



Third Quarter Report 2005

QUARTERLY MANAGEMENT DISCUSSION AND ANALYSIS
UNITED STATES GAAP
(all figures are expressed in US dollars unless otherwise noted)

Results of Operations

Agnico-Eagle reported third quarter net income of \$2.1 million, or \$0.02 per share, compared to net income of \$10.6 million, or \$0.12 per share, in the third quarter of 2004. Gold production in the third quarter of 2005 was 61,704 ounces compared to 67,237 ounces in the third quarter of 2004. Cash flow provided by operating activities was \$11.2 million in the quarter compared to \$16.7 million in the prior year's third quarter. For the year to date, net earnings were \$25.3 million, or \$0.29 per share, compared to a net income of \$32.3 million, or \$0.38 per share, in the first nine months of 2004. Over the same periods, cash flow provided by operating activities increased to \$58.4 million in 2005 from \$37.8 million in 2004.

Third quarter ore processed was down 1.9% to 727,598 tons compared to the third quarter of 2004, while the year to date ore processed in 2005 was 2,194,318 tons. The year to date ore processed is consistent with the same period in 2004.

The table below summarizes the key variances in net income for the third quarter and year to date of 2005 from the net income reported for the same periods in 2004.

<u>(millions of dollars)</u>	<u>Third Quarter</u>	<u>Year to Date</u>
Decrease in gold sales volume	\$(0.9)	\$ (2.6)
Increase in gold price	1.5	4.4
Increase (decrease) in copper and silver revenues	0.5	(5.4)
Increase in zinc revenue	9.7	23.6
Unrealized settlement gains	1.0	7.7
Inventory adjustments	(2.1)	(4.3)
Stronger Canadian dollar, net of hedges	(4.6)	(9.3)
Increased amortization	(0.4)	(2.2)
Increased operating costs	(0.8)	(4.2)
Non-cash mark-to-market on byproduct metal hedges	(4.9)	(4.2)
Corporate costs and other	<u>(7.5)</u>	<u>(10.5)</u>
Net negative variance	<u>\$(8.5)</u>	<u>\$ (7.0)</u>

In the third quarter of 2005, revenue from mining operations increased \$10.6 million to \$58.6 million from \$48.0 million in the third quarter of 2004. For the year to date, revenue from mining operations increased \$27.7 million to \$170.0 million from \$142.3 million in the first nine months of 2004. While realized prices for all metals increased in 2005 compared to both the third quarter and first nine months of 2004, these increased metal prices were partially offset by lower metal production in both periods, with the exception of a 6.2% increase in zinc production for the first nine months of 2005. Revenue for the nine months ended September 30, 2005 was also positively impacted by the reversal of the large copper concentrate inventory which had built up at December 31, 2004 and by positive settlement adjustments resulting from price increases for all metals.

The continued strength of the Canadian dollar as compared to the same period in 2004 for both the three months and nine months ended September 30, 2005, had a negative impact on our production costs. For the same periods in 2004, the impact of the rising dollar was somewhat mitigated by delivering into foreign exchange hedges which allowed us to sell US dollars at a C\$/US\$ exchange rate of \$1.59; well above the prevailing spot price in the first nine months of 2004. The impact of our foreign exchange hedges had a much smaller impact in 2005 thereby resulting in increased production costs for both the third quarter and for the nine months ended September 30, 2005. Production costs increased 24.4% in the third quarter and 23.4% for the nine months ended September 30, 2005 as a result of higher input costs such as fuel, increased equipment maintenance and ground support expenses, and rehabilitation costs.

In the third quarter of 2005, we recorded an unrealized, mark-to-market loss on byproduct metals derivative contracts of \$5.1 million, or \$0.06 per share. These byproduct metals contracts were entered into in the first

quarter of 2005. For the nine months ended September 30, 2005 the unrealized, mark-to-market loss was \$4.3 million, or \$0.05 per share.

Exploration costs for both the third quarter and for the first half of 2005 increased significantly compared to the same periods in 2004. Increased exploration activities in and around our LaRonde mine and expenditures on U.S. properties purchased from Contact Diamond Corporation, the Company's 39.6% equity investee, in the fourth quarter of 2004 both contributed to the increase in exploration expenditures as compared to the same periods in 2004.

Exploration expenditures in the third quarter and year to date of 2005 were also impacted by the previously announced option agreement with Industrias Penñoles S.A. de C.V. ("Penñoles") to acquire the Pinos Altos project located in the Sierra Madre gold belt of Mexico. Exploration work on the Pinos Altos project commenced in the first quarter of 2005. Equity losses in Contact Diamond Corporation ("Contact") and Riddarhyttan Resources, AB ("Riddarhyttan") also increased in the third quarter and year to date compared to the same periods in 2004. The third quarter of 2004 included only approximately 1.5 months of equity losses from Riddarhyttan as the Company purchased its initial 14% stake in May 2004. Equity losses from Contact increased in the third quarter and first nine months of 2005 as Contact increased its field exploration activities relating to its potential diamond deposits.

