the concession, and the performance of work in the areas covered by the concessions, which is evidenced by minimum expenditures or by the production of ore.

Organizational Structure

The Company's only significant subsidiaries are Riddarhyttan, a Swedish company that was, until November 2005, listed on the Stockholm Stock Exchange, Agnico-Eagle Sweden AB, a wholly owned Swedish company through which the Company holds its interest in Riddarhyttan, and Suurikulta AB, a Swedish company through which Riddarhyttan holds its interest in the Suurikuusikko project. The Company, through Agnico-Eagle Sweden AB, holds approximately 97.3% of Riddarhyttan shares and, in November 2005, initiated a compulsory acquisition procedure under Swedish law to acquire the remaining 2.7% of shares outstanding. The Company expects to obtain advance possession of these shares in the second half of 2006. Advance possession means that the Company will be entitled to be registered as owner of these shares and thereby entitled to exercise all rights relating to these shares that vest in a shareholder. See " History and Development of the Company" and " Property, Plant and Equipment Riddarhyttan (Suurikuusikko Project)".

The Company's acquisition of the Pinos Altos project in northern Mexico was made through its wholly-owned Mexican subsidiary, Agnico Eagle S.A. de C.V. Riddarhyttan Resources Oy provides services in connection with the Company's operations at the Suurikuusikko project in Finland. The Company's operations in the United States are conducted through Agnico-Eagle (USA) Limited.

The Company's only significant associate is Contact Diamond (formerly Sudbury Contact Mines Limited), a public company listed on the TSX under the symbol "CO". The Company has an approximate 39.4% 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 the Company. However in 2003, through a series of equity financings, Contact Diamond became more financially independent and the Company's ownership was diluted to less than 50%. Accordingly, the Company no longer had a controlling financial interest in Contact Diamond and therefore ceased consolidating Contact Diamond's operations with its own. The Company 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 President and Chief Executive Officer and Graham Long, its Vice-President, Exploration, a former employee of the Company) is also a member of the management team of the Company, three of its directors are also directors of the Company (including two directors of the Company who are also officers of the Company), and one of its directors is also an officer of the Company. In total, three of the seven officers of the Company are also officers of Contact Diamond.

The following chart sets out the corporate structure of the Company together with the jurisdiction of incorporation of each of the Company's operating subsidiaries and related holding companies:

Property, Plant and Equipment

Abitibi Properties

The LaRonde Mine, the Goldex mine project and the Lapa, Bousquet and Ellison properties are located in the Abitibi region of northwestern Quebec. The Abitibi region is characterized by its availability of experienced mining personnel. The climate of the region is continental and the average annual rainfall is 64 centimetres and the average annual snowfall is 318 centimetres. The average monthly temperatures range from a minimum of -23 degrees Celsius in January to a maximum of 23 degrees Celsius in July. Under normal circumstances, mining operations are conducted year round without interruption due to weather conditions. However, in 2002 high underground temperatures due to extreme summer heat caused delay in development activity in lower portions of the LaRonde Mine.

Location Map of Abitibi Properties

LaRonde Division Property

The Company's LaRonde Division consists of the LaRonde property, and the adjacent El Coco and Terrex properties (collectively the "LaRonde Mine"), each of which is 100% owned and operated by the Company. The LaRonde Mine is situated approximately 60 kilometres west of the City of Val d'Or in northwestern Quebec (approximately 650 kilometres northwest of Montreal, Canada) in the municipalities of Preissac and Cadillac. The LaRonde Mine can be accessed from either Val d'Or or Rouyn-Noranda, which are located approximately 60 kilometres east and west of the LaRonde Mine, respectively, via Quebec provincial highway No. 117. The LaRonde Mine is situated approximately two kilometres north of highway No. 117 on Quebec regional highway No. 395. The Company has access to the Canadian National Railway at Cadillac, Quebec, approximately six kilometres from the LaRonde Mine. The elevation is 337 metres above sea level. All of the LaRonde Mine's power requirements are supplied by Hydro-Quebec through connections to its main power transmission grid. Water used in the LaRonde Mine's operations is sourced from Lac Preissac and is transported approximately four kilometres to the mine site through a surface pipeline.

The LaRonde Mine operates under mining leases obtained from the Quebec Ministry of Natural Resources and under certificates of approval granted by the Quebec Ministry of the Environment. The LaRonde property consists of 35 contiguous mining claims and one provincial mining lease and covers in total approximately 884.1 hectares. The El Coco property consists of 22 contiguous mining claims and a provincial mining lease and covers in total approximately 356.7 hectares. The Terrex property consists of 20 mining claims that cover in total approximately 408.4 hectares. The mining leases on the LaRonde and El Coco properties expire in 2008 and 2021, respectively, and are automatically renewable for three further ten-year terms on payment of a small fee. The Company also has two surface rights leases covering approximately 122.3 hectares that relate to the water pipeline right of way from Lake Preissac and the eastern extension of the LaRonde tailings pond #7 on the El Coco property. The surface rights leases are renewable annually.

The LaRonde Mine includes underground operations at the LaRonde and El Coco properties that can both be accessed from the Penna Shaft, a mill, treatment plant, secondary crusher building and related facilities. The El Coco property was acquired from Barrick Gold Corporation ("Barrick") in June 1999 and is subject to a 50% net profits interest in future production from approximately 500 metres east of the LaRonde property boundary. The remaining 1,500 metres is subject to a 4% net smelter return royalty. This area of the property is now substantially mined out and the Company did not pay royalties in 2004 or 2005 and does not expect to pay royalties in 2006. 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, the Company owns 100% of the Sphinx property immediately to the east of the El Coco property.

Mining and Milling Facilities

The LaRonde Mine was originally developed utilizing a 1,207 metre shaft (Shaft #1) and an underground ramp access system. The ramp access system is available down to the 25th Level of Shaft #1 and then continues down to Level 227 at the Penna Shaft. The mineral reserve accessible from Shaft #1 was depleted in September 2000 and Shaft #1 is no longer in use. A second production shaft (Shaft #2), located approximately 1.2 kilometres to the east of Shaft #1, was completed in 1994 down to a depth of 525 metres and was used to mine Zones #6 and #7. Both ore zones were depleted in March 2000 and the workings were allowed to flood up to the 6th Level (approximately 280 metres). A third shaft (the Penna Shaft) located approximately 800 metres to the east of Shaft #1, was completed down to a depth of 2,250 metres in March 2000. The Penna Shaft is used to mine Zones 20 North, 20 South, 7 and 6.

Four mining methods have historically been used at the LaRonde Mine: open pit for the three surface deposits, sublevel retreat, longitudinal retreat with cemented backfill, and transverse open stoping with both cemented and unconsolidated backfill. The primary source of ore at the LaRonde Mine continues to be from underground mining methods. During 2005, 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 30 metre and 40 metre vertical intervals, depending on the depth. Stopes are undercut in 15 metre panels. In the longitudinal method, panels are mined in 15 metre sections and backfilled with 100% cemented rock fill or paste fill. In the transverse open stoping method, 50% of the ore is mined in the first pass and filled with cemented rock fill or paste fill from the paste backfill plant completed in 2000 and located on the surface at the processing facility. On the second pass, the remainder of the ore is mined and filled with unconsolidated waste rock fill or paste backfill.

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, the Company completed and commissioned a new water treatment plant that reduces tailing effluent toxicity immediately prior to discharge. The plant uses a new biological treatment process to treat water from ore milling. At the end of March 2004, treated water released from the plant successfully passed a toxicity test. In 2004, high water levels at the tailings pond at LaRonde caused by

above average rainfall, overcast conditions and the retention of excess water in the tailings pond prior to completion of the water treatment plant were mitigated by a discharge of slightly toxic water under a transitional discharge permit from Environment Canada. In March 2005, the Company received a notice of infraction from the Quebec Ministry of the Environment relating to the discharge. In 2004, to increase the capacity in the tailings pond and treatment process, the Company installed a coffer dam in the tailings pond to provide extra capacity and initiated construction on a second phase expansion of the water treatment plant to further increase treatment capacity. The second phase of the plant was completed in December 2004. Biomass build-up was completed and the second phase was fully operational in the second quarter of 2005. Expenditures for this second phase expansion were $4.2 million.

Retention of excess water in the tailings pond complex prior to commissioning the second phase of the water treatment plant caused concentrations of contaminants in the pond water to almost double. As a result, the flowrate at the plant had to be reduced from design values to process the higher contaminant concentrations. Accordingly, treatment of the accumulated water in the tailings pond proceeded at a slower pace than expected, and in 2005 the Company raised the tailings pond dikes by three metres to ensure the continued safe operation of the tailings pond complex. In conjunction with consultants, the Company is further researching the physical, biological and chemical processes taking place during the treatment process so that it may increase treatment flowrate and achieve stable treatment performance. This optimisation work will continue in 2006. In June 2005, the effluent discharge from the tailings pond failed the toxicity test for daphnia for a one week period and exceeded the permitted the monthly average suspended solids concentration. A notice of infraction was issued to the mine on these two counts in September 2005. The Quebec Ministry of the Environment has indicated to the Company that it will not impose fines or other sanctions in connection with the notice of infraction.

Tailings are stored in a tailings pond covering an area of approximately 119 hectares and waste rock is stored in two waste rock piles with a combined volume of approximately 1.43 million cubic metres. The Company 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 processing plant with a daily capacity of 6,350 tonnes of ore, which has been expanded four times from the original 1,630 tonnes of ore treated per day rate. The expansion to 6,350 tonnes per day was completed in October 2002 and the milling complex has been operating well above this level for the past two years. This expansion consisted of additions to the grinding and precious metals circuits and modifications to the copper and zinc flotation circuits. An ore handling system was completed at the end of 1999. It included a truck dump linked by a new conveyor gallery to a coarse ore bin with a capacity of 4,500 tonnes. The coarse ore bin feeds a 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 32 tonne trucks.

The milling complex consists of a grinding, copper flotation, zinc flotation, and a precious metals recovery circuit and refinery. A copper concentrate containing, approximately 60% of the gold plus byproduct silver and copper is recovered. The zinc flotation circuit produces a zinc concentrate containing approximately 9% of the gold. The remaining 22% is recovered by the precious metals circuit, including a refinery using the Merrill Crowe process, and it is 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 2005, zinc recoveries averaged 83% and zinc concentrate quality averaged 54% zinc. In 2005, copper recoveries averaged 77% and copper concentrate quality averaged 12% for the year.

Since 1991, gold recoveries have averaged over 93%. During 2005, gold recoveries averaged approximately 91%. In 2005, silver recoveries averaged 85%. During 2005, the mill processed approximately 2.67 million tonnes of ore, averaging approximately 7,297 tonnes of ore treated per day and operating over 94% of available time.

The following table sets out the metal recoveries, concentrate grades and contained metals for the 2.977 million tonnes of ore extracted by the Company at the LaRonde Division in 2005.

