AGNICO EAGLE MINES LTD
Form 20-F/A
January 18, 2005

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A

**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, 2003
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ TO ____________**

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 *(Title of Class)*	**The Toronto Stock Exchange and the New York Stock Exchange** *(Name of exchange on which registered)*

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

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

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

Convertible Subordinated Debentures due 2012

(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.

84,469,804 Common Shares as of December 31, 2003

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 which financial statement item the registrant has elected to follow:

Item 17 o Item 18 ý

TABLE OF CONTENTS

	Page
EXPLANATORY NOTE	1
PRELIMINARY NOTE	1
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS*	2
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	2
ITEM 3. KEY INFORMATION	2
Selected Financial Data	2
Currency Exchange Rates	4
Risk Factors	4
ITEM 4. INFORMATION ON THE COMPANY	9
History and Development of the Company	9
Business Overview	11
Mining Legislation and Regulation	13
Organizational Structure	13
Property, Plant and Equipment	14
Mineral Reserve and Mineral Resource	21
Legal and Regulatory Proceedings	29
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	29
Operating Results	29
Liquidity and Capital Resources	30
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	30
Directors and Senior Management	30
Compensation of Directors and Officers	31
Board Practices	32
Employees	32
Share Ownership	32
Security Ownership of Directors and Executive Officers	32
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	33
Major Shareholders	33
Related Party Transactions	34
ITEM 8. FINANCIAL INFORMATION	34
ITEM 9. THE OFFER AND LISTING	34
Market and Listing Details	34
ITEM 10. ADDITIONAL INFORMATION	37
Memorandum and Articles of Incorporation	37
Material Contracts	39
Exchange Controls	39
Restrictions on Share Ownership by Non-Canadians	39
Taxation	39
Documents on Display	40
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	40
Metal Price and Foreign Currency	40
Interest Rate	41
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	42
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	42
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	42
ITEM 15. CONTROLS AND PROCEDURES	42
ITEM 16A AUDIT COMMITTEE FINANCIAL EXPERT	42
ITEM 16B CODE OF ETHICS	43
ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES	43
ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	43
ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	43
ITEM 17. RESERVED**	43
ITEM 18. FINANCIAL STATEMENTS	43

		Page
ITEM 19.	EXHIBITS	43

*
Omitted pursuant to General Instruction E(b) of Form 20-F.

**
Pursuant to General Instruction E(c) of Form 20-F, the registrant has elected to provide the financial statements and related information specified in Item 18.

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, 2003 filed on May 18, 2004 (the "Original Filing"). Agnico-Eagle Mines Limited has filed this Form 20-F in response to comments received from securities regulators regarding the disclosure in the Original Filing. The Form 20-F has been updated to reflect certain 2004 operating data and 2005 budget information, but does not reflect financial results for the financial year ended December 31, 2004. Accordingly, you should read this Form 20-F together with other documents that we have filed with the Canadian securities regulators and the U.S. Securities and Exchange Commission (the "SEC") subsequent to the date of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in 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

Exhibit 99C: Attached hereto as Exhibit 99C is the Registrant's 2003 Annual Audited Consolidated Financial Statements and Management's Discussion and Analysis (prepared in accordance with US GAAP) containing information incorporated by reference in answer or partial answer to certain items of this Form 20-F including consolidated financial statements as at and for the years ended December 31, 2003 and 2002, and the related notes, together with the auditors' report thereon and the management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2003.

Exhibit 99D: Attached hereto as Exhibit 99D is the Registrant's Notice of Annual and Special Meeting of Shareholders and Management Information Circular dated March 31, 2004, used in connection with the annual meeting of shareholders to be held on May 28, 2004 containing information incorporated by reference in answer or partial answer to certain items of this Form 20-F.