Amortization was \$0.4 million higher in the third quarter of 2005 and \$2.2 million higher in the first nine months of 2005 as compared to the same periods in 2004 due to the reversal of the copper concentrate inventory which had built up at the end of 2004 as the amortization relating to the production of those concentrates is recognized in the same period as the related revenue. General and administrative expenditures increased \$0.6 million in the third quarter of 2005 and \$3.0 million in the first nine months of 2005 as compared to the same periods in 2004. The increase is primarily due to the expensing of stock options granted in the year. The compensation expense related to these options recognized in the third quarter of 2005 was \$0.4 million (less than \$0.01 per share) with a year to date expense of \$2.0 million, or \$0.02 per share. Interest costs for the three and nine months ended September 30, 2005 also increased due to payments made under our interest rate swap as a result of increasing 3-month LIBOR rates.

In the third quarter of 2005 total cash costs per ounce decreased to \$33 per ounce of gold produced from \$77 per ounce in the third quarter of 2004. The main driver leading to the decrease in total cash costs for the quarter was higher byproduct metal revenue due to increased realized prices for all metals. Total cash costs per ounce for the first nine months of 2005 was \$66 compared to \$77 for the same period in 2004. The decrease in total cash costs in the third quarter was also attributable to higher byproduct metal revenue. As total cash costs are calculated on a production basis, the reversal of the prior quarter's copper concentrate buildup did not affect total cash costs.

Minesite costs per ton was C\$52 in the third quarter of 2005 compared to \$50 in the third quarter of 2004. Minesite costs per ton was C\$50 for the first nine months of 2005 as compared to C\$48 for the first nine months of 2004. Minesite costs per ton were higher than expected for both periods due to higher input costs such as fuel, and increased equipment maintenance and ground support expenses.

The following tables provide a reconciliation of the total cash costs per ounce of gold produced and mine site costs per ton to the financial statements:

<u>(thousands of dollars, except where noted)</u>	<u>3 Months ended September 30, 2005</u>	<u>3 months ended September 30, 2004</u>	<u>9 Months ended September 30, 2005</u>	<u>9 months ended September 30, 2004</u>
Cost of production per Consolidated Statements of Income	\$ 32,548	\$ 26,172	\$ 93,789	\$ 75,993
Adjustments:				
Byproduct revenues	(28,812)	(21,639)	(77,509)	(59,815)
Inventory adjustment ⁽ⁱ⁾	(1,588)	795	(4,119)	(103)
Non-cash reclamation provision . . .	(108)	(176)	(320)	(437)
Cash operating costs	\$ 2,040	\$ 5,152	\$ 11,841	\$ 15,638
Gold production (ounces)	61,704	67,237	178,785	202,658
Total cash costs (per ounce) ⁽ⁱⁱⁱ⁾	<u>\$ 33</u>	<u>\$ 77</u>	<u>\$ 66</u>	<u>\$ 77</u>

<u>(thousands of dollars, except where noted)</u>	<u>3 Months ended September 30, 2005</u>	<u>3 months ended September 30, 2004</u>	<u>9 Months ended September 30, 2005</u>	<u>9 months ended September 30, 2004</u>
Cost of production per Consolidated Statements of Income	\$ 32,548	\$ 26,172	\$ 93,789	\$ 75,993
Adjustments:				
Inventory adjustment ⁽ⁱ⁾ and hedging adjustments ⁽ⁱⁱ⁾	(915)	2,127	(3,530)	3,338
Non-cash reclamation provision . . .	(108)	(176)	(320)	(437)
Minesite operating costs (US\$) . . .	\$ 31,525	\$ 28,123	\$ 89,939	\$ 78,894
Minesite operating costs (C\$)	\$ 37,913	\$ 36,834	\$ 109,986	\$104,824
Tons milled (000's tons)	728	741	2,194	2,184
Minesite costs per ton (C\$) ^(iv)	<u>\$ 52</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 48</u>

Notes:

- (i) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title passes. Since total cash costs are calculated on a production basis, this adjustment reflects the portion of concentrate production for which revenue has not been recognized in the period.
- (ii) Hedging adjustments reflect realized gains and losses on the Company's derivative positions entered into to hedge the effects of foreign exchange fluctuations on production costs. These items are not reflective of operating performance and thus have been eliminated when calculating minesite costs per ton.
- (iii) Total cash cost is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. We believe that this generally accepted industry measure is a realistic indication of operating performance and is useful in allowing year over year comparisons. As illustrated in the table above, this measure is calculated by adjusting Production Costs as shown in the Statement of Income and Comprehensive Income for net byproduct revenues, royalties, inventory adjustments and asset retirement provisions. This measure is intended to provide investors with information about the cash generating capabilities of our mining operations. Management uses this measure to monitor the performance of our mining operations. Since market prices for gold are quoted on a per ounce basis, using this per ounce measure allows management to assess the mine's cash generating capabilities at various gold prices. Management is aware that this per ounce measure of performance can be impacted by fluctuations in byproduct metal prices and exchange rates. Management compensates for the limitation inherent with this measure by using it in conjunction with the minesite cost per ton measure (discussed below) as well as other data prepared in accordance with US GAAP. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.
- (iv) Minesite cost per ton is not a recognized measure under US GAAP and this data may not be comparable to data presented by other gold producers. As illustrated in the table above, this measure is calculated by adjusting Production Costs as shown in the Statement of Income and Comprehensive Income for inventory and hedging adjustments and asset retirement provisions and then dividing by tons processed through the mill. Since total cash cost data can be affected by fluctuations in byproduct metal prices and exchange rates, management believes this measure provides additional information regarding the performance of mining operations and allows management to monitor operating costs on a more consistent basis as the per ton measure eliminates the cost variability associated with varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each ton mined, in order to be economically viable the estimated revenue on a per ton basis must be in excess of the minesite cost per ton. Management is aware that this per ton measure is impacted by fluctuations in production levels and thus uses this evaluation tool in conjunction with production costs prepared in accordance with US GAAP. This measure supplements production cost information prepared in accordance with US GAAP and allows investors to distinguish between changes in production costs resulting from changes in production versus changes in operating performance.