		Copper Concentrate (64,943 tonnes produced)		Zinc Concentrate (166,986 tonnes produced)				
	Head Grades	Grade	Recovery	Grade	Recovery	Doré Produced	Overall Metal Recoveries	Payable Production (000s)
Gold	3.11 g/t	80.6 g/t	63.1%	3.8 g/t	7.7%	48,374 oz	90.8%	241,807 oz
Silver	77.5 g/t	1,585 g/t	50.1%	186 g/t	15.0%	1,108,822 oz	84.8%	4,831,000 oz
Zinc	4.06%	8.8%		53.9%	83.2%		83.2%	76,545 t
Copper	0.39%	12.4%	76.9%				76.9%	7,378 t

Development

In 2005, a total of 12,170 metres of lateral development was completed. Development was focused on stope preparation of the 2005 and 2006 mining blocks, especially the preparation of the new lower mine production horizon (Level 224). Also, the Company completed construction of a ramp between the upper and lower mining horizons of the Penna Shaft that provides the Company with continuous ramp access from the surface to Level 227. In mid 2005, development activity related to exploration had reached its target of 285 metres to the west of the boundary between the LaRonde and Bousquet properties. The focus of the development activity was to define the western limit of Zone 20 North at depth and to acquire additional information on the high grade polymetallic zone of Zone 20 North at depth and to the west.

In 2006, a total of 9,520 metres of lateral development is planned. The main focus is the same as last year (stope preparation). Also the company plans to develop down to Level 236 and prepare the access to Zone 20 South on two levels (Level 209 and Level 212). Finally, the company will start a ramp up from Level 98 to Level 94. There is no exploration drift planned in 2006, as planned exploration activity will be done from the existing infrastructure.

Geology and Diamond Drilling

Geologically, the LaRonde Mine property is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the Cadillac-Larder Lake fault zone (the "CLL Fault Zone") marking the contact between the Abitibi and the Pontiac sub-provinces, located approximately 2 kilometres to the south of the LaRonde property.

The geology that underlies the LaRonde Mine consists of three east-west trending, steeply south dipping and generally southward facing regional lithological units (geological Groups). The units are, from north to south: (i) 400 metres of the Kewagama Group which is made up of thick band of interbedded wacke; (ii) 1,500 metres of the Blake River Group, a volcanic assemblage which hosts all the known economic mineralisation on the property; and (iii) 500 metres of the Cadillac Group, made up of thick band of wacke interbedded with pelitic schist and minor iron formation.

Zones of strong sericite and chlorite alterations, which enclose massive to disseminated sulphide mineralization (in which gold, silver, copper and zinc are mined at the LaRonde Mine) follow steeply dipping, east-west trending, anastomosing shear zone structures within the Blake River Group volcanic units from east to west across the property. These shear zones comprise a larger structure, the Doyon-Dumagami Structural Zone, which hosts several important gold occurrences (including the Doyon gold mine and the former Bousquet mines) and has been traced for over 10 kilometres within the Blake River Group from the LaRonde 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 tonnes 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 locally 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, 2004, on a tonnage basis, the LaRonde Division's combined proven and probable mineral reserve decreased by 0.6% to 36.7 million tonnes in 2005. The 36.7 million tonnes of mineral reserves includes the replacement of 2.7 million tonnes that were mined in 2005. The Company's ability to sustain its level of proven and probable mineral reserve was primarily due to continued successful exploration results at depth.

The exploration program was expanded in 2004 after the property boundary constraints were removed with the Company's acquisition of the Bousquet and Terrex properties in 2003. In 2005, drilling continued mining stope definition of Zone 20 North, Zone 7 and Zone 20 South at LaRonde and was also focused on mineral resource conversion in order to prepare for the revised feasibility study of the LaRonde II project. Reserves and resources above Level 245 are considered to be part of the LaRonde I deposit, those below such level are considered to be part of the LaRonde II deposit. One objective of the LaRonde II project exploration program in 2005 was to test Zone 20 North at depth and to the west. 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 were incorporated into the revised LaRonde II feasibility study that is currently undergoing independent review. This independent review is expected to be complete in the second quarter of 2006. A summary of the diamond drilling completed on the LaRonde Mine property is set out below:

	Number of Holes Drilled		Length Drilled (m)	
LaRonde Target for Diamond Drilling	**2005**	**2004**	**2005**	**2004**
Production Stope Delineation	231	180	10,485	10,936
Definition	75	54	11,568	7,575
Deep Exploration (LaRonde II, Zone 20 North)	53	41	23,025	30,147
TOTAL	359	275	45,078	48,658

The combined cost of the diamond drilling at the LaRonde Mine was approximately $2.8 million in 2005 (including $0.9 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$60 million. Expenditures on exploration and studies for LaRonde II (Zone 20 North at depth) were $1.9 million in 2005 and are expected to be $1.7 million in 2006.

Agnico-Eagle currently controls almost 32 kilometres along the Cadillac-Bousquet belt both east and west of the LaRonde Mine, much of which remains unexplored at depth. Access to a portion of this property holding provided by the LaRonde Mine's underground infrastructure will facilitate further exploration.

Zone 20 North has developed into what the Company 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	36,701,918 tonnes
Zone 20 North	34,888,489 tonnes

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

	Measured and Indicated Mineral Resources
Total LaRonde Property	4,576,673 tonnes
Zone 20 North	3,670,742 tonnes

	Inferred Mineral Resource
Total LaRonde Property	5,182,238 tonnes
Zone 20 North	4,499,372 tonnes

Zone 20 North initially occurs at a depth of 700 metres below surface and has been traced down to a depth of 3,100 metres below surface. With increased access on the lower levels of the mine (i.e., Levels 170, 194, 215 and 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 170 and 218. In 2005, 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 1,700 metres and a horizontal distance of 570 metres, with thicknesses approaching 40 metres. The gold zone has been traced over a vertical distance of over 2,200 metres and a horizontal distance of 600 metres, with thicknesses varying from 3 metres to 30 metres. The zinc zone consists of massive zinc/silver mineralization containing 50% to 90% massive pyrite and 10% to 50% massive light brown sphalerite. The gold zone mineralization consists of 30% to 70% finely disseminated to massive pyrite containing 1% to 10% chalcopyrite veinlets, minor disseminated sphalerite and rare specks of visible gold. Gold grades are generally related to the chalcopyrite or copper content. This is the same historical relationship noted at Shaft #1's Main Zone. At depth, the massive sulphide lens becomes richer in gold and copper. During 2005, 2.5 million tonnes of ore grading 3.07 grams of gold per tonne, 78.7 grams of silver per tonne, 0.4% copper and 4.1% zinc were mined from Zone 20 North.

The 2005 drilling program continued testing Zone 20 North at depth and to the west. The purpose of this drilling was to continue the resource to reserve conversion process and provide additional information for the revised LaRonde II feasibility study. Drilling was also conducted in 2005 using the underground infrastructure available from the Company's Bousquet property. For 2005, 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 the bottom of the Bousquet Shaft continued.

Drilling results in 2005 continued to delineate and increase the size of the gold ore body at depth, however, the eastern and western boundaries of the deposit have been almost fully delineated, though the deposit remains open at depth. During 2005, 46 drill holes were completed at depth. The drill holes were widely dispersed and continued to focus on further definition of the polymetallic zone as well as the conversion from resource to reserves on the remainder of the deposit. Three of the most significant results of the year were obtained from drill holes 3215-106E, 3215-108A and 3215-117. These drill holes intersected the following values:

		Interval (m)					
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 41.43 g/t)**	**Silver (g/t)**	**Copper (%)**	**Zinc (%)**
3215-106E	14.5	1068.4	1085.7	8.62	2.46	0.07	0.04
3215-108A	19.6	996.0	1025.5	8.71	51.83	0.73	0.25
3215-117	17.3	944.9	969.0	9.08	21.87	0.34	0.03

Another significant result was obtained in drill hole 3215-114, located at 3,085 metres depth and 1,077 metres west of the Penna Shaft, which intersected strong alteration but no significant gold values. This zone is within sericitized and silicified andalusite bearing felsic unit with 10-20% disseminated to banded pyrite.

This result appears to indicate that drilling has reached an isolated low-grade sector within the Zone 20 North at depth, as seen in the LaRonde I deposit.

Drill Hole	True Thickness (m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 41.43 g/t)	Silver (g/t)	Copper (%)	Zinc (%)
3215-114	2.8	1170.6	1175.4	1.44	1.24	0.02	0.01

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

Zone 20 South is located approximately 150 metres south of Zone 20 North. It consists of at least two known disseminated to massive sulphide gold/copper/zinc-bearing lenses made up of 80% to 90% pyrite, 5% to 10% sphalerite and 1% to 3% chalcopyrite. The Zone 20 South horizon has been traced over a vertical distance of 1,615 metres and a horizontal distance of up to 255 metres, with a mineralized thickness varying from 3 metres to 12 metres. The El Coco property contains the eastern extension of Zone 20 South. The current mineral reserve position on Zone 20 South on the LaRonde property is 129,000 ounces and on the El Coco property is negligible (180 ounces). In 2005, approximately 9,336 tonnes grading 3.78 grams of gold per tonne were mined from Zone 20 South on the LaRonde property.

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

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

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

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

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

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

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. Limited drilling was completed on Zone 20 South during 2005. The results continued to be poor and confirmed the decision not to develop the zone at depth. Additional drilling will be conducted in 2006; however the current results do not justify an economic evaluation.

Capital Projects and Expansion

In 2004, the Company commissioned a water treatment plant that reduces tailing effluent toxicity immediately prior to discharge. The Company completed construction on a second phase expansion of the water treatment plant to further increase treatment capacity in December 2004. The second phase was fully operational in the second quarter of 2005. In 2004, the Company initiated ramp development between Level 215 and Level 236. The Company completed the ramp development between the upper and lower mining horizons and, at the end of 2005, continuous ramp access was available from surface down to Level 227 of the Penna Shaft.

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In 2005, the Company completed a revised feasibility study in respect of LaRonde II. This feasibility study is undergoing an independent review, which is expected to be completed during the second quarter of 2006. The study incorporates the latest drilling results at depth, as well as the latest reserve estimate. During 2005, rock mechanic experts evaluated the potential geomechanical issues associated with deep mining at LaRonde II and issued recommendations. These recommendations were addressed in the feasibility study with the intent of reducing the overall level of risk associated with deep mining.

The Company made capital expenditures of $70 million in 2005 on the expansion of the LaRonde Mine and exploration and development of the surrounding region. The 2005 expenditures include $42 million of capital expenditures at the LaRonde Mine, approximately $1 million at the LaRonde II project, $13 million for the development of the Lapa property and $14 million for the development of the Goldex property. Budgeted 2006 exploration and capital expenditures of $117 million consist of $82 million on construction of a mine at the Goldex property, $10 million of sustaining capital expenditures at the LaRonde Mine, $13 million on projects relating to LaRonde II and $12 million on the underground program at the Lapa property. During 2006, the Company plans exploration expenditures on grassroots exploration projects of approximately $12 million.