Currencies: The Registrant presents its consolidated financial statements in United States dollars. All dollar amounts in this Form 20-F (and in Exhibit 99C) are stated in United States dollars (US dollars, $, or US$), except where otherwise indicated. All dollar amounts in Exhibit 99D are stated in Canadian dollars, except where otherwise indicated. See "Item 3: Key Information   Selected Financial Information Currency Exchange Rates" for a history of exchange rates of Canadian dollars into US dollars.

Generally Accepted Accounting Principles: Effective January 1, 2002, the Registrant changed its primary basis of financial reporting from Canadian generally accepted accounting principles ("Canadian GAAP") to 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. Financial statements and Management's Discussion and Analysis under Canadian GAAP are prepared and distributed to shareholders for statutory reporting purposes.

Forward-Looking Information: Certain statements in this Form 20-F and the documents incorporated herein by reference as Exhibits 99C and 99D constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Registrant 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 following: general economic and business conditions, which will, among other things, impact demand for gold and other metals produced by the Registrant; industry capacity; the ability of the Registrant to implement its business strategy; and changes in, or the failure to comply with, government regulations (especially safety and environmental laws and regulations). See also "Item 3: Key Information   Risk Factors", under the subheadings "Recent Losses", "Dependence on the LaRonde Division", "Metal Price Volatility", "Uncertainty of Production Estimates", "Cost of Exploration and Development Programs", "Total Cash Operating Costs of Gold Production at the LaRonde Mine", "Restrictions in the Bank Credit Facility", "Risk of Acquisitions", "Competition for and Scarcity of Mineral Lands", "Uncertainty of Mineral Reserve and Mineral Resource Estimates", "Mining Risks and Insurance", "Laws and Regulations", "Currency Fluctuations", and "Interest Rate Fluctuations".

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Pursuant to the instructions to Item 1 of Form 20-F, this information has not been provided.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Selected Financial Data

The following selected financial data for each of the years in the five-year period ended December 31, 2003 are derived from the consolidated financial statements of Agnico-Eagle Mines Limited ("Agnico-Eagle" or the "Company") audited by Ernst & Young LLP. The selected financial data should be read in conjunction with management's discussion and analysis of the Company's operations and financial condition, the consolidated financial statements and accompanying notes in Exhibit 99C to this Form 20-F and other financial information included elsewhere in this Form 20-F.

	Year ended December 31,				
	2003	**2002**	**2001**	**2000**	**1999**
	(in thousands of US dollars, US GAAP basis)				
Income Statement Data					
Revenues from mining operations[1]	126,820	108,027	96,043	63,676	23,392
Interest and sundry income	2,775	1,943	5,752	2,145	(5,519)
	129,595	109,970	101,795	65,821	17,873
Production costs[1]	104,990	75,969	67,009	49,997	28,447
Exploration expense	5,975	3,766	6,391	3,213	3,838
Equity loss in junior exploration company[2]	1,626				
Amortization	17,504	12,998	12,658	9,220	4,479
General and administrative	7,121	5,530	4,461	4,223	4,044
Provincial capital tax	1,240	829	1,551	1,301	1,192
Interest	9,180	7,341	12,917	5,920	5,583
Foreign exchange (gain) loss	72	(1,074)	(336)	890	1,401
Write down of mining properties and other[3]					974
Income (loss) before income and mining taxes (recoveries)	(18,113)	4,611	(2,856)	(8,943)	(32,085)
Income and mining taxes (recoveries)	(358)	588	2,862	(3,906)	(13,016)
Income before cumulative catch-up adjustment	(17,755)	4,023	(5,718)	(5,037)	(19,069)
Cumulative catch-up adjustment[1][5]	(1,743)			(1,831)	
Net income (loss)	(19,498)	4,023	(5,718)	(6,868)	(19,069)
Net income (loss) before cumulative catch-up adjustment per share basic and diluted	(0.21)	0.06	(0.09)	(0.09)	(0.36)
Net income (loss) per share basic and diluted	(0.23)	0.06	(0.09)	(0.12)	(0.36)
Weighted average number of shares outstanding basic	83,889,115	70,821,081	61,333,630	54,446,693	53,331,268