Taking into consideration year to date performance including the delays in accessing higher grade gold stopes in the first quarter and the lower recoveries in the second and third quarters of 2005, the Company is now targeting gold production of approximately 250,000 ounces in 2005. LaRonde's total cash costs are expected to be below \$100 per ounce, as lower gold production is offset by higher byproduct production and metal prices.

Subsequent to quarter end, Agnico-Eagle completed its previously announced tender offer relating to the acquisition of Riddarhyttan Resources AB (publ) ("Riddarhyttan"). Agnico-Eagle now owns 97.3% of the outstanding shares and voting rights of Riddarhyttan and intends to initiate the compulsory acquisition under Swedish law of the remaining 2.7% of the Riddarhyttan shares that it does not already own. The Company expects that this purchase will be complete in the first half of 2006.

Liquidity and Capital Resources

At September 30, 2005, Agnico-Eagle's cash and cash equivalents balance was \$65.7 million, restricted cash was \$6.3 million, short-term investments were \$51.9 million, while working capital was \$197.0 million. At December 31, 2004, the Company had \$33.0 million in cash and cash equivalents, \$8.2 million of restricted cash, \$64.8 million of short-term investments and \$177.3 million in working capital. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to eliminate any risks associated with these investments. Such investments with original maturities greater than three months are classified as short-term investments and decisions regarding the length of maturities are based on cash flow requirements, rates of returns and other various factors. As of September 30, 2005, the majority of highly liquid investments had original maturities of three months or less and therefore contributed to the increase in cash and cash equivalents. The total of cash & cash equivalents, restricted cash and short-term investments was \$124.0 million at September 30, 2005 and \$106.0 million at December 31, 2004.

Cash flow provided by operating activities was \$11.2 million in the third quarter of 2005 compared to \$16.7 million in the third quarter of 2004. For the first nine months of 2005, cash flow provided by operating activities was \$58.4 million compared to \$37.8 million for the first nine months of 2004. Cash flow provided by operating activities for the third quarter and first nine months of 2005 was positively impacted by higher gold and byproduct metal prices partially offset by lower gold production. Working capital changes were positive for the year to date due primarily to the reversal of the prior year's copper concentrate build-up and the recovery of income taxes. Working capital changes were negative for the third quarter as a result of increases in metals awaiting settlement due primarily to increased metal prices for all metals.

The Company currently has \$91 million in undrawn credit lines. Although there are currently no amounts drawn on the \$100 million credit facility, the amount available under the facility is reduced by outstanding letters of credit. The facility limits, among other things, the Company's ability to incur additional indebtedness, pay dividends, make investments or loans, transfer assets or make expenditures that are not consistent with mine plans and operating budgets delivered pursuant to the facility. The facility also requires the Company to maintain specified financial ratios and meet financial condition covenants. Letters of credit issued as security for pension and environmental obligations decrease the amount available under the facility. Subsequent to quarter end, the Company secured an increase in its credit facility from \$100 million to \$150 million and an extension in term of two years to December 23, 2009.

For the three months ended September 30, 2005, capital expenditures were \$15.7 million compared to \$11.8 million in the third quarter of 2004. While sustaining capital expenditures at the LaRonde mine decreased to \$5.6 million from \$7.2 million in the third quarter of 2005, there were significant increases in capital expenditures on other regional projects, namely Lapa, Goldex and LaRonde II. Capital expenditures for these projects increased by \$4.7 million to \$6.5 million compared to the third quarter of 2004 as shaft sinking continues at Lapa and expenditures on Goldex have been accelerated and construction commenced in the third quarter of 2005. The remaining expenditures of approximately \$3.6 million are mainly attributable to the ramp development and the level 215 exploration drift at LaRonde, and for the implementation of a new management information system. For the full year, forecasted capital expenditures are now estimated to be \$63.9 million.

During the third quarter, the Company closed a private placement from treasury of 500,000 flow-through shares for total proceeds of C\$10.0 million. The Company expects to fund its current project expenditures with internally generated funds and cash on hand. The Company's ability to continue generating cash flow is dependent on continued strength in gold and byproduct metal prices and continued cost savings generated from economies of scale at LaRonde as the mill processes more tons of ore.