Mineral Reserve and Mineral Resource

The information set forth below with respect to the mineral reserves at the LaRonde Division, Bousquet, Ellison, Goldex, Lapa, Suurikuusikko and Pinos Altos properties has been prepared by the following qualified people in accordance with the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("National Instrument 43-101"):

Property	Qualified person responsible for mineral reserve estimates
LaRonde Division	Marc Ruel, P.Geo., Chief Geologist, LaRonde Division
Bousquet and Ellison	Normand Bédard, P.Geo., Senior Geologist, Regional Development Division
Goldex	Carl Pelletier, P. Geo, Consulting Geologist
Lapa	Christian D'Amours, P.Geo., Consulting Geologist
Suurikuusikko	Normand Bédard, P.Geo., Senior Geologist, Regional Development Division
Pinos Altos	Christian D'Amours, P.Geo., Consulting Geologist

The qualified person responsible for the LaRonde II and Suurikuusikko studies is François Vézina, Ing., Manager of Technical Services for the Company. The qualified person responsible for the Goldex feasibility study is Rosaire Emond, Ing., Project Manager for the Company's Goldex Division. The qualified person responsible for the Lapa feasibility study is Yves Galarneau, Ing., Project Engineer for the Company's Lapa shaft sinking project.

The Company's Manager of 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 Form 20-F. The Company's mineral reserve estimate was derived from internally generated data or audited reports.

Cautionary Note to Investors concerning estimates of Measured and Indicated Resources

This section uses the terms "measured resources" and "indicated resources". We advise investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Cautionary Note to Investors concerning estimates of Inferred Resources

This section uses the term "inferred resources". We advise investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it.

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

The criteria set forth in National Instrument 43-101 for reserve definitions and guidelines for classification of mineral reserve are similar to those used by the United States Securities and Exchange Commission (the "SEC") Industry Guide No. 7, as interpreted by Staff of the SEC ("Guide 7"). However, the definitions in National Instrument 43-101 differ in certain respects from those under Guide 7. Under Guide 7, among other things, a mineral reserve estimate must have a feasibility study and be calculated using a historic three-year average price. The Company uses historic three-year average prices to calculate its mineral reserves; however, the Suurikuusikko project does not meet the criteria for inclusion in Guide 7 mineral reserves. In addition, on the Bousquet property, no feasibility study has been completed; however this mineral reserve consists of broken ore that has already been mined and is currently stockpiled on the surface. As the grade of this ore is above the economic level to mill the material, it has been classified as proven mineral reserve. In addition to the differences noted above, Guide 7 does not recognize mineral resources. Set out below are the reserve estimates as calculated in accordance with National Instrument 43-101 and Guide 7, respectively:

	National Instrument 43-101			Industry Guide 7		
Property	**Tonnes**	**Grade (g/t)**	**Contained Gold (oz)**	**Tonnes**	**Grade (g/t)**	**Contained Gold (oz)**
Bousquet	18,256	1.30	763	18,256	1.30	763
Goldex	17,933	1.88	1,084	17,933	1.88	1,084
LaRonde	6,767,626	2.92	634,935	6,767,626	2.92	634,935
Total Proven Reserve	6,803,815		636,782	6,803,815		636,782
Goldex	21,374,949	2.39	1,640,294	21,374,949	2.39	1,640,294
Lapa	4,090,420	8.88	1,168,209	4,090,420	8.88	1,168,209
LaRonde	10,779,845	2.86	990,890	10,779,845	2.86	990,890
LaRonde II	19,154,447	5.98	3,681,527	19,154,447	5.98	3,681,527
Suurikuusikko	13,757,215	5.26	2,324,563			
Total Probable Reserve	69,156,876		9,805,483	55,399,661		7,480,920
Total Proven and Probable Reserve	75,960,691		10,442,265	62,203,476		8,117,702

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

A "mineral reserve" is the economically mineable part of a measured or indicated resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allows for losses that may occur when the material is mined.

A "proven mineral reserve" is the economically mineable part of a measured resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit.

A "probable mineral reserve" is the economically mineable part of an indicated mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.

A "mineral resource" is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

A "measured mineral resource" is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

An "indicated mineral resource" is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

An "inferred mineral resource" is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

A "feasibility study" is a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

A "preliminary feasibility study" or "pre-feasibility study" is a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.

"Cut-off grade" means (a) in respect of mineral resources, the lowest grade below which the mineralized rock currently cannot reasonably be expected to be economically extracted, and (b) in respect of mineral reserves, the lowest grade below which the mineralized rock currently cannot be economically extracted as demonstrated by either a preliminary feasibility study or a feasibility study. Cut-off grades vary between deposits depending upon the amenability of ore to gold extraction and upon costs of production and metal prices.

LaRonde Division	at December 31, 2005	2004	2003
Gold			
Proven[(1)] tonnes	3,800,000	3,200,000	3,700,000
Average grade gold grams per tonne	4.21	4.80	4.71
Probable[(1)] tonnes	26,100,000	24,900,000	23,500,000
Average grade gold grams per tonne	5.45	5.37	5.46
Zinc			
Proven tonnes	2,900,000	2,600,000	2,500,000
Average grade gold grams per tonne	1.27	1.03	0.95
Probable tonnes	3,800,000	6,200,000	8,000,000
Average grade gold grams per tonne	0.82	1.10	1.01
Total mineral reserve tonnes	36,700,000	36,900,000	37,700,000
Total contained gold ounces[(2)]	**5,307,000**	**5,104,000**	**5,020,000**

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

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$39.00 per tonne and C$60.00 per tonne depending on the deposit. For instance, the C$39.00 per tonne 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$60.00 per tonne cut-off applies. The zinc mineralization is economic at a cut-off grade of C$60.00 per tonne 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, the Company 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$39.00 per tonne 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. The Company's historical metallurgical recovery rates at the LaRonde Mine from January 1, 2000 to December 31, 2005 were 92.0% for gold, 82.6% for silver, 75.4% for copper and 80.4% 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 2006 mineral reserve and mineral resource estimate at LaRonde was calculated using a gold price of $405 per ounce, a silver price of $6.35 per ounce, a copper price of $1.25 per pound, a zinc price of $0.51 per pound and an exchange rate of C$1.30 per $1.00. The metal and foreign exchange assumptions were changed in 2005 resulting from changes in the prices for each metal and C$/US$ exchange rate and reflect the three-year historical average initial prices and exchange rate for the three-year period ended December 31, 2005. The impact of the increase in gold price from $360 to $405 was essentially negated by the change in the C$/US$ exchange rate from C$1.42 per $1.00 to C$1.30 per $1.00. For every 10% change in the gold price, there would be an estimated 4% change in proven and probable reserves.

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

Reconciliation of LaRonde Division Mineral Reserve

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the LaRonde Division by category at December 31, 2005 with those at December 31, 2004.

	Proven	Probable	Total
December 31, 2004	5,891	31,044	36,935
Mined	(2,672)		(2,672)
Revision	3,549	(1,110)	2,439
December 31, 2005	6,768	29,934	36,702

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 100 metre by 100 metre pattern, whereas reserve drilling is carried out on approximately a 40 metre by 40 metre pattern. Samples are taken at regular (0.3 to 1.5 metre) 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.

Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, parameters and methods and a full discussion of the factors that may materially affect mineral reserve and mineral resource estimates may be found in the 2005 LaRonde Mineral Resource and Mineral Reserve Estimate, Agnico-Eagle Mines Limited, LaRonde Division filed with Canadian Securities Administrators on SEDAR.

Lapa Project

The Lapa Project is a pre-production stage development property located approximately 11 kilometres east of the LaRonde Mine near Cadillac, Quebec and is accessible by provincial highway. The Lapa property is made up of the Tonawanda property, which consists of 43 mining claims totalling approximately 709.0 hectares, and the Zulapa property, which consists of one mining concession totalling approximately 93.5 hectares. In 2002, after signing an initial option agreement with Breakwater Resources and undertaking an aggressive exploration program, the Company discovered a new gold deposit almost 300 metres below the surface. In 2003, the Company 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 the Company as a credit to offset net smelter return royalties payable.

Currently, the only infrastructure on the property is employed for sinking the shaft and consists of the former LaRonde shaft #1 headframe and shafthouse, which were both refurbished, a service building housing the hoist and compressors, temporary offices and settling ponds for waste water.

In February 2003, the inferred mineral resource for the Lapa property, which consisted entirely of the Contact Zone lens, was estimated to be 2.97 million tonnes grading 8.54 grams per tonne of gold. Most of the mineralized drill holes in the Contact Zone contain visible gold. For this mineral resource estimate, high assay gold values were capped at 51.4 grams per tonne. 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, the Company also focused on collecting material to be used in conducting metallurgical testing and preliminary engineering and baseline environmental studies were initiated.

In March 2005, the Company began sinking a 825 metre deep shaft at the Lapa property. At the end of 2005, the shaft had reached a depth of approximately 600 metres below surface. Completion of the 4.9 metre diameter, concrete lined shaft is expected to occur in the second half of 2006. The shaft will provide access for an underground diamond drilling program to test the depth potential of the deposit, to confirm the mining method, continuity and estimated dilution factor, to extract a 13,600-tonne metallurgical bulk sample, to validate current reserve estimates and to refine the metallurgical process. Underground diamond drilling to validate the continuity and grade of the present reserve estimate commenced in the fourth quarter of 2005. A revised feasibility study is anticipated to be completed by the end of 2006. The total cost of the underground

development drilling and metallurgical program at the Lapa property is estimated to be $30 million, of which $12 million is expected to be incurred in 2006.

Positive results from the first phase program would result in an extension of the shaft to a depth of approximately 1,370 metres below surface in a second phase program. Incremental capital costs to bring the project into full production after the bulk sample are currently estimated at approximately $80 million. Consideration is being given to accelerating the second phase of the shaft sinking program. Assuming no further additions to reserves and the current reserve grade, the Company envisages a 10-year mine life with full production levels in late 2008 of approximately 125,000 ounces of gold per annum at cash operating costs of approximately $200 per ounce.

The Company envisages that the Lapa site will host the underground mining operation and the ore will be trucked to the LaRonde processing facility, which will be modified to treat, recover the gold and store the residues.

Geology and Diamond Drilling

Geologically, the Lapa property is similar to LaRonde and is also located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province and the Pontiac Sub-Province within the Superior Province of the Canadian Shield. The most important regional structure is the CLL Fault Zone marking the contact between the Abitibi and the Pontiac sub-provinces, which passes through the property from west to east. The CLL Fault Zone is marked by schists and mafic to ultramafic volcanic flows that comprise the Piché Group (up to approximately 150 metres in thickness). The CLL Fault Zone is generally east-west trending but on the Lapa property, it curves southward abruptly before returning to its normal trend; the flexure defines a "Z" shaped fold to which all of the lithological groups in the region conform. Feldspathic dykes cut Piché Group (more often in the sector of the fold). To the north of the Piché Group lies the Cadillac Group sedimentary Group, which consists of approximately 500 metres or more of well-banded wacke, conglomerate and siltstone with intercalations of iron formation. The Pontiac Group sedimentary rocks (up to approximately 300 metres thickness) that occur to the south of the Piché Group are similar to the Cadillac Group but do not contain conglomerate nor iron formation. Minor Protorozoic age (2.0 billion years) diabase dykes cut all of the rocks in a northwest direction.