	Year ended December 31,				
Weighted average number of shares outstanding diluted	83,889,115	71,631,263	61,333,630	54,446,693	53,331,268
Total common shares outstanding	84,469,804	83,636,861	67,722,853	56,139,480	54,216,771
Dividends declared per common share	0.03	0.03	0.02	0.02	0.02

	As at December 31,				
	2003	2002	2001	2000	1999
	(in thousands of US dollars, US GAAP basis)				
Balance Sheet Data (at end of period)					
Mining properties (net)	399,719	353,059	301,221	281,497	221,067
Total assets	637,101	593,807	393,464	364,333	297,015
Long term debt(4)	143,750	143,750	151,081	186,261	131,458
Reclamation provision and other liabilities(5)	15,377	5,043	4,055	5,567	5,433
Shareholders' equity(6)	400,723	397,693	198,426	124,361	128,569

Notes:

(1) Revenues from mining operations consist of gold and byproduct zinc, silver and copper revenues, net of smelting, refining and transportation costs. Effective 2000, the Company changed its accounting policy with respect to revenue recognition. As a result of the change, revenue from concentrates is recognized when legal title passes to custom smelters and is valued on an estimated net realizable value basis. Periodic adjustments on the final settlement of concentrates previously sold to smelters are included in revenue as soon as the amount can be reasonably determined. Revenue from gold and silver in the form of dore bars is recorded when the refined gold and silver are sold and also included in revenues from mining operations. Prior to this change, the Company recognized revenues from concentrates on a production basis. Under this basis of accounting, revenue was recognized once the ore was extracted and processed at the onsite mill facilities. The accounting change was accounted for as a cumulative catch-up adjustment and resulted in a loss of $1.8 million or $0.03 per share in 2000.

(2) As a result of issuances of stock by Contact Diamond Corporation (formerly Sudbury Contact Mines Limited) ("Contact Diamond"), the Company's interest in Contact Diamond was diluted to below 50% during 2003. The Company therefore no longer consolidates the results of Contact Diamond but accounts for its investment using the equity method of accounting. The Company now reports its share of losses in Contact Diamond as a separate line item in the consolidated financial statements. The Company began using the equity method to account for its interest in Contact Diamond on September 1, 2003.

(3) On August 31, 1999, the Company settled a lawsuit commenced by Noranda Inc. ("Noranda") relating to the acquisition of Dumagami Mines Inc. for $1.3 million (C$1.9 million), of which C$950,000 was paid on signing of settlement documentation and the remaining C$950,000 was paid in August 2000. The lawsuit was dismissed without costs.

(4) On February 15, 2002, Agnico-Eagle issued $143.8 million aggregate principal amount of 4.50% convertible subordinated debentures due February 15, 2012 (the "Convertible Debentures") for net proceeds of $138.5 million after deducting underwriting commissions of $4.3 million. Other costs of issuing the debentures totalled $1.0 million. The debentures bear interest of 4.50% per annum on the principal amount payable in cash semi-annually. The debentures are convertible into common shares of Agnico-Eagle at the option of the holder, at any time on or prior to maturity, at a rate of 71.429 common shares per $1,000 principal amount. The debentures are redeemable by Agnico-Eagle, in whole or in part, at any time on or after February 15, 2006 at a redemption price equal to par plus accrued and unpaid interest. The Company may redeem the debentures in cash or, at the option of the Company, by delivering freely tradeable common shares.

On February 15, 2002, the entire amount of the Company's senior convertible notes due January 27, 2004 (the "Senior Notes") was called for redemption.