AGNICO-EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted, US GAAP basis)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
<i>Income and cash flow</i>				
<i>LaRonde Division</i>				
Revenues from mining operations	\$ 58,608	\$ 47,986	\$ 169,946	\$ 142,254
Production costs	32,548	26,172	93,789	75,993
Gross profit (exclusive of amortization shown below)	\$ 26,060	\$ 21,814	\$ 76,157	\$ 66,261
Amortization	6,276	5,861	19,470	17,302
Gross profit	\$ 19,784	\$ 15,953	\$ 56,687	\$ 48,959
Net income for the period	\$ 2,057	\$ 10,556	\$ 25,299	\$ 32,270
Net income per share (basic and diluted)	\$ 0.02	\$ 0.12	\$ 0.29	\$ 0.38
Cash flow provided by operating activities	\$ 11,151	\$ 16,683	\$ 58,358	\$ 37,803
Cash flow used in investing activities	\$ (42,467)	\$ (90,974)	\$ (34,905)	\$ (80,167)
Cash flow provided by financing activities	\$ 9,431	\$ 18,540	\$ 9,256	\$ 19,024
Weighted average number of common shares outstanding — basic (in thousands)	86,638	84,658	86,330	84,791
Tons of ore milled	727,598	741,483	2,194,318	2,184,383
Head grades:				
Gold (oz. per ton)	0.09	0.10	0.09	0.10
Silver (oz. per ton)	2.47	2.70	2.28	2.49
Zinc	4.30%	4.53%	4.21%	4.04%
Copper	0.43%	0.54%	0.39%	0.54%
Recovery rates:				
Gold	91.33%	92.09%	90.64%	91.87%
Silver	84.40%	88.10%	84.40%	86.60%
Zinc	83.90%	84.70%	82.70%	84.00%
Copper	73.80%	78.10%	75.10%	78.80%
Payable metal produced:				
Gold (ounces)	61,704	67,237	178,785	202,658
Silver (ounces in thousands)	1,295	1,501	3,597	4,187
Zinc (pounds in thousands)	44,604	48,349	130,092	122,479
Copper (pounds in thousands)	4,235	5,814	11,929	16,729
Payable metal sold:				
Gold (ounces)	64,852	67,052	195,539	202,473
Silver (ounces in thousands)	1,092	1,501	3,611	4,187
Zinc (pounds in thousands)	46,656	46,912	128,481	121,042
Copper (pounds in thousands)	4,637	5,859	14,411	16,774
Realized prices per unit of metal sold:				
Gold (per ounce)	\$ 432	\$ 409	\$ 432	\$ 409
Silver (per ounce)	\$ 7.04	\$ 6.13	\$ 6.94	\$ 6.60
Zinc (per pound)	\$ 0.61	\$ 0.46	\$ 0.60	\$ 0.45
Copper (per pound)	\$ 1.88	\$ 1.43	\$ 1.62	\$ 1.47
Total cash costs (per ounce):				
Production costs	\$ 527	\$ 440	\$ 525	\$ 392
Less: Net byproduct revenues	(467)	(334)	(433)	(295)
Inventory adjustments	(25)	(24)	(24)	(18)
Accretion expense and other	(2)	(5)	(2)	(2)
Total cash costs (per ounce)	\$ 33	\$ 77	\$ 66	\$ 77
Minesite costs per ton milled (Canadian dollars)	\$ 52	\$ 50	\$ 50	\$ 48

AGNICO-EAGLE MINES LIMITED

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	<u>December 31, 2003</u>	<u>March 31, 2004</u>	<u>June 30, 2004</u>	<u>September 30, 2004</u>	<u>December 31, 2004</u>	<u>March 31, 2005</u>	<u>June 30, 2005</u>	<u>September 30, 2005</u>
Consolidated Financial Data								
<i>Income and cash flows</i>								
<i>LaRonde Division</i>								
Revenues from mining operation	\$ 41,849	\$ 48,604	\$ 45,664	\$ 47,986	\$ 45,795	\$ 61,766	\$ 49,572	\$ 58,608
Production costs	<u>30,153</u>	<u>24,141</u>	<u>25,680</u>	<u>26,172</u>	<u>22,175</u>	<u>30,973</u>	<u>30,268</u>	<u>32,548</u>
Gross profit (exclusive of amortization shown below)	\$ 11,696	\$ 24,463	\$ 19,984	\$ 21,814	\$ 23,620	\$ 30,793	\$ 19,304	\$ 26,060
Amortization	<u>\$ 3,729</u>	<u>5,582</u>	<u>5,859</u>	<u>5,861</u>	<u>4,461</u>	<u>7,211</u>	<u>5,983</u>	<u>6,276</u>
Gross profit	<u>\$ 7,967</u>	<u>\$ 18,881</u>	<u>\$ 14,125</u>	<u>\$ 15,953</u>	<u>\$ 19,159</u>	<u>\$ 23,582</u>	<u>\$ 13,321</u>	<u>\$ 19,784</u>
Net income for the period	\$ 2,387	\$ 12,909	\$ 8,805	\$ 10,556	\$ 15,609	\$ 10,449	\$ 12,794	\$ 2,057
Net income per share (basic and diluted)	\$ 0.03	\$ 0.15	\$ 0.10	\$ 0.12	\$ 0.18	\$ 0.12	\$ 0.15	\$ 0.02
Cash flow provided by operating activities	\$ 5,703	\$ 6,219	\$ 14,901	\$ 16,683	\$ 11,722	\$ 28,105	\$ 19,103	\$ 11,151
Cash flow provided by (used in) investing activities	\$(13,970)	\$ 42,485	\$(31,678)	\$(90,974)	\$(28,820)	\$ 37,149	\$(29,586)	\$(42,467)
Cash flow provided by (used in) financing activities	\$ 910	\$ (1,068)	\$ 1,552	\$ 18,540	\$ 2,149	\$ (1,095)	\$ 920	\$ 9,431
Weighted average number of common shares outstanding (Basic — in thousands)	84,424	84,525	84,648	84,791	85,989	86,131	86,220	86,638