All of the known gold mineralization along the CLL Fault Zone is epigenetic (late) vein type and mineralization is controlled by structure; mineralization is associated with the fault zone and occurs all or immediately adjacent to the Piché Group rocks. Although gold mineralization also occurs throughout the Piché Group at Lapa, except for the Contact and Contact South zones (which comprise the Lapa Deposit), it is generally discontinuous and has low economic potential. The Contact and Contact South zones are made up of multiple quartz veins and veinlets, often smokey and anastomosing, within a sheared and altered envelope (with minor sulphides and visible gold) that is always at the contact between the Piché Group and the Cadillac Group sediments. The envelope is not always in the same volcanic unit since the Piché/Cadillac contact is discordant. The sheared envelope consists of millimetre-thick foliation bands of biotite or sericite with silica (depending on the rock type that hosts the alteration). Sericitization predominates when the zone is in sedimentary rocks while biotization and silicification predominates when the envelope affects the Piché Group volcanics. Quartz veins and millimetre-sized veinlets that are parallel to the foliation (structural fabric) account for 5% to 25% of the mineralization. Visible gold is common in the veins and veinlets but can also be found in the altered host rock. Sulphides account for 1% to 3% of the mineralization; the most common sulphide is, in order of decreasing importance, arsenopyrite, pyrite, pyrrhotite and stibnite. Graphite is also rarely observed as inclusions in smokey quartz veins.

The Contact zone is a tabular shaped mineralized envelope that is oriented south-east and dips very steeply (-87 degrees) to the south. The economic portion of the zone has been traced from roughly 450 metres below surface to below 1,150 metres depth, has an average strike length of 350 metres and varies in thickness between 2.7 to 14.5 metres and is open at depth.

The Contact South zone is also steeply dipping but is oriented west-northwest or slightly oblique to the Contact zone (and it intersects the Contact zone near its western extremity). The Contact South zone, located at

700 metres depth, is 200 metres long by 200 metres in height and has a thickness that varies between 2.2 and 8.2 metres.

Drilling in 2005 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 118-04-57C and 118-04-57E which tested below the lowest level of the Lapa property reserves (at approximately 1,300 metres below the surface) successfully traced the Contact Zone lens in particular to a depth of 1,390 metres and the deposit remains open for expansion at depth of 1,390 metres. The results are summarized below:

		Interval (m)		
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 51.4 g/t)**
118-04-57C	6.0	1,886.7	1,892.9	7.20
118-04-57E	3.8	1,827.9	1,831.8	6.86

Mineral Reserve and Mineral Resource

At December 31, 2005, the Lapa property contained 4.1 million tonnes of probable reserves grading 8.88 grams of gold per tonne (unchanged from December 31, 2004 due to no supplemental exploration results and no significant change in the cut-off grade).

	December 31, 2005	**December 31, 2004**
Gold		
Probable tonnes	4,090,000	4,090,000
Average grade gold grams per tonne	8.88	8.88
Total mineral reserve tonnes	4,090,000	4,090,000
Total contained gold ounces	**1,168,000**	**1,168,000**

Tonnage information is rounded to the nearest thousand tonnes.

Notes:

(1)

The 2006 mineral reserve and mineral resource estimate is unchanged from the 2005 estimate which was calculated using a gold price of $360 per ounce, metallurgical recoveries of 85.8% and an exchange rate of C$1.42 per $1.00. Although the price assumptions used to constrain the Lapa deposit wireframe models and also estimate the Lapa deposit mineral resource and reserve in 2005 are slightly lower than those used for the Company's other reserves in 2006 ($405 per ounce gold price and an exchange rate of C$1.30 per $1.00, which are both the historic three-year average prices), the 3% increase in price in Canadian dollar terms (from C$512 in 2005 to C$527 in 2006) is not significant enough to warrant a re-estimate since in addition no additional exploration information significant to the Lapa reserve was discovered in 2005. For every 10% change in the gold price, there would be an estimated 11% change in probable reserves.

For the mineral resource models, a minimum gold grade cut-off of 5.0 grams per tonne was used to evaluated drill hole intercepts that have been adjusted to respect a minimum mining width of 2.8 metres (horizontal width). Separate cut-off grades are used for the estimation of mineral reserves and mineral resources. In order to estimate the mineral reserve, a dilution factor that averaged 22.8% was applied. For the underground reserve models, the minimum in situ gold grade cut-off was 6.0 grams per tonne or 6.5 grams per tonne for the Transverse mining method and the Avoca mining method, respectively. The cost per tonne estimate for the Transverse mining method is C$60.90 and for the Avoca mining method is C$58.91. 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 the Company based on the minimum grade of ore that has reasonable prospects for economic extraction. 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, 2005 the Lapa property contained 0.75 million tonnes of indicated mineral resource grading 5.49 grams of gold per tonne and 1.71 million tonnes of inferred mineral resource grading 7.69 grams of gold per tonne.

(2)

For the 2005 mineral reserve and mineral resource estimate, gold assays were cut to 51.4 grams per tonne or 68.6 grams per tonne, respectively, for the Contact Zone and Contact South Zone that comprise the Lapa deposit.

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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 100 metre by 100 metre pattern, whereas probable reserve drilling is carried out on approximately a 80 metre by 80 metre pattern. Samples are taken consecutively at 0.3 metre to 1.5 metre 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 property is located in the municipality of Val d'Or, Quebec and is accessible by provincial highway. The elevation is approximately 275 metres above sea level. All of the Goldex project's power requirements are supplied by Hydro-Quebec through connections to its man power transmission grid. All of the water required at the Goldex project will be sourced directly by aqueduct from the Allard River immediately adjacent to the project.

The Goldex Project is a development property held under 22 claims, totalling approximately 267.78 hectares. The claims are renewable every second year upon payment of a small fee. The Company has a 100% working interest in the Goldex property. The Goldex property is made of three claim blocks: the Probe block (ten claims, 122.38 hectares); the Dalton block (one claim, 10.4 hectares); and the Goldex Extension block (11 claims, 135.0 hectares). The Goldex Extension Zone, which is the gold deposit on which the Company is currently focusing its exploration and development efforts, was discovered in 1989 on the Goldex Extension claim block (although a small portion of the deposit is interpreted to occur on both the Dalton and Probe claim blocks). Probe Mines Ltd. holds a 5% net smelter return royalty interest on the Probe claim block. Should commercial production commence on the Goldex Project, 18,000 shares of the Company will be issued to the estate of John Michael Dalton Jr. The Goldex Extension block claims were subject to a 1% net smelter return royalty interest in favour of Donald, Bernard, Marlin and Christine Charlebois. However, in 2005, the Company acquired this interest for approximately $1.2 million.

The surface facilities at the Goldex Project include a headframe, a surface building containing a mechanical shop, a warehouse, an office and a 790 metre deep shaft, which provides underground access. Since 1989, the Company has undertaken a major exploration program on the Goldex Extension Zone. This program included deepening the shaft from 460 metres to its current 790 metre depth, over 48,000 metres of drilling, over 2,000 metres of horizontal development, 4,150 cubic metres of slashing, 145 metres of raising and the extraction and milling of two bulk samples (33,333 tonnes in 1995 and 102,869 tonnes in 1996). Underground exploration drilling in 1997 confirmed earlier results that outlined a large zone of low-grade mineralization ranging from 18 to 23 million tonnes in size with a gold grade in the range of 2.19 to 2.47 grams per tonne (using a cutting factor of 34.29 grams per tonne).

In 1997, the Company completed a mining study that showed that the deposit was not economically viable to mine at the then prevailing gold price using the mining approach chosen and drill-hole indicated grade. 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, the Company 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 revised feasibility study, led to

a probable reserve estimate of 1.6 million ounces of gold contained in 21.8 million tonnes of ore grading 2.37 grams of gold per tonne. In addition, the February 2004 reserve and resource estimate led to an indicated resource estimate of 1.1 million tonnes grading 2.64 grams of gold per tonne and an inferred resource estimate of 2.5 million tonnes grading 2.13 grams of gold per tonne.

In February 2004, based on a review of the project conducted by independent engineers, the Company decided to undertake a $4.7 million underground bulk sampling program to provide additional geological and sampling information to increase the level of confidence in the gold grade. Dewatering of the underground workings was completed in 2004 in preparation for the exploration program and a bulk sample. In 2004, 28 diamond drill holes were completed for 5,940 metres and over 610 metres of development in three subvertical raises (each approximately 3 metres in diameter) were excavated over an approximate 210 metre distance along the strike of the Goldex Extension Zone. The 16,500 tonnes of ore were collected and sampled and the resultant bulk sample was processed during the first quarter 2005 and returned a grade of 2.78 grams of gold per tonne, nearly 10% higher than the grade of 2.54 grams of gold per tonne returned during the 103,000 tonne bulk sample processed in 1997.

In February 2005, a new reserve and resource estimate was completed for the Goldex Extension Zone which, coupled with a revised feasibility study, led to a probable reserve estimate of 1.6 million ounces of gold contained in 20.1 million tonnes of ore grading 2.54 grams of gold per tonne. While this estimate was essentially unchanged from the previous estimate, the exploration and bulk sampling program increased the level of confidence in the project. In addition, the February 2005 reserve and resource estimate led to an indicated resource of 0.8 million tonnes grading 2.33 grams of gold per tonne and an inferred resource of 3.2 million tonnes grading 1.75 grams of gold per tonne.

In 2005, the Goldex Extension Zone resource model was revised and the feasibility study was updated and submitted for review by an independent consultant. In July 2005, the Company approved the revised feasibility study and the construction of the Goldex mine. Annual gold production is expected to average 170,000 ounces over a 10-year mine life commencing in 2008. Environmental permits for the construction and operation of an ore extracting infrastructure at the Goldex project were received from the Quebec Ministry of the Environment in October 2005, and in the same month work started on the shaft collar. The Company anticipates that sinking of the new production shaft will begin in the third quarter of 2006 and that the new 5.5 metre diameter concrete lined shaft will reach a final depth of 863 metres. Underground development and construction has commenced, with access provided by existing underground workings from the existing 790-metre shaft. The Company has applied to the Quebec Ministry of the Environment for necessary permits for construction of a processing plant and tailings facilities at the Goldex Project. Plant construction is expected to commence in the second quarter of 2006. The Company expects capital expenditures at Goldex in 2006 will be approximately $82 million.

The preproduction plans at Goldex will require a new production shaft and processing facility. Estimated capital costs to bring Goldex into production are $135 million. Approximately $75 million has been budgeted for the new shaft, underground development and construction and mining equipment while an additional $53 million has been budgeted for the processing plant and tailings facility. The remainder has been budgeted for the surface plant and working capital.

Geology

Geologically, the Goldex property is similar to Lapa and LaRonde and is located near the southern boundary of the Archean-age (2.7 billion years old) Abitibi Sub-Province, a typical granite-greenstone terrane located within the Superior Province of the Canadian Shield. The southern contact of Abitibi Sub-Province with the Pontiac Sub-Province is marked by the east-southeast trending CLL Fault Zone, the most important regional structural feature. The Goldex deposit is hosted within a quartz diorite sill, the Goldex "Granodiorite", located in a succession of mafic to ultramafic volcanic rocks that are all oriented generally west-northwest (and because the stratigraphic tops are to the South) and are geologically overturned steeply to the North (75 to 85 degrees).