For the year ended December 31, 2003, interest expense was $9.2 million (2002 $7.3 million; 2001 $12.9 million; 2000 $5.9 million; 1999 $5.6 million) and cash interest payments were $8.0 million (2002 $24.4 million; 2001 $10.4 million; 2000 $4.4 million; 1999 $5.6 million). Approximately $19 million of the cash interest payments in 2002 were in connection with the redemption of the Senior Notes. See Note 4(b) to the consolidated financial statements on page 35 of Exhibit 99C to this Form 20-F.

(5) Effective January 1, 2003, the Company adopted the provisions of FASB Statement No. 143 ("FAS 143") related to asset retirement obligations. FAS 143 applies to legal obligations resulting from the construction, development and operation of long-lived assets, such as mining assets. This standard requires companies to recognize the present value of reclamation costs as a liability in the period the legal obligation is incurred. The Company estimated the final reclamation provision taking into account current circumstances such as projected mine life at the end of 2003 and current throughput. Subsequent revisions to the final reclamation estimate could result from legislative changes or changes in the underlying assumptions such as life-of-mine.

For periods prior to January 1, 2003, estimated future reclamation costs were based primarily on legal, environmental and regulatory requirements. Future reclamation costs for the Company's inactive mines were accrued based on management's best estimate of the costs at the end of each period, comprising costs expected to be incurred at a site, on an undiscounted basis. Such cost estimates included, where applicable, ongoing care and maintenance and monitoring costs. Changes in estimates were reflected in income in the period an estimate was revised.

(6)

For each period ending December 31, 2000 or earlier, these amounts are net of the common shares of the Company held by Mentor Exploration and Development Co., Limited ("Mentor"), a former associate of the Company, which for accounting purposes, was treated as a subsidiary and was consolidated into the Company's financial statements. In October 2001, pursuant to a plan of arrangement, the Company amalgamated with Mentor and issued 369,948 common shares pursuant to that plan.

In 2002, the Company completed a public offering of 13,800,000 units, each unit consisting of one common share and one-half warrant, at $13.90 per unit for net proceeds of $182.9 million, after deducting issue costs of $9.1 million. Each whole share purchase warrant

("Share Purchase Warrant") entitles the holder to acquire one common share for a price of $19 at any time on or prior to November 14, 2007. If all outstanding Share Purchase Warrants are exercised, the Company would be required to issue an additional 6,900,000 common shares. See Note 6(c) to the consolidated financial statements on page 39 of Exhibit 99C to this Form 20-F. In 2001, the Company completed a public offering of 10,350,000 common shares at $7.90 per common share for net proceeds of $76.2 million. See Note 6(c) to the consolidated financial statements on page 39 of Exhibit 99C to this Form 20-F.

In 2003, the Company issued 255,768 common shares (2002 40,161; 2001 200,000; 2000 475,000) under a flow-through share private placement for proceeds of $3.6 million (2002 $0.6 million; 2001 $2.5 million; 2000 $3.6 million) net of share issue costs. See Note 6(b) to the consolidated financial statements on page 39 of Exhibit 99C to this Form 20-F.

Currency Exchange Rates

All dollar amounts in this Form 20-F are in United States dollars, except where otherwise indicated. The following tables present, in Canadian dollars, the exchange rates for the US dollar, based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). On January 13, 2005, the Noon Buying Rate was US$1.00 equals C$1.2005.

	Year Ended December 31,					
	2004	**2003**	**2002**	**2001**	**2000**	**1999**
High	1.3970	1.5750	1.6128	1.6023	1.5592	1.5302
Low	1.1775	1.2923	1.5108	1.4933	1.4350	1.4440
End of Period	1.2034	1.2923	1.5800	1.5925	1.4995	1.4440
Average	1.3017	1.4012	1.5704	1.5519	1.4855	1.4828

	2004					
	December	**November**	**October**	**September**	**August**	**July**
High	1.2401	1.2263	1.2726	1.3071	1.3323	1.3353
Low	1.1856	1.1775	1.2194	1.2648	1.2964	1.3082
End of Period	1.2034	1.1902	1.2209	1.2648	1.3166	1.3296
Average	1.2189	1.1968	1.2469	1.2881	1.3127	1.3634