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED BALANCE SHEETS
(thousands of United States dollars, US GAAP basis)
(Unaudited)

	<u>As at September 30, 2005</u>	<u>As at December 31, 2004</u>
ASSETS		
<i>Current</i>		
Cash and cash equivalents	\$ 65,726	\$ 33,005
Restricted cash	6,317	8,173
Short-term investments	51,914	64,836
Metals awaiting settlement	46,128	43,442
Income taxes recoverable	7,546	16,105
Inventories:		
Ore stockpiles	11,177	9,036
Concentrates	2,862	9,065
Supplies	8,463	8,292
Other current assets	25,304	19,843
Total current assets	<u>225,437</u>	<u>211,797</u>
Fair value of derivative financial instruments	3,429	2,689
Other assets	24,027	25,234
Future income and mining tax assets	60,344	51,407
Mining properties	453,490	427,037
	<u>\$766,727</u>	<u>\$ 718,164</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 26,714	\$ 28,667
Dividends payable	876	3,399
Interest payable	808	2,426
Total current liabilities	<u>28,398</u>	<u>34,492</u>
Fair value of derivative financial instruments	4,312	—
Long-term debt	142,025	141,495
Reclamation provision and other liabilities	16,303	14,815
Future income and mining tax liabilities	64,618	57,136
Shareholders' equity		
Common shares		
Authorized — unlimited		
Issued — 86,864,554 (2004 — 85,828,481)	631,067	620,704
Stock options	2,504	465
Warrants	15,732	15,732
Contributed surplus	7,181	7,181
Deficit	(147,457)	(172,756)
Accumulated other comprehensive income (loss)	2,044	(1,100)
Total shareholders' equity	<u>511,071</u>	<u>470,226</u>
	<u>\$766,727</u>	<u>\$ 718,164</u>

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(thousands of United States dollars except per share amounts, US GAAP basis)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
REVENUES				
Revenues from mining operations	\$58,608	\$47,986	\$169,946	\$142,254
Interest and sundry	(193)	195	754	558
	58,415	48,181	170,700	142,812
COSTS AND EXPENSES				
Production	32,548	26,172	93,789	75,993
Fair value of derivative financial instruments	5,066	136	4,312	136
Exploration and corporate development	4,296	581	10,423	1,323
Equity loss in junior exploration companies	584	517	2,557	1,415
Amortization	6,276	5,861	19,470	17,302
General and administrative	2,522	1,895	8,683	5,706
Provincial capital tax	387	(191)	1,297	1,003
Interest	2,573	1,742	7,227	5,771
Foreign currency loss (gain)	763	38	(88)	(341)
Income before income, mining and federal capital taxes	3,400	11,430	23,030	34,504
Federal capital tax	246	253	728	794
Income and mining tax expense (recovery)	1,097	621	(2,997)	1,440
Net income for the period	\$ 2,057	\$10,556	\$ 25,299	\$ 32,270
Net income per share — basic and diluted	\$ 0.02	\$ 0.12	\$ 0.29	\$ 0.38
Weighted average number of shares (in thousands)				
Basic	86,638	84,791	86,330	84,658
Diluted	87,096	85,278	86,788	85,145
Comprehensive income:				
Net income for the period	2,057	\$10,556	\$ 25,299	\$ 32,270
<i>Other comprehensive income (loss), net of tax:</i>				
Unrealized gain (loss) on hedging activities	1,047	937	930	(125)
Dilution gain on issuance of shares by subsidiary, net of tax	—	1,837	—	1,837
Unrealized gain (loss) on available-for-sale securities	3,239	555	4,216	(613)
Cumulative translation adjustment on equity investee	101	—	(1,905)	—
Adjustments for derivative instruments maturing during the period	(1)	657	(35)	(2,274)
Adjustments for realized gains on available-for-sale securities due to dispositions during the period	(62)	—	(62)	(632)
Other comprehensive income (loss) for the period	4,324	3,986	3,144	(1,807)
Total comprehensive income for the period	\$ 6,381	\$14,542	\$ 28,443	\$ 30,463

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(thousands of United States dollars, US GAAP basis)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Deficit				
Balance, beginning of period	\$(149,514)	\$(196,341)	\$(172,756)	\$(218,055)
Net income for the period	<u>2,057</u>	<u>10,556</u>	<u>25,299</u>	<u>32,270</u>
Balance, end of period	<u>\$(147,457)</u>	<u>\$(185,785)</u>	<u>\$(147,457)</u>	<u>\$(185,785)</u>
Accumulated other comprehensive income (loss)				
Balance, beginning of period	\$ (2,280)	\$ (11,233)	\$ (1,100)	\$ (5,440)
Other comprehensive income (loss) for the period	<u>4,324</u>	<u>3,986</u>	<u>3,144</u>	<u>(1,807)</u>
Balance, end of period	<u>\$ 2,044</u>	<u>\$ (7,247)</u>	<u>\$ 2,044</u>	<u>\$ (7,247)</u>