Gold mineralization at Goldex corresponds to the quartz-tourmaline vein deposit type. The Goldex gold-bearing quartz-tourmaline-pyrite veins and veinlets are the result of a strong structural control; the most significant structure directly related to mineralization is a discreet shear zone, the Goldex Mylonite, that is up to 5 metres in thickness and occurs within the Goldex Granodiorite, just south of the Goldex Extension Zone

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

The Goldex Extension Zone extends from 500 to 800 metres below the surface and is entirely hosted by the Goldex Granodiorite. The limits of the zone are defined by the intensity of the quartz vein stockwork envelope and assays rather than by individual veins. The zone is almost egg-shaped (flattened in the orientation of the sill) and elongated almost horizontally (also parallel to the west-northwest trending sill and fracture zones); it is over 300 metres tall by 450 metres long (in a west-northwest direction) and its thickness increases rapidly from 25 metres along the east-west edges to almost 150 metres in the centre. Exploration results have essentially delimited the Goldex Extension Zone both at its summit and at its base but is not well defined at either point (the mineralization is inferred to extend above the reserve limit for approximately 50 metres and below 800 metres depth where inferred mineralization may extend down an additional 50 metres). The Goldex Extension Zone is open to the east-southeast for approximately 300 metres.

Strong albite-sericite alteration of the quartz-diorite (giving it a pale "granodiorite" look) surrounds the quartz-tourmaline-pyrite veins and cover almost 80% of the mineralized zone; outside of the envelopes, prior chlorite alteration affects the quartz diorite and gives it a darker grey-green colour. Occasionally enclaves of relatively unaltered medium grey-green coloured quartz diorite (with no veining or gold) are found within the Goldex Extension Zone (they are included exceptionally as internal waste to allow for a smooth shape required for mining purposes).

Most of the gold occurs as microscopic particles that are almost always associated with pyrite (generally adjacent to grains and crystals but also 20% included in the pyrite) that occurs in the quartz-tourmaline veins and in narrow fractures in the sericite-albite altered quartz diorite (but generally immediately adjacent to the veins); less than 1.5% of the gold occurs as Calaverite (a gold telluride). Occasionally the gold particles reach to 2 to 3 millimetres in size; this coarse-sized gold fraction present at Goldex has contributed to the grade estimation problem present on the property.

Mineral Reserve and Mineral Resource

During 2005, part of the underground development work at Goldex that was done to prepare the project for future mine production was within the Goldex Extension Zone probable mineral reserve envelope; this excavated rock was stockpiled on the surface and was assigned to proven mineral reserves (at a grade measured by sampling) whereas the extracted ore was subtracted from the probable mineral reserves. The proven reserve stockpile also contained a minor amount of sampled rock from excavations through other mineralized zones that was above the Goldex Extension Zone gold grade cut-off (1.37 grams of gold per tonne cut-off as established by the feasibility study). At December 31, 2005, the Goldex property contained 21.4 million tonnes of proven and probable reserves grading 2.39 grams of gold per tonne).

The following table shows the Goldex property reserves as of December 31, 2005.

	December 31, 2005	December 31, 2004
Gold		
Proven tonnes	18,000	nil
Average grade gold grams per tonne	1.88	
Probable tonnes	21,375,000	20,092,000
Average grade gold grams per tonne	2.39	2.54
Total mineral reserve[(1)] tonnes	21,393,000	20,092,000
Total contained gold ounces	**1,641,000**	**1,627,000**

Tonnage information is rounded to the nearest thousand tonnes.

Notes:

(1) The 2006 mineral reserve and mineral resource estimate is unchanged from the 2005 estimate (except for taking into account reserves that have been extracted) which was calculated using a gold price of $360 per ounce, metallurgical recoveries of 93.6% and an exchange rate of C$1.42 per $1.00. Mining costs at Goldex were estimated to be C$18.67 per tonne. Although the price assumptions used to constrain the Goldex deposit wireframe models and to estimate the Goldex deposit mineral resource and reserve in 2005 are slightly lower than those used for the Company's other reserves in 2006 ($405 per ounce gold price and an exchange rate of C$1.30 per $1.00, which are both the historic three-year averages), the 3% increase in price in Canadian dollar terms (from C$512 in 2005 to C$527 in 2006) is not significant enough to warrant a re-estimate since in addition no additional exploration information significant to the Goldex reserve was discovered in 2005. For a 10% change in the gold price, the Company estimates there would be no change in reserves.

(2) The cut-off grade used to evaluate drill intercepts at Goldex was 1.37 grams of gold per tonne over a minimum true thickness of approximately 15 metres. 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 1.37 grams of gold per tonne cut-off grade. In order to estimate the mineral reserve, a dilution factor that averaged 10.3% was applied. The cut-off grade used for the estimate of mineral reserves is based on the grades used in the feasibility study that supports the estimate of mineral reserves whereas the cut-off grade used for the estimation of mineral resources is determined by the Company based on the minimum grade of ore that has reasonable prospects for economic extraction. 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. As at December 31, 2004, Goldex was estimated to contain 3.2 million tonnes of inferred mineral resource grading 1.92 of gold per tonne.

Reconciliation of Goldex Division Mineral Reserve

The following table shows the reconciliation of mineral reserves (in nearest thousand tonnes) at the Goldex Division by category as at December 31, 2004 to December 31, 2005.

	Proven	Probable	Total
December 31, 2004	0	20,092	20,092
Mined	0	0	0
Revision	18	1,283	1,301
December 31, 2005	18	21,375	21,393

Preparation of Scientific and Technical Data

At Goldex, exploration drilling was carried out on approximately a 100 metre by 200 metre pattern whereas probable reserve drilling was carried out on approximately a 30 metre by 30 metre pattern. Core samples were taken consecutively at 0.3 metre to 1.5 metre intervals. The core selected for analysis was cut or sawed in half with one half sent to a commercial assay laboratory. Prior to 2004, 3.7 centimetre diameter, or BQ, core was used to test the Goldex Extension Zone; whereas in 2004, 4.8 centimetre 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,

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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.

Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, parameters and a full discussion of the factors that may materially affect mineral reserve and mineral resources estimates may be found in the Technical Report on the Estimation of Mineral Resource and Reserves for the Goldex Extension Zone, Goldex Project, Val-D'Or, Quebec Canada filed with the Canadian Securities Administrators on SEDAR.

Bousquet and Ellison Properties

The Bousquet property is located immediately west of the LaRonde property and consists of two mining leases (73.09 hectares) and 31 claims (384.85 hectares). The property, along with various equipment and other mining properties, was acquired from Barrick in September 2003 for $3.9 million in cash (including transaction costs), $1.5 million in common shares of the Company, and the assumption of specific reclamation and other obligations related to the Bousquet property. The property is subject to a 2% net smelter return royalty interest in favour of Barrick.

The Ellison property is located immediately west of the Bousquet property and consists of eight claims (101.10 hectares). The property was acquired in August 2002 for C$0.5 million in cash and a commitment to spend C$0.5 million in exploration over four years. The commitment was fulfilled in 2004 and the property is 100% owned by the Company. The property is subject to a net smelter return royalty interest in favour of Yorbeau Resources Inc. that varies between 1.5% and 2.5% depending on the price of gold. Should commercial production from the Ellison property commence, Yorbeau Resources Inc. will receive an additional C$0.5 million in cash.

In 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 a 3.0 grams per tonne cut-off grade, revealed an indicated mineral resource of 226,000 tonnes grading 5.5 grams of gold per tonne. 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 2005, exploration activity on the Ellison property in the almost three and a half years of the program totalled 34 holes totalling 18,813 metres. In 2005, the two main targets were the deep extension of the Bousquet 1 corridor and the felsic volcanic package to the south. During 2005, 12 holes (for 7,407 metres) were drilled on the property from the underground on the Bousquet property. No significant results were returned. The drilling activity on the Bousquet property for the same period since 2002 totalled over 25,698 metres in 50 holes. The main target was the deep extension of the 3-1 Zone and the felsic volcanic package to the south which was thought to contain mineralization similar to that found at the Laronde Mine's Zone 20 North. In 2005, 27 drill holes were completed on the Bousquet property for almost 8,154 metres.

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 on the Bousquet property (86,000 tonnes grading 3.11 grams of gold per tonne) of which 109,355 tonnes were extracted in 2004 from a small open pit mine grading 2.23 grams of gold per tonne. As of December 31, 2005, 90,605 tonnes were milled at a grade of 2.52 grams of gold per tonne. Approximately 18,000 tonnes of remaining proven reserve grading 1.30 grams of gold per tonne were crushed and stockpiled close to the LaRonde mill; this is a decrease in proven reserves of almost 34,000 tonnes from December 31, 2004 (due to milling and minor mining losses). Based on a gold price of $405, the three-year average price of gold, an exchange rate of C$1.30 per $1.00 and a mill recovery of 91.5%, the recovered value per tonne is $20.14, which is in excess of the associated milling costs of $15.75 per tonne, and accordingly the ore is classified as proven mineral reserve.

The 2006 measured and indicated mineral resource at the Bousquet property is approximately 1.8 million tonnes grading 6.02 grams of gold per tonne (unchanged from December 31, 2004) but following the 2005 exploration program, the inferred mineral resource decreased to 1.7 million tonnes grading 7.45 grams of gold

per tonne. The December 31, 2005 indicated mineral resource at Ellison is 0.3 million tonnes grading 5.67 grams of gold per tonne, unchanged from December 31, 2004, and the inferred resource also remains unchanged for December 31, 2004, at 1.0 million tonnes grading 6.40 grams of gold per tonne. In 2005, three main areas of drilling were conducted, testing potential extensions of mineralization at depth on the Ellison property from the Level 9 and drilling from the bottom of the Bousquet shaft.

The most interesting results during the year were obtained from the 3-4 Zone at depth. Two of these were located on the Ellison Property, 320 to 370 metres to the west of the Ellison-Bousquet Property boundary. D04-2805 intersected the zone at a depth of 1,950 metres below surface approximately 320 metres to the west of the boundary intersecting 11.7 grams of gold per tonne over a true thickness of 2.9 metres.

A second drill hole, D04-2803 intersected the zone at a depth of 2,390 metres below surface at approximately 1,200 metres west of the boundary returning 24.3 grams of gold per tonne over a true thickness of 2.8 metres. The results have been summarized in the table below:

		Interval (m)		
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 1.5 g/t)**
D04-2805	2.9	995.0	999.5	11.7
D04-2803	2.8	1,447.5	1,451.0	24.3

It was difficult to correlate these two values as there was a vertical distance of 440 metres and a horizontal distance of 50 metres. However, the alteration appeared to increase in intensity at depth.

DDH D05-280C intersected the large alteration zone (30 metre core length) correlating to the Zone 20 North Horizon. The alteration zone was characterized by sericite-silica alteration along with 1% to 5% of stringer pyrite and pyrrhotite mineralization. This was very similar to what was noted prior to the initial discovery of Zone 20 North. A wedge cut below was attempted and did not reach the target area due to the length of the drill hole and excessive deviation. As a result, further drilling was curtailed on the Bousquet Property due to the depth of the target of 3,000 metres below surface.

The underground exploration program at the Bousquet and Ellison properties was suspended on December 31, 2005 and the drills have been demoblilized. A small surface exploration program is planned on the Ellison property in 2006. A full revision of the economic potential of the resource identified on both properties will be conducted during 2006.

Preparation of Scientific and Technical Data

In estimating the Bousquet and Ellison 2005 mineral reserve and mineral resource, a minimum gold cut-off grade of 3.0 grams of gold per tonne was used to evaluate drill intercepts that have been adjusted to respect a minimum mining width of 3.0 metres. 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.