Risk Factors

Recent Losses

Although the Company reported net income for the nine months ended September 30, 2004 and expects to report net income for the year ended December 31, 2004, it incurred net losses in 2003 and in each of the five years prior to 2002. For a discussion of the factors contributing to the losses, please refer to pages 1 to 22 in Exhibit 99C to this Form 20-F under the caption "Management's Discussion and Analysis of the Company's Financial Condition and Results of Operations." The Company's profitability depends on the price of gold, gold production, total cash operating costs, the prices and production levels of byproduct zinc, silver and copper and other factors discussed in this section of the Form 20-F. Substantially all of these factors are beyond the Company's control and there can be no assurance that the Company will sustain profitability in the future.

Dependence on the LaRonde Division

The Company's mining and milling operations at the LaRonde Division account for all of the Company's gold production and will continue to account for all of its gold production in the future unless additional properties are acquired or brought into production. Any adverse condition affecting mining or milling conditions at the LaRonde Division could be expected to have a material adverse effect on the Company's financial performance and results of operations until such time as the condition is remedied. In addition, the Company's principal development program is the expansion of the LaRonde Division. This program involves the exploration and extraction of ore from new zones and may present new or different challenges for the Company. In addition, gold production at the LaRonde Mine is expected to begin to decline commencing in 2007. Unless the Company can successfully bring into production the Lapa property, the Goldex property or its other exploration properties or otherwise acquire gold producing assets prior to 2007, the Company's results of operations will be adversely affected. There can be no assurance that the Company's current exploration and

development programs at the LaRonde Division will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves.

Metal Price Volatility

The Company's earnings are directly related to commodity prices as revenues are derived from precious metals (gold and silver), zinc and copper. The Company's policy and practice is not to sell forward its future gold production; however, under the Company's Price Risk Management Policy, approved by its Board of Directors, the Company may review this practice on a project by project basis, making use of hedging strategies where appropriate to ensure an adequate return to shareholders on new projects. In addition, in accordance with the Company's revolving bank credit facility, the Company has purchased put options to ensure projected revenues from sales of gold are sufficient to reasonably ensure that the Company will be in compliance with the financial and other covenants of the facility. See "Management's Discussion and Analysis of the Company's Financial Condition and Results of Operations Risk Profile" on pages 12 to 15 of Exhibit 99C to this Form 20-F for more details of the Company's hedging activities. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control, including central bank sales, producer hedging activities, expectations of inflation, the relative exchange rate of the US dollar with other major currencies, global and regional demand and political and economic conditions, and production costs in major gold producing regions. The aggregate effect of these factors is impossible to predict with accuracy. Gold prices are also affected by worldwide production levels. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total production costs and remains at such a level for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities. The prices received for the Company's byproducts (zinc, silver and copper) affect the Company's ability to meet its targets for total cash operating cost per ounce of gold produced. Byproduct prices fluctuate widely and are affected by numerous factors beyond the Company's control. The Company occasionally implements hedging strategies to mitigate the effects of fluctuating byproduct metal prices.

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

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

On January 13, 2005, the London P.M. Fix was $423.60 per ounce of gold. The average price received by the Company per ounce of gold for 2004 is not currently available. For the nine months ended September 30, 2004, the average price received per ounce of gold was $393.

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

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

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

Uncertainty of Production Estimates

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

A rock fall that occurred in two production stopes during the first quarter of 2003 led to an initial 20% reduction in the Company's 2003 gold production estimate from 375,000 ounces to 300,000 ounces. Production drilling challenges and lower than planned recoveries in the mill in the third quarter of 2003 led to a further reduction in the production estimate by 21%. Final gold production in 2003 was 236,653 ounces.