See accompanying notes

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(thousands of United States Dollars, US GAAP basis)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Operating activities				
Net income for the period	\$ 2,057	\$ 10,556	\$ 25,299	\$ 32,270
Add (deduct) items not affecting cash:				
Amortization	6,276	5,861	19,470	17,302
Future income and mining taxes	1,235	1,739	(2,997)	4,228
Unrealized loss on derivative contracts	5,066	(38)	4,312	136
Amortization of deferred costs and other	3,102	755	6,970	2,883
	17,736	18,873	53,054	56,819
Changes in non-cash working capital balances				
Metals awaiting settlement	(10,669)	551	(2,686)	(6,959)
Income taxes recoverable	44	(1,157)	8,559	(3,467)
Inventories	1,189	(2,366)	3,891	(3,437)
Prepaid expenses and other	(1,058)	(1,598)	(889)	778
Accounts payable and accrued liabilities	5,527	3,997	(1,953)	(3,579)
Interest payable	(1,618)	(1,617)	(1,618)	(2,352)
Cash provided by operating activities	11,151	16,683	58,358	37,803
Investing activities				
Additions to mining properties	(15,685)	(11,780)	(44,888)	(33,777)
Decrease (increase) in short-term investments	(21,730)	(60,260)	12,922	(13,281)
Decrease in investments and other	(1,759)	(2,404)	(4,795)	(18,954)
Decrease (increase) in restricted cash	(3,293)	(16,530)	1,856	(14,155)
Cash used in investing activities	(42,467)	(90,974)	(34,905)	(80,167)
Financing activities				
Dividends paid	—	—	(2,542)	(2,480)
Common shares issued	9,431	18,540	11,798	21,504
Cash provided by financing activities	9,431	18,540	9,256	19,024
Effect of exchange rate changes on cash and cash equivalents . . .	21	46	12	208
Net increase (decrease) in cash and cash equivalents during the period	(21,864)	(55,705)	32,721	(23,132)
Cash and cash equivalents, beginning of period	87,590	89,507	33,005	56,934
Cash and cash equivalents, end of period	\$ 65,726	\$ 33,802	\$ 65,726	\$ 33,802
<i>Other operating cash flow information:</i>				
Interest paid during the period	\$ 4,326	\$ 3,023	\$ 8,311	\$ 6,489
Income, mining and capital taxes paid (recovered) during the period	\$ 265	\$ (271)	\$ (6,476)	\$ 2,259

See accompanying notes

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(thousands of United States dollars except per share amounts, unless otherwise indicated)
(Unaudited)
September 30, 2005

1. BASIS OF PRESENTATION

Agnico-Eagle Mines Limited's ("Agnico-Eagle" or the "Company") primary basis of financial reporting is United States generally accepted accounting principles ("US GAAP").

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with US GAAP in US dollars. They do not include all of the disclosures required by generally accepted accounting principles for annual financial statements. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments necessary to present fairly the financial position as at September 30, 2005 and the results of operations and cash flows for the three and nine month periods ended September 30, 2005 and 2004.

Operating results for the nine month period ended September 30, 2005 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2005. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the fiscal 2004 annual consolidated financial statements, including the accounting policies and notes thereto, included in the Annual Report and Annual Information Form/Form 20-F for the year ended December 31, 2004.

2. USE OF ESTIMATES

The preparation of the financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable and prudent; however, actual results could differ from these estimates.

3. ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2004 audited consolidated annual financial statements.

4. CAPITAL STOCK

For the three and nine month periods ended September 30, 2005 and 2004, the Company's warrants and 2012 convertible debentures were anti-dilutive and thus were excluded from the calculation of diluted net income per share.

The following table presents the maximum number of common shares that would be outstanding if all instruments outstanding at September 30, 2005 were exercised:

Common shares outstanding at September 30, 2005	86,864,554
Convertible debentures [based on debenture holders' option]	10,259,635
Employees' stock options	3,115,550
Warrants	6,900,000
	<u>107,139,739</u>

During the nine month period ended September 30, 2005, 80,800 (2004 — 197,325) employee stock options were exercised for cash of \$0.9 million (2004 — \$2.3 million) and 892,000 (2004 — 537,250) options were granted with a weighted average exercise price of C\$16.68 (2004 — C\$16.71).

On July 27, 2005, the Company closed a private placement from treasury of 500,000 flow-through shares for total proceeds of C\$10,000,000. Under the terms of the private placement, the Company will renounce an equivalent amount of tax deductions from its exploration program expenditures to the investors.