Riddarhyttan (Suurikuusikko Project)

On November 2005, the Company completed its tender offer for all of the shares of Riddarhyttan that it did not own (see " History and Development of the Company"). As of the date hereof, the Company, through its wholly-owned subsidiary, Agnico-Eagle Sweden AB, owns an aggregate of 102,880,951 Riddarhyttan shares, or approximately 97.3% of the issued and outstanding shares of Riddarhyttan. Compulsory acquisition of the remaining 2.7% of the Riddarhyttan shares has been initiated under Swedish law. Riddarhyttan shares were de-listed from the Stockholm Stock Exchange on November 25, 2005.

Riddarhyttan is an exploration stage mining company whose primary focus is on exploration and development of the Suurikuusikko project located approximately 880 kilometres north of Helsinki near the town of Kittilä in northern Finland. Riddarhyttan was established under Swedish corporate law in 1996 and commenced operations in 1997 when it was listed on the Stockholm Stock Exchange. In 1998, Riddarhyttan won the public international tender conducted by the Finnish Government for the Suurikuusikko project.

The Suurikuusikko project is located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittilä, in northern Finland. The project is accessible by paved road to the village of Kiistala, which is located on the southern portion of the main claim block. The gold deposit is located near the small village of Rouravaara, approximately 10 kilometres north of the village of Kiistala, accessible via a good quality all-weather gravel road. The project is subject to a 2.0% net smelter return royalty payable to the Republic of Finland after commencement of commercial exploitation. The property is close to infrastructure, including hydro power, an airport at Kittilä, the municipality of Kittilä, and mining and construction contractors. The project also has access to a qualified labour force.

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The Suurikuusikko project comprises a total of 101 individual tenements covering an aggregate area of approximately 7,696 hectares and one mining licence covering an area of approximately 847 hectares. The mineral titles form 10 distinct blocks. The main block comprises the Suurikuusikko mining licence and 74 contiguous tenements and covers an aggregate area of approximately 6,560 hectares. The centroid of this block is located at 25.4110 degrees longitude East and 67.9683 degrees latitude North. It excludes three small circular areas 0.78 hectares in size and six narrow linear strips covering roads. Other tenements form isolated blocks comprising one to seven contiguous tenements located in the vicinity of the main Suurikuusikko block. The boundary of the mine licence is determined by ground surveyed points whereas the boundaries of the other tenements are not required to be surveyed. All of the tenements in the Suurikuusikko project are registered in the name of Suurikulta AB, a subsidiary of Riddarhyttan. According to the Finnish Government land tenure records, all tenements are in good standing. The expiry dates of the tenements vary from July 20, 2006 to August 31, 2009. Tenements are valid between three and five years, providing a small annual fee is paid to maintain title and extensions can be granted for three years or more.

The project area is scarcely populated and is situated between 200 and 245 metres elevation above sea level. The topography is characterized by low rolling forested hills separated by marshes, lakes and interconnected rivers. The gold deposit is situated on an area of land that has no special use at present. Unemployment in the area is high, making municipal leaders supportive of future mining operations.

The project is located within the Arctic Circle but the climate is moderated by the Gulf Stream off the coast of Norway such that northern Finland's climate is comparable to that of eastern Canada. Winter temperatures range from -10 to -30 degrees Celsius, whereas summer temperatures range from 10 degrees to the mid-20s. Exploration and mining work can be carried out year round. Because of its northern latitude, winter days are extremely short with brief periods of 24-hour darkness around the winter solstice. Conversely, summer days are very long with a period of 24-hour daylight in early summer around the summer solstice. Annual precipitation varies between 5 and 50 centimetres, one third of which falls as snow. Snow accumulation usually begins in November and remains until March or April.

Geology, Deposit Type and Mineralization

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

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

The known gold mineralization on the Suurikuusikko Trend is associated with strong sulphide mineralization (principally arsenopyrite and lesser pyrite) and associated hydrothermal alteration and is hosted in the extensive brittle-ductile shear zone. The gold at Suurikuusikko is almost exclusively refractory. Gold particles are locked inside fine-grained arsenopyrite (approximately 73%) or pyrite (approximately 23%). What remains is "free gold", which is manifested as extremely small grains in pyrite. Most of the free gold is found in the outer, oxidized or eroded sections of the ore. Small amounts of copper pyrite, pyrrhotite, sphalerite, galena, gersdorffite, tetrahedrite, jamesonite, bornite, gudmundite and rutile are also present. The gold deposit is

intersected at several locations by small massive bands containing the antimony mineral stibnite. The characteristics of the known gold mineralization are similar to a class of hydrothermal gold deposits referred to as "orogenic" gold deposits, which typically exhibit a strong relationship with regional arrays of major shear zones.

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

From north to south, the zones comprising the Suurikuusikko deposit are Rimminvuoma, North Rouravaara, Central Rouravaara, Main East, Main West, Etelä and Ketola. The Main West and East zones host approximately 83% of the probable mineral reserve estimate.

Exploration and Drilling History

In 1986, the discovery of coarse visible gold in quartz-carbonate veining along a road cut near the village of Kiistala alerted the Geological Survey of Finland ("GTK") to the gold exploration potential of the area. Following this discovery, GTK initiated regional exploration over the area and deployed a wide range of indirect exploration tools to explore this poorly exposed area. Low-altitude airborne geophysical surveys (magnetic, electromagnetic, radiometric), ground geophysical surveys and various soil and till sampling programs were carried out over a wide area encompassing the original bedrock gold discovery.

By 1987, well-defined geochemical anomalies around the Suurikuusikko area presented obvious targets that were tested by a reconnaissance drilling program, confirming the existence of gold mineralization in bedrock. Between 1989 and 1991, GTK drilled a total of 72 diamond drill holes (9,031 metres in length) and five reverse circulation bore holes (approximately 288 metres in length) to investigate soil anomalies and delineate the gold mineralization uncovered at Suurikuusikko.

The project remained essentially dormant between 1991 and 1998. Exploration at Suurikuusikko resumed in 1998 under Riddarhyttan management. Between 1999 and 2005, 462 core boreholes (more than 136,278 metres) were drilled by Riddarhyttan over a strike length of 5.5 kilometres to investigate the main Suurikuusikko auriferous structure. Mineralogical, petrographic and structural studies were completed on unoriented and limited oriented drill core to further the understanding of the geological and structural setting of the gold mineralization. In conjunction with the drilling, ground geophysical surveys were carried out to improve the imaging of the Suurikuusikko host rocks and structural patterns. Throughout this period, Riddarhyttan continued to investigate the metallurgical properties of the refractory gold mineralization with the objective of demonstrating its recoverability and assessing suitable processing scenarios. Riddarhyttan initiated engineering and environmental studies to investigate other aspects and assess the feasibility of a mining project at Suurikuusikko. As of August 2005, drilling and studies of metallurgical, engineering and environmental aspects were ongoing with the objective of improving the characterization of the gold deposit, assessing the feasibility of a potential mining project and evaluating the potential project economic returns.

In February 2006, Agnico-Eagle announced that probable gold reserves at Suurikuusikko total 2.3 million ounces from 13.8 million tonnes grading 5.3 grams of gold per tonne. The mineral resource model which formed the basis of an economic evaluation and from which the declaration of the mineral reserve was derived incorporated drilling results to the end of January 2006. The conversion of mineral resources to mineral reserves is based on an internal pre-feasibility study completed by Agnico-Eagle in August 2005 with subsequent changes to reflect current market conditions.

Currently, pilot-plant testing is proceeding on pressure oxidation as the selected process for gold extraction. The current drill program is focused on in-fill drilling and resource conversion, as there has been a significant increase in the resource category over the past year. A feasibility study is expected to be completed in the second quarter of 2006. The study will be based on an open pit mining scenario with underground mining via ramp access and a one million tonne per annum surface processing plant.

Exploration and Drilling

The Suurikuusikko deposit is hosted by a north-south oriented shear zone containing multiple mineralized lenses, which have been traced over a strike length of 15 kilometres. Most of the work has been focused on the 4.5 kilometres which host the known gold reserves and resources. From north to south, the zones are Rimminvuoma, North Rouravaara, Central Rouravaara, Main East, Main West, Etela and Ketola. The Main West and East zones host approximately 83% of the probable gold reserve estimate. Most of the focus of the recent work has been on the Main and Rouravaara Zones. Up to the end of December 2005, a total of 555 drill holes, comprising 157,238 metres of diamond drilling, were completed on the property. Since the beginning of 2006, eight drills have been in operation on the property, five on resource conversion, two on exploration drilling, and one on condemnation drilling required for the feasibility study.

The Main West and Main East Zones

Some of the highlights from the holes drilled in the Main zones in 2005 are set out below:

		Interval (m)		
Drill Hole	**True Thickness(m)**	**From:**	**To:**	**Gold (g/t) (Cut 50 g/t)**
Main West Zone				
SUBH 5046	4.7	447.0	454.0	6.7
SUBH 5060	6.9	668.0	678.6	5.0
SUBH 5069	3.1	470.0	475.0	8.5
SUBH 5078	7.3	476.0	486.0	7.9
SUBH 5103	15.3	407.6	434.1	4.7
Main East Zone				
SUBH 5046	7.4	429.1	440.4	3.8
SUBH 5060	2.5	643.0	647.0	10.2
SUBH 5069	17.2	427.4	455.9	5.6
SUBH 5090	22.3	414.9	446.9	8.1
SUBH 5098	20.0	300.6	330.5	5.8

The Main West and East zones have been traced over a horizontal distance of 1.5 kilometres and a vertical depth of approximately 800 metres below surface. Most of the converted reserves are located within the Main zones, which are known to contain at least three, roughly parallel, gold bearing lenses.

It is these types of parallel zones, which require additional drilling either from surface or underground, that contribute to the additional potential of the property. The drilling continues to confirm a northern plunge which is open for further expansion at depth and to the north.

The Main zones are currently the focus of mine planning for an open pit and underground mine as part of the feasibility study. Over 600,000 ounces of the gold reserves are located in the proposed open pit. This study is expected to be completed in the second quarter of 2006.

The Central and North Rouravaara Zones

The Central and North Rouravaara zones have been the focus of much of the exploration drilling over the past year and have developed into significant gold zones, in terms of tonnage, grade and exploration potential. Drilling has confirmed that they have similar characteristics as the Main zones, in that they also contain several, roughly parallel, gold bearing zones. The Rouravaara zones have been traced over a strike length of 500 metres and down to a depth of approximately 500 metres below surface. Parts of the Rouravaara zones have been

characterized by significant thicknesses and potentially higher grades than the Main zones. Some of the most recent drilling results have been highlighted below:

Drill Hole	True Thickness(m)	Interval (m) From:	Interval (m) To:	Gold (g/t) (Cut 50 g/t)
Central Rouravaara Zone				
SUBH 5066	31.5	360.8	408.0	5.5
SUBH 5073	12.0	515.0	534.3	9.4
SUBH 5081	22.3	296.7	340.3	5.1
SUBH 5104	27.7	343.6	391.2	6.1
North Rouravaara Zone				
SUBH 6001	11.4	583.7	599.2	3.1

The latest drill hole SUBH 6001 was significant as it is the northernmost intersection to date, the deepest on the northern section of the Rouravaara North zone. This result suggests that this zone is open in all directions at depth.