Cost of Exploration and Development Programs

The Company's profitability is significantly affected by the costs and results of its exploration and development programs. As mines have limited lives based on proven and probable mineral reserves, the Company actively seeks to replace and expand its reserves, primarily through exploration and development and, from time to time, through strategic acquisitions. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any gold exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities. In addition, substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Accordingly, there can be no assurance that the Company's current exploration and development programs will result in any new economically viable mining operations or yield new reserves to replace and expand current reserves.

Total Cash Operating Costs of Gold Production at the LaRonde Mine

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

Total cash operating cost is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. Management uses this generally accepted industry measure in evaluating operating performance and believes it to be a realistic indication of such performance and useful in allowing year over year comparisons. The data also indicates the Company's ability to generate cash flow and operating income at various gold prices. This additional information should be considered together with other data prepared in accordance with US GAAP and is not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP (See the information set out under the caption "Results of Operations Production Costs" on pages 4 to 7 of Exhibit C to this 20-F).

Risks of Acquisitions

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

Restrictions in the Bank Credit Facility

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

Competition for and Scarcity of Mineral Lands

Many companies and individuals are engaged in the mining business, including large, established mining companies with substantial capabilities and long earnings records. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where the Company contemplates conducting exploration activities. The Company may be at a competitive disadvantage in acquiring mining properties, as it must compete with these individuals and companies, many of which have greater financial resources and larger technical staffs than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

Uncertainty of Mineral Reserve and Mineral Resource Estimates

The figures for mineral reserves and mineral resource 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 of gold will be realized. The ore grade actually recovered by the Company may differ from the estimated grades of the mineral reserves and mineral resource. Such figures have been determined based on assumed gold prices and operating costs. The Company has estimated proven and probable mineral reserves based on a $325 per ounce gold price. While gold prices have generally been above $325 per ounce since mid 2002, for the four years prior to that the market price of gold has been, on average, below $325 per ounce. Prolonged declines in the market price of gold may render mineral reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce the Company's reserves. Should such reductions occur, the Company could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of mineral resources. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the profitability of a mine in any particular accounting period.

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

Mining Risks and Insurance

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

Laws and Regulations

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

In January 2003, the Company received a notice of infraction from the Quebec Ministry of the Environment in connection with a controlled discharge of water of excess toxicity, which was carried out over a three-month period in the summer of 2002. The purpose of the discharge was to establish favourable construction conditions for the increase of tailings pond capacity in the autumn of 2002. No fine was payable in respect of the notice of infraction, however, the notice required production of a report detailing the causes of algae proliferation at the LaRonde Mine, which was delivered in 2003.

Under mine closure plans originally submitted to the Minister of Natural Resources in Quebec in 1996, the estimated current reclamation costs for the LaRonde Division and the Bousquet property are approximately $17 million and $6 million respectively. These reclamation plans are subject to approval by the Minister of Natural Resources and there can be no assurance that the Minister of Natural Resources will not impose additional reclamation obligations with attendant higher costs. In addition, the Minister of Natural Resources may require that the Company provide financial assurances to support such plans. At December 31, 2003, the Company had a total reclamation provision of $11.7 million, with $5.8 million allocated for the LaRonde Division and $5.9 million allocated for Bousquet.

Prior to January 1, 2003, reclamation costs were accrued on an undiscounted unit-of-production basis, using proven and probable reserves as the base. On this basis, the Company recorded its annual reclamation provision for the LaRonde Division at approximately $5 per ounce of gold produced. Effective January 1, 2003, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 143 relating to asset retirement obligations, which applies to long-lived assets such as mines. (See Note 6 to the table under the caption "Item 3 Key Information Selected Financial Information" for an explanation of the new standard.) The application of the new provisions resulted in the Company recording a one-time, net of tax, non-cash charge of $1.7 million on January 1, 2003 reflecting the cumulative effect of adopting this standard.