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(thousands of United States dollars except per share amounts, unless otherwise indicated)
(Unaudited)
September 30, 2005

5. STOCK-BASED COMPENSATION

The following summary sets out the activity with respect to Agnico-Eagle's outstanding stock options:

	Nine months ended September 30, 2005	
	Options	Weighted average exercise price
Outstanding, beginning of period	2,383,150	C\$15.16
Granted	892,000	C\$16.68
Exercised	(80,800)	C\$11.13
Cancelled	(78,800)	C\$16.33
Outstanding, end of period	<u>3,115,550</u>	<u>C\$15.67</u>
Options exercisable at end of period	2,181,050	C\$15.23

Pro forma disclosures for the effect on net income and net income per share as if the Company had applied the fair value recognition provisions of FAS 123 to account for all its stock option grants have not been shown as substantially all options prior to the adoption of fair value accounting had vested at the end of 2003.

6. FINANCIAL INSTRUMENTS

In the first quarter of 2005, the Company purchased silver put options with a strike price of \$7.00 and also sold copper calls with a strike price of \$1.50. The Company sold forward zinc production at a weighted average price of \$0.565 and entered into a zero-cost collar to set a minimum zinc price of \$0.55. While setting a minimum price, the zero-cost collar strategy also limits participation to zinc prices above \$0.67. The Company also liquidated its entire portfolio of gold put options.

As at September 30, 2005, Agnico-Eagle had the following byproduct metal contracts:

	Expected Maturity	
	2005	2006
Silver		
Put options purchased		
Ounces	250,500	167,000
Average price (\$/ounce)	\$7.00	\$7.00
Copper		
Call options sold		
Pounds (000s)	2,480	1,653
Average price (\$/pound)	\$1.50	\$1.50
Zinc		
Forwards		
Pounds (000s)	6,614	26,455
Average price (\$/pound)	\$0.57	\$0.56
Put options purchased		
Pounds (000s)	6,614	26,455
Average price (\$/pound)	\$0.55	\$0.55
Call options sold		
Pounds (000s)	6,614	26,455
Average price (\$/pound)	\$0.67	\$0.67

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(thousands of United States dollars except per share amounts, unless otherwise indicated)
(Unaudited)
September 30, 2005

6. FINANCIAL INSTRUMENTS (Continued)

At September 30, 2005, Agnico-Eagle's foreign currency hedging program consisted of the following:

	Expected Maturity	
	2005	2006
US\$ call options sold		
Amount (thousands)	\$3,000	\$12,000
C\$/US\$ weighted average exchange rate	1.6050	1.6475
US\$ put options purchased		
Amount (thousands)	\$3,000	\$12,000
C\$/US\$ weighted average exchange rate	1.5000	1.5600
US\$ put options sold		
Amount (thousands)	\$3,000	—
C\$/US\$ weighted average exchange rate	1.3700	—

At September 30, 2005, the aggregate net market value of Agnico-Eagle's metals derivative position amounted to \$(4.3) million. The Company's aggregate net market value of its foreign exchange hedge position at September 30, 2005 was \$4.4 million. The Company's aggregate net market value of its interest rate derivative contracts at September 30, 2005 was \$(1.0) million. Since the Company uses only over-the-counter instruments, the fair value of individual hedging instruments is based on readily available market values.

7. OFFER TO ACQUIRE RIDDARHYTTAN RESOURCES AB

On May 12, 2005, the Company announced that it signed an agreement with Riddarhyttan Resources AB under which the Company agreed to make an exchange offer for all of the outstanding shares of Riddarhyttan not currently owned by Agnico-Eagle. Agnico-Eagle already owned approximately 14% of the outstanding shares of Riddarhyttan.

In the third quarter of 2005, the Company filed with the U.S. Securities and Exchange Commission a registration statement on Form F-4 containing the offer document. The registration statement was subsequently declared effective by the SEC. The offer document was also approved by the Swedish Financial Services Authority, leading to the Company's formal offer to exchange shares being mailed to the shareholders of Riddarhyttan.

Subsequent to quarter end, Agnico-Eagle completed its previously announced tender offer relating to the acquisition of Riddarhyttan Resources AB (publ) ("Riddarhyttan"). Agnico-Eagle now owns 97.3% of the outstanding shares and voting rights of Riddarhyttan and intends to initiate the compulsory acquisition under Swedish law of the remaining 2.7% of the Riddarhyttan shares that it does not already own. The Company expects that this purchase will be complete in the first half of 2006.

8. DIFFERENCES FROM CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with US GAAP. A reconciliation between US GAAP and Canadian GAAP is presented below together with a description of the significant measurement differences affecting these consolidated financial statements. There were no significant differences however between US GAAP and Canadian GAAP for the three months ended September 30, 2005 and 2004 consolidated statements of cash flows. Therefore, no reconciliation is provided for the Consolidated Statements of Cash Flows.

(a) **Financial instruments** — Under US GAAP, the Company follows the accounting recommendations made under FASB Statements No. 133 and No. 137 on accounting for derivative financial instruments and hedging. The recommendations require that all derivative instruments be recognized as assets or liabilities and be measured at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. FAS 133 establish certain criteria to be met in order to designate a derivative instrument as a hedge and to deem a hedge as effective.

Under Canadian GAAP, gains and losses on these contracts are accounted for as a component of the related hedged transaction.

(b) **Other comprehensive loss** — Under US GAAP, certain assets and liabilities are remeasured at fair value, with changes in fair value recorded in other comprehensive income. Under Canadian GAAP, these assets and liabilities are recorded at cost and they are not

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(thousands of United States dollars except per share amounts, unless otherwise indicated)
(Unaudited)
September 30, 2005

8. DIFFERENCES FROM CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

remeasured to fair value prior to the date they are realized or settled. The assets and liabilities affected are: investments, and derivative assets and liabilities that qualify for cash flow hedge accounting treatment.