The latest drilling on both the Main and Rouravaara zones continues to confirm the upside potential of the entire Suurikuusikko gold structure. The drilling over the past 18 months has continued to grow the deposit and provide a better understanding of the geological controls. For 2006, Agnico-Eagle will continue to drill with the seven exploration drills presently on site. The program will continue on resource conversion; testing the deposit at depth, and along strike, especially towards the north. An underground exploration and development program is currently being considered as part of the feasibility study.

Mineral Resource Estimation

On July 19, 2005, Riddarhyttan released a mineral resource estimate for the Suurikuusikko project. The measured mineral resources were estimated at 2.5 million tonnes grading 6.2 grams of gold per tonne, the indicated mineral resources were estimated at 9.3 million tonnes grading 5 grams of gold per tonne and the inferred mineral resources were estimated at 12.5 million tonnes grading 4.2 grams of gold per tonne at a cut-off of 2.0 grams of gold per tonne.

The Company's work, released February 2006, has essentially confirmed previous estimates and resulted in the initial conversion of resource into gold reserves. A summary follows:

	December 31, 2005	December 31, 2004
Gold		
Probable tonnes	13,757,000	0
Average grade gold grams per tonne	5.26	nil
Total mineral reserve[1,2] tonnes	13,757,000	0
Total contained gold ounces	**2,325,000**	**nil**

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

Notes:

(1) The 2006 mineral reserve and mineral resource estimate was calculated using a gold price of $405 per ounce and an exchange rate of $1.21 per €1.00 (which are both historic three-year average prices). For the mineral resource models, a minimum gold grade cut-off that varied between 1.0 gram per tonne and 3.0 grams per tonne, depending on whether the material could be potentially mined by open pit or by underground method, was used. In addition, the drill hole intercepts were evaluated after being adjusted to respect a minimum horizontal mining width of 3 metres. In order to determine the mineral reserves, the gold grade cut-off that was applied to the in situ resource model (prior to applying a dilution factor) varied between 1.7 grams per tonne and 4.0 grams per tonne depending on whether the potential ore would be mined by open pit or by underground methods respectively. 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 Company's estimated metallurgical recovery rates is 87%. Mining costs at the Suurikuusikko project for open pit mining and underground mining are estimated to be $18.57 per tonne and $38.30 per tonne, respectively. The cut-off grade used for the estimate of mineral reserves is based on the grades used in the preliminary feasibility study that supports the estimate of

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mineral reserves whereas the cut-off grade used for the estimation of mineral resources is determined by the Company based on the minimum grade of ore that has reasonable prospects for economic extraction. 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, 2005 the Suurikuusikko property contained 1.9 million tonnes of measured and indicated mineral resource grading 4.19 grams of gold per tonne and 6.7 million tonnes of inferred mineral resource grading 4.35 grams of gold per tonne.

(2) For the 2005 mineral reserve and mineral resource estimate, gold assays were cut to 50.0 grams per tonne.

Preparation of Scientific and Technical Data

The Suurikuusikko deposit has been drilled in sections with an intermediate distance of 40 to 50 metres. Down to approximately 200 metres depth the vertical distance between the drill holes is between 40 and 50 metres. Below this level it generally is between 50 and 100 metres.

Before the purchase of the Suurikuusikko gold deposit by Riddarhyttan the cores were logged by geologists from the GTK. Most of these holes were, however, re-logged by Riddarhyttan. Cores have been logged by Riddarhyttan personnel and the results have been verified by a person who has been qualified by SveMin, the Swedish Association of Mines, Mineral and Metal Producers. Most drill cores have a diameter of 42 millimetres, but there are also many cores with a diameter of 46 millimetres.

Mineralized parts of the cores have, depending on visual estimation of the grade, been sampled in section lengths of 0.5 to 1.0 metres. The drill core sections, selected for analysis, are sawed in half with one half sent to a commercial laboratory and the other half retained for future reference.

All core samples from the Suurikuusikko deposit have been analyzed by the Geological Survey of Finland (Geolaboratory) which is accredited according to the SFS-EN ISO/IEC 17025 to perform chemical analyses of geological samples. The accreditation was awarded by the Centre for Metrology and Accreditation (FINAS) 2.11.1994, by evaluating the performance of the laboratory and finding it to comply with the requirements. The accreditation was renewed in 1998 and awarded according to ISO/IEC 17025 in 2001. The accreditation code of the laboratory is T025.

The decomposition pre-treatment method used is Pb-Fire Assay and the gold assaying method is Atomic Absorption Spectrometry, Flame Atomization. Sample sizes have been 25 grams or 50 grams. Multi-element analyses (Inductively Coupled Plasma Atomic Emission Spectrometry) have been carried out on all samples containing more than 0.5 grams of gold per tonne.

To elucidate the criteria for classifying tonnage in Central Suurikuusikko in different categories (measured, indicated and inferred, respectively) a variography study was carried out in July 2005 by the external consulting firm Reserva International LLC. The study concluded that the nominal drill spacing of 40 metres is enough for classifying a mineral resource in the measured mineral resources category, and that the nominal drill spacing of 111 metres is enough for classifying a mineral resource in the indicated mineral resource category.

Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, parameters and methods and a full discussion of the factors that may naturally affect mineral resource estimates may be found in the Technical Report on the Suurikuusikko Gold Project, Northern Finland by Agnico-Eagle Mines Limited and SRK Consulting (Canada) Inc. filed with Canadian Securities Administrators on SEDAR.

Pinos Altos

In the first quarter of 2005, the Company entered into an exploration and option agreement with Industrias Peñoles S.A. de C.V. ("Peñoles") to acquire the Pinos Altos project in northern Mexico. The Pinos Altos project is located on a 11,000 hectare property in the Sierra Madre gold belt, 225 kilometres west of the city of Chihuahua in the State of Chihuahua of northern Mexico. Under the option agreement, the Company was required to spend $2.8 million on an exploration program that included 16,800 metres of diamond drilling. In December 2005, the length of time in which the Company could exercise its option to acquire Peñoles' 100% interest in the Pinos Altos project was extended and, in February 2006, the Company exercised the option. Under the terms of the exploration and option agreement, the purchase price is $65 million, comprised of

$32.5 million in cash and 2,063,635 shares of the Company. The transaction closed in escrow on March 15, 2006. The escrow will be released five business days after the satisfaction of certain requirements relating to the Mexican environmental authorities' acceptance of the transfer by Peñoles to the Company of its environmental impact statement authorization relating to the Pinos Altos project. If the satisfaction of these requirements has not occurred within 60 days following March 15, 2006 or such later date to which the Company and Peñoles may mutually agree, the Company may terminate the exploration and option agreement.

The Pinos Altos property is made up of three blocks, the Parreña Concessions (19 concessions, 6,041.1 hectares), the Madroño Concessions (17 concessions, 889.2 hectares) and the Pinos Altos Concession (one concession, 4,192.2 hectares). 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. ("Madroño"). 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 Madroño. Beginning on May 18, 2006, advance royalty payments of $0.142 million are payable to Madroño. The assets comprising the Pinos Altos project acquired by the Company are an assignment of rights under contracts to explore and exploit the Madroño Concessions and the Pinos Altos Concession, the right to use up to 400 hectares of land owned by Madroño for mining installations for a period of 20 years after formal mining operations have been initiated, sole ownership of the Parreña Concessions, possession rights under Mexican law to a 13.3 hectare parcel of land and rights to an environmental impact statement authorization issued by Mexican environmental authorities. Additional surface rights may need to be secured from other private or communal land owners. The property is approximately 100 kilometres from a major electric power terminus but within 10 kilometres of an extension of the grid that is currently under construction by the State and Federal Governments. According to previous estimates by Peñoles, there is sufficient water on the property to operate a 1,500 tonne per day processing plant.

Peñoles acquired the property in 1995 and drilling by Peñoles in 2003, outlined an indicated mineral resource of 4.04 million tonnes with a grade of 6.29 grams of gold per tonne and 131.0 grams of silver per tonne. In addition, the property has an inferred mineral resource of 2.2 million tonnes grading 6.1 grams of gold per tonne and 117.0 grams of silver per tonne. Over 90% of the Pinos Altos mineral resource is located in the Santo Niño vein, along a regional fault zone that holds a number of other known deposits in the area. This Santo Niño vein zone has thicknesses of up to 40 metres over a length of 2.5 kilometres and a vertical extent that can reach 600 metres or more. It remains open to the west and at depth. Peñoles' work to date has also included metallurgical testing and initial work on the permitting for a potential mining operation.

The Exploration Program

Under the terms of the exploration and option agreement with Peñoles in 2005, Agnico-Eagle completed a total of 88 surface drill holes and 49 underground drill holes resulting in a total of 19,768 metres of drill core. The program had three initial objectives: first, to test for open pit potential, second, to confirm previously calculated Peñoles resource estimates and third, to test the known zones at depth. Each of these objectives was achieved.

The exploration program focused on three known areas of mineralization, the Santo Niño, Oberon de Weber, and Cerro Colorado structures. The total strike length of the known mineralization is approximately eight kilometres. The exploration to date has focused on approximately one-third of this, so additional exploration remains to be explored. Currently, the Santo Niño zone contains approximately 60% of both the indicated and inferred gold resource on the property.

Exploration drilling to date has outlined the Santo Niño deposit to approximately 750 metres in depth. This zone is open both at depth and to the west.

Since October 2005, diamond drilling has tested the Santo Niño zone at depths greater than 200 metres to determine whether potentially economic intervals of mineralization occur adjacent to historically mined areas. Several intercepts confirmed that significant mineralization does occur adjacent to these zones. Hole PA-05-64 intersected a 13.6 metre thick interval grading 19.40 g/t gold and 141.12 g/t silver.

Drilling from the Santo Niño underground workings confirmed that the structure can be traced over thicknesses reaching 10 metres or more (drill hole SN1925-53 returned true thickness of 10 metres, grading 6.40 grams of gold per tonne and 164.74 grams of silver per tonne).

One of the most significant recent results from the deep exploration program was drill hole PA-05-39A, which tested the Cerro Colorado zone at a depth of almost 600 metres. This hole returned grades of 9.74 grams of gold per tonne and 25.36 grams of silver per tonne over a true thickness of 3.8 metres. This hole extended the mineralization 200 metres down plunge from the previous intercept (PA-05-52, returned grades of 19.64 grams of gold per tonne and 337.45 grams of silver per tonne over a true thickness of 14.0 metres). Hole PA-05-39A also confirmed that PA-05-39 had stopped short of the high grade zone. The results from drill hole PA-05-39A also suggest that the Cerro Colorado and Santo Niño zones might join at depth. This area will be the focus of further exploration in 2006.

In the Oberon de Weber sector, almost 1,000 metres east of Santo Niño, results continue to confirm the promising open pit potential. In particular PA-05-40 returned 4.49 grams of gold per tonne and 130.44 grams of silver per tonne over true thickness of 22.0 metres. Exploration during the remainder of 2006 will continue to test the potential extension of mineralization at depth on the Oberon de Weber zone.

Currently, two drills continue to operate on the Pinos Altos property. These drills are focused on testing further depth extensions of the Santo Niño and Cerro Colorado structures. Particular attention is being focused on the area below the Cerro Colorado structure where high grade intersections were encountered in recent drilling.