Currency Fluctuations

The Company's operating results and cash flow are significantly affected by changes in the US dollar/Canadian dollar exchange rate. Exchange rate movements can have a significant impact as all of the Company's revenues are earned in US dollars but most of its operating and capital costs are in Canadian dollars. The US dollar/Canadian dollar exchange rate has varied significantly over the last several years. During the period from January 1, 1999 to December 31, 2004, the Noon Buying Rate fluctuated from a high of C$1.6128 to a low of C$1.1775. Historical fluctuations in the US dollar/Canadian dollar exchange rate are not necessarily indicative of future exchange rate fluctuations. Based on the Company's anticipated 2005 after-tax operating results, a 10% change in the average annual US dollar/Canadian dollar exchange rate would affect net income by approximately $0.10 per share. To hedge its foreign exchange risk and minimize the impact of exchange rate movements on operating results and cash flow, the Company has periodically used foreign currency options and forward foreign exchange contracts to purchase Canadian dollars. However, there can be no assurance that the Company's foreign exchange hedging strategies will be successful or that foreign exchange fluctuations will not materially adversely affect the Company's financial performance and results of operations.

Interest Rate Fluctuations

Fluctuations in interest rates can affect the Company's results of operations and cash flows. The Company's 4.50% convertible subordinated debentures due 2012 are at a fixed rate of interest; however both its bank debt and cash balances are subject to variable interest rates.

Potential Unenforceability of Civil Liabilities and Judgments

The Company is incorporated under the laws of the Province of Ontario, Canada. All but one of the Company's directors and officers and certain of the experts named in this Form 20-F are residents of Canada. Also, almost all of the Company's assets and the assets of these persons are located outside of the United States. As a result, it may be difficult for shareholders to initiate a lawsuit within the United States against these non-United States residents, or to enforce judgments in the United States against the Company or these persons which are obtained in a United States court. Our Canadian counsel has advised us that a monetary judgment of a U.S. court predicated solely upon the civil liability provisions of U.S. federal securities laws would likely be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. We cannot assure you that this will be the case. It is less certain that an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

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 and the western United States (principally Nevada and Idaho). The Company's operating history includes almost three decades of continuous gold production primarily from underground operations. Since its formation in 1972, the Company has produced over 3.5 million ounces of gold. The Company believes it is currently one of the lowest cash cost producers in the North American gold mining industry. In 2004, the Company produced 271,567 ounces of gold at an average cash cost estimated to have been between $75 and $85 per ounce and, in 2003, the Company produced 236,653 ounces of gold at an average cash cost of $269 per ounce, in each case net of revenues received from the sale of zinc, silver and copper byproducts. For 2005, the Company expects total cash operating costs per ounce of gold produced to be between $135 and $145. These expected increased costs are due to an anticipated decline in byproduct metals prices below those realized in 2004 and a reduction in the contribution of foreign exchange hedging activities. 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. However, the Company has purchased put options that will allow it to set a floor price of $260 per ounce on a portion of its gold production prior to December 31, 2007. For a definition of terms used in the following discussion, see the section entitled "Mineral Reserve and Mineral Resource" on page 21.

The Company's principal operating divisions are the LaRonde 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 over 2.5 million ounces of gold. In March 2000, the Company completed the Penna Shaft at the LaRonde Mine to a depth of 7,380 feet, which the Company believes makes it the deepest single-lift shaft in the Western Hemisphere. Production was expanded at the LaRonde Mine to 7,000 tons of ore treated per day in October 2002. An extensive surface and underground exploratory drilling program to delineate additional mineral reserve began in 1990 and is continuing. The program successfully outlined several ore zones and a large mineral resource to the east of what was, at the time, the main production shaft. As at December 31, 2003, the LaRonde Division had established proven and probable mineral reserves of approximately 5.0 million ounces of contained gold.

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 is situated, with a view to increasing annual gold production and gold mineral reserve. 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.

Expenditures on the expansion of the LaRonde Mine and exploration and development in the surrounding region as at September 30, 2004 and the three preceding fiscal years were $32.0 million, $44.1 million, $62.5 million and $37.6 million, respectively. Expenditures for mine expansion, exploration and development for 2004 are expected to have been $55 million. These estimated 2004 expenditures include $27 million of capital expenditures at the LaRonde Mine, $8 million at the LaRonde II project, $13 million for the exploration and development of the Lapa property, $5 million for the exploration and development of the Goldex property, and $2 million for the exploration and development of the Bousquet and Ellison properties. Budgeted 2005 exploration and capital expenditures of $42.0 million consist of $14.1 million of sustaining capital expenditures at the LaRonde Mine, $12.7 million on projects relating to the LaRonde II project, $12.1 million at the Lapa property, $1.5 million on bulk sample and engineering projects at the Goldex property and $1.6 million on drilling at the Bousquet and Ellison properties. 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.

In addition, the Company continuously evaluates opportunities to make strategic acquisitions. In the second quarter of 2004, the Company acquired an ownership interest in Riddarhyttan Resources AB ("Riddarhyttan"), representing 13.8% of its outstanding shares. In late December 2004, Riddarhyttan concluded a rights offering for 7.5 million shares pursuant to which the Company raised its ownership level to 14% of Riddarhyttan's outstanding shares. In connection with this acquisition, two representatives of the Company were elected to Riddarhyttan's board of directors. Riddarhyttan is a precious and base metals exploration and development company with a focus on the Nordic region of Europe. Its shares are listed on the Stockholm Stock Exchange under the symbol "RHYT". Riddarhyttan is the 100% owner of the Suurikuusikko gold deposit, located approximately 550 miles north of Helsinki near the town of Kittilä in Finnish Lapland. Riddarhyttan's property position in the Suurikuusikko area consists of 22 contiguous claims (approximately 4,261 acres) with similar Precambrian greenstone belt geology and topography to the Company's land package in the Abitibi region of Quebec. The Company also recently signed a non-binding letter of intent pursuant to which it is conducting due diligence on an exploration property in northern Mexico with a view to purchasing an option to acquire the property. The Company has no other commitments or agreements with respect to any other acquisitions.

The Company, through its Exploration Division, focuses its exploration activities 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 56 properties in central and eastern Canada and the western United States, including properties acquired from Contact Diamond Corporation (formerly Sudbury Contact Mines Limited) ("Contact Diamond") in September 2004. The Company's Reno, Nevada exploration office, acquired in that transaction, is focused on evaluating exploration opportunities in the western United States and northern Mexico.

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. 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.

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 44.2% 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.

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 are located in areas that are supportive of the mining industry. These operations are concentrated in areas among North America's principal gold-producing regions.

Second, the Company believes that it is one of the lowest total cash operating cost producers in the North American gold mining industry. Although total cash operating cost per ounce of gold was $269 for 2003, this increased level resulted, in part, from the rescheduling of stope mining sequencing required as a result of the rock fall that occurred during the first quarter of 2003. For 2004, the Company's total cash operating cost per ounce of gold is estimated to have been between $75 and $85, due principally to higher gold production, higher net byproduct revenue resulting from increased production, higher byproduct metal prices and the elimination of the production royalty on an area of the mine that is mined out. The Company has achieved significant improvements in these measures 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 2005, the Company expects total cash operating cost per ounce of gold produced to be between $135 and $145.

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. The experience gained through building and operating the LaRonde Mine, along with the LaRonde Mine's extensive infrastructure, are expected to support the development of new projects in the region including the Lapa property, the Goldex property and the development project at LaRonde to access the Company's mineral resource base located outside of the Penna Shaft infrastructure (the "LaRonde II" project).

Fourth, the Company's senior management team has an average of 16 years of operating and exploration experience in the mining industry. Management's significant experience has been instrumental in 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 region.

The Company believes it can benefit not only from the existing infrastructure at its mines, but also from geological knowledge that it has gained in mining and developing its properties. The Company's strategy is to capitalize on