- (c) **Convertible subordinated debentures** — Under US GAAP, the Company is not permitted to bifurcate the conversion option of the Convertible Debentures from the liability component and the entire amount of the Convertible Debentures is presented as a liability. Prior to 2005 under Canadian GAAP, the fair value of the conversion option associated with the Convertible Debentures was reflected as “other paid-in capital” while the fair value of the obligation to the debenture holders for interest and principal payments was presented as a component of shareholders’ equity. As a result, \$1.6 million of financing costs associated with the equity component of the Convertible Debentures, which has been classified as deferred financing costs under US GAAP were previously charged against deficit under Canadian GAAP.

Furthermore, under US GAAP, interest costs associated with the Convertible Debentures are charged to income whereas prior to 2005 under Canadian GAAP, interest costs were charged to deficit, but were used to reduce net income for the purposes of computing net income per share.

As of January 1, 2005, the Company adopted amendments to CICA 3860 “Financial instruments — disclosure and presentation” under Canadian GAAP and now accounts for the fair value of the obligation to the debenture holders for interest and principal payments as a component of long-term debt. Interest costs associated with the Convertible Debentures under Canadian GAAP are now charged to income. The 2004 comparatives have been restated to reflect this change in accounting policy.

In 2003, the Company entered into a swap whereby the Company swapped its fixed rate payments on the convertible subordinated debentures for variable rate payments. Under US GAAP, the fair value of the swap is recorded as either an asset or liability with a corresponding charge to income. The carrying value of the Convertible Debentures is also adjusted for changes in the fair value of the swap with a corresponding charge to income. Under Canadian GAAP, as the interest rate swap is not an effective hedge, the fair value of the swap is recorded in the consolidated statements of income.

- (d) **Dilution gain** — The dilution gain that resulted from the issuance of common stock by Contact Diamond is reported in other comprehensive income on the consolidated statements of income (loss).

Under Canadian GAAP, the dilution gain is reported above the line “Income (loss) before income and mining taxes” on the consolidated statements of income (loss).

- (e) **Income taxes** — Both Canadian GAAP and US GAAP follow the liability method of accounting for income taxes. Under US GAAP, future income and mining taxes are calculated based on enacted rates whereas under Canadian GAAP, substantively enacted rates are used.

Where assets and liabilities are recorded at different carrying amounts for US GAAP and Canadian GAAP, due to differences in the accounting policies that affect these assets and liabilities, a difference also arises in the amount of temporary timing differences that give rise to future tax assets and liabilities. Consequently, the amounts of future tax assets and liabilities recorded under US GAAP differ from the amounts of future tax assets and liabilities recorded under Canadian GAAP.

- (f) **Amortization of mining properties** — Prior to 2002, the amortization of mining properties under Canadian GAAP was calculated using the unit-of-production method using proven and probable reserves and non-reserve material of the mine when sufficient objective evidence existed to support a conclusion that the non-reserve material will be produced. Under US GAAP, amortization was calculated using the unit-of-production method using only the proven and probable reserves of the mine. This resulted in less amortization being recorded in the Canadian GAAP consolidated financial statements resulting in a higher asset carrying value.

After 2002, the Canadian GAAP accounting policy was to use only the proven and probable reserves.

- (g) **Share issue costs** — US GAAP requires that share issue costs of \$12 (2004 — \$209), net of related income taxes, be recorded as a reduction of proceeds of issue while under Canadian GAAP, the Company charges share issue costs to the deficit account.

- (h) **Flow-through shares** — The Company has in the past issued common shares by way of a flow-through common share private placement. The Company received a net premium to the prevailing market price on this issuance. Under US GAAP, the difference between the flow-through share issuance price and the prevailing market price of Agnico-Eagle stock at the time of issuance is recorded as a liability at the time the flow-through shares are issued. This liability is extinguished at the time the exploration expenditures are renounced to investors. The difference between the flow-through share issuance price and market price reduces

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(thousands of United States dollars except per share amounts, unless otherwise indicated)
(Unaudited)
September 30, 2005

8. DIFFERENCES FROM CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

the future tax expense charged to income as this difference represents proceeds received by the Company for the sale of future tax deductions to investors in the flow-through shares.

Under Canadian GAAP, Agnico-Eagle records such common share issuances by crediting share capital for the full value of cash consideration received. The cost of the future income and mining tax benefits arising at the time Agnico-Eagle renounces the income and mining tax deductibility of the eligible expenditures to the investors is accounted for as a share issue cost.

There were 500,000 flow-through shares issued in the first nine months of 2005 (2004 — 1,000,000 shares).

- (i) **Capital stock and deficit** — Canadian GAAP allows for the reduction of stated capital of outstanding common shares with a corresponding offset to deficit. This reclassification, which Agnico-Eagle made in 1998 and prior to 1995, is not permitted by US GAAP. As a result, under Canadian GAAP, capital stock and deficit is decreased by \$126.1 million in 2005 and 2004.

AGNICO