The program has confirmed the open pit potential of both the Santo Niño and Oberon de Weber structures. Our work to date has also confirmed that all three structures remain open along strike and at depth.

Some of the most notable drill holes from the most recent program are set out below:

		Interval (m)			
Drill Hole	**True Thickness (m)**	**From:**	**To:**	**Gold (g/t) (Cut 60 g/t)**	**Silver(g/t) (Cut 800 g/t)**
Cerro Colorado Zone					
PA-05-39A	3.8	662.5	667.5	9.74	25.36
Santo Niño Zone					
PA-05-64[(1)]	2.8	291.2	294.1	7.06	107.00
and	1.8	296.2	298.2	4.38	106.00
and	13.6	299.4	314.0	19.40	141.12
PA-05-77	31.5	263.5	295.0	3.04	68.77
SN1925-53	10.0	30.3	40.0	6.40	164.48
SN1925-58	6.0	31.0	38.5	4.93	102.13
Oberon de Weber Zone					
PA-05-53	3.5	43.3	51.5	8.22	56.41
PA-05-40	22.0	36.0	60.5	4.49	130.44
PA-05-49[(2)]	1.0	631.0	632.0	5.29	7.80

Notes:

(1) Voids due to mine excavations in intervals from 294.1 to 296.2 and from 298.2 to 299.4.

(2) Result from last metre of core before hole was abandoned due to technical difficulties.

Additional infill drilling on both the underground and open pit regions will be required to convert the latest resource estimate into reserves. Detailed engineering on the process plant, additional metallurgical work, and mine planning will be undertaken. The objective is to refine preliminary operating and processing parameters, including capital cost estimates. Heap leaching of the lower grade material is a possibility and remains to be validated. While a preliminary base line environmental audit was initiated and has indicated no significant impediments, further detailed work will be undertaken as part of the environmental permitting process. Work on acquiring all necessary permits will begin as soon as possible.

The Mineral Resource

Based on the results of the Company's extensive drill program completed over the past year, the new Pinos Altos resource is set out in the following table.

Category and Zone	Gold	Silver	Tonnes
	(g/t)	(g/t)	(000's)
Indicated Mineral Resource			
Open Pit	2.72	80.88	6,495
Underground	5.26	125.42	5,989
Total Indicated Resource	**3.94**	**102.25**	**12,484**

Category and Zone	Gold	Silver	Tonnes
	(g/t)	(g/t)	(000's)
Inferred Mineral Resource			
Open Pit	2.54	75.35	509
Underground	5.74	117.64	2,729
Total Inferred Resource	**5.23**	**110.99**	**3,238**

Tonnage amounts and contained metal amounts presented in the tables have been rounded to the nearest thousand.

Notes:

(1) Wireframe models of zones comprising the Pinos Altos deposit that were used to estimate the mineral resource were derived using drill hole intercepts. The key assumptions used to determine the drill hole intercept intervals were a gold price of $400 per ounce, a silver price of $6.00 per ounce, metallurgical recoveries of 92.4% for gold and 47.8% for silver, and net smelter return cut-offs that varied were applied depending on whether the material could be potentially mined by open pit or by underground methods. Gold assays were cut to 41 grams per tonne while silver assays were cut to 1,500 grams per tonne. For the open pit resource models (estimated to a maximum depth of approximately 130 metres to 170 metres, depending on the zone), a minimum net smelter return cut-off of $11.90 per tonne was used to evaluate drill hole intercepts that have been adjusted to respect a minimum mining width of 4.0 metres (horizontal width). For the underground resource models, a minimum net smelter return cut-off of $35.60 per tonne was used to evaluate drill hole intercepts that have been adjusted to respect a minimum mining width of 3.0 metres (horizontal width).

(2) The mineral resource estimate was derived using a three-dimensional block model of the deposit; the grades were interpolated using the inverse distance power squared method. The same cut-off values and metallurgical recoveries were used to estimate the mineral resource as were to build the wireframe models but the cut-offs varied based on whether open pit or underground resource models were used. Price assumptions were determined using mean historic three-year average prices (described above). Although the price assumptions used to constrain the wireframe models are slightly lower than those used to compile the resource model, the differences are not significant.

Preparation of Scientific and Technical Data

At Pinos Altos, the diamond drilling equipment recovered either NQ (48 mm diameter) or HQ (64 mm diameter) core samples. In a few cases, BQ (36.5 mm diameter) core was also recovered. The drill core selected for analysis was sawed in half with one half sent to a commercial analytical laboratory and the other half retained for future reference.

An Analytical Quality Assurance Program has been established to control and assure the analytical quality of assays in its exploration at Pinos Altos. This program includes the systematic addition of blank samples, duplicate samples and certified standards to each batch of samples sent for analysis to commercial accredited laboratories. Blank samples are used to check for possible contamination in laboratories, duplicate samples quantify overall precision while certified standards determine the analytical accuracy. In addition, approximately 10% of the assayed samples are sent to a second certified laboratory for check analysis.

BSI Inspectorate Laboratories, an ISO 9002 / 9001:2000 accredited exploration analysis laboratory, collects the split core samples directly from the Pinos Altos project site, then prepares the samples at its facilities in Durango, Mexico and finally performs gold and silver analyses at

its lab in Reno, Nevada. ALS Chemex in Reno, Nevada, also an ISO accredited laboratory, re-analyzes all of the samples selected for check assaying.

The gold assaying method, using a 60 gram charge, is by Fire Assay with either an atomic absorption finish or, if the atomic absorption result is greater than 3 parts per million of gold, gravimetric finish as requested by

the project geologist. Silver analysis, from a 30 gram charge, is either by three acid digestion followed by atomic absorption or, if the atomic absorption result is greater than 200 parts per million of silver by Fire Assay with a gravimetric finish as requested.

Future Work

Based on the positive drilling results and the growing precious metals resource, Agnico-Eagle will accelerate its work program on the property with the objective of completing a feasibility study on the property by the end of the second quarter of 2007. The work program will include additional drilling at depth in the area between the Cerro Colorado and Santo Niño structures where there are suggestions that the two structures may join at depth. Currently, two drills are on site, however, additional drills with greater depth capability are being sourced and will be added to the program shortly. The main objectives of the program will be to convert the present resource estimates into reserves, and test the potential target areas. Agnico-Eagle has also engaged the local communities in the project area to ensure that the project provides real, long-term benefits to the residents living and working in the region.

Agnico-Eagle has opened a regional office in Chihuahua to facilitate the feasibility study and permitting process, to carry out further exploration on the Pinos Altos property, and to evaluate other opportunities in Mexico.

Joutel Project

The Joutel properties consist of the former Eagle Mine (including the Eagle West Zone) and the former Telbel Mine, in Joutel Township, Quebec, located approximately 300 kilometres north of the LaRonde mine. The Eagle Mine and Telbel Mine are held under one mining (14.5 hectares) and 49 claims, totalling approximately 568.26 hectares. 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 the Company began the restoration of the Joutel mining and milling site in 1998. The carrying value of the Joutel mine site was written down to nil in 1997.

During 1996, the Company submitted a mine closure plan for the Joutel Project to the Minister of Natural Resources in Quebec. Expenditures on reclamation at the Joutel Project under this closure plan were $0.2 million in 2005 and $0.1 million in 2004. As of December 31, 2005, the Company has not recorded an asset retirement obligation related to the Joutel Project as reclamation costs under the mine closure plan have all been substantially incurred.

All decommissioning and rehabilitation of the Joutel property has been completed except for re-vegetation of the tailings area. In 2002, the Company submitted a geochemical modelling study on the long-term acid drainage potential of the tailings area to the Ministry of Natural Resources in Quebec in support of a closure plan to revegetate the tailings pond. Since 2003, pore water quality, the water in the solids contained in the tailings pond has been monitored by the Company. The Company continues monitoring the site and in 2006 will validate the geochemical model against actual pore water conditions in the tailings. The results of this study and validation 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

The Company's Vezza Project is located approximately 50 kilometres northeast 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 ten exploration properties held under 326 mining claims, totalling approximately 5,307.1 hectares. The Company owns 100% of the Vezza deposit free of royalty interests. The carrying value of the Vezza Project was written down to nil in 1997. The Company's closure plan was accepted by the Ministry of Environment in Quebec. Rehabilitation will be carried out after the Company has made a decision on the future exploration potential of the property. Expenditures under the closure plans were nil in 2005 and are expected to be nil in 2006. As at December 31, 2005, the Company's reclamation provision for the Vezza Project was nil.

Agnico-Eagle's Exploration Activities

Agnico-Eagle continued to actively explore in Quebec, Ontario, Newfoundland, Nevada and Idaho. At the end of December 2005, the land holdings of Agnico-Eagle consisted of 2,618 mineral titles (claims, mining leases, etc.) covering 65,486 hectares while the land holdings in the United States consisted of 1,263 mineral titles for a total of 11,169 hectares. During 2005, the Company's Canadian exploration activities were focused on the CLL Fault Zone east of the Lapa property as well as the Chibex North, Chibex South, and Amphi North properties in the Abitibi region. The Company is conducting exploration activities in other parts of the Abitibi region, in Ontario and in Newfoundland and Labrador. The Company also recently acquired exploration property in northwestern Ontario. In Nevada, exploration activities during 2005 were concentrated on the Cortez-Battle Mountain trend in Nevada.

Legal and Regulatory Proceedings

As disclosed by the Company on March 18, 2004, the staff of the Ontario Securities Commission had been investigating the Company in relation to the timing and content of the Company's disclosure concerning a rock fall that occurred at the LaRonde Mine in the first quarter of 2003. In April 2005, the Ontario Securities Commission approved a settlement agreement reached between the Company and staff at the Ontario Securities Commission. Under the settlement agreement the Company agreed to submit to a third party review of its disclosure practices and policies, which is currently underway.

In addition, on November 4, 2004, the Company was advised that Ontario Securities Commission staff were investigating an officer of the Company for potential insider trading violations. On November 5, 2004, the Company suspended the officer with pay pending the outcome of an internal investigation into the allegations and, on December 7, 2004, the Company terminated the officer. The Company is cooperating with the Ontario Securities Commission in its investigation.

ITEM 19. EXHIBITS

Exhibits and Exhibit Index. The following Exhibits are filed as part of this Annual Report and incorporated herein by reference to the extent applicable.

Exhibit Index

Exhibit No.	Description	Page Number
12.01	Certification Pursuant to Section 302 Of The Sarbanes-Oxley Act Of 2002 (Subsections (A) And (B) Of Section 1350, Chapter 63 Of Title 18, United States Code)(Sean Boyd).	44
12.02	Certification Pursuant to Section 302 Of The Sarbanes-Oxley Act Of 2002 (Subsections (A) And (B) Of Section 1350, Chapter 63 Of Title 18, United States Code)(David Garofalo).	45
13.01	Certification pursuant to Title 18, United States Code, Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Sean Boyd).	46
13.02	Certification pursuant to Title 18, United States Code, Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (David Garofalo).	47

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Amendment No. 1 to this Annual Report on its behalf.

AGNICO-EAGLE MINES LIMITED

Toronto, Canada
May 26, 2006

By: /s/ DAVID GAROFALO

David Garofalo
Vice-President, Finance and Chief Financial Officer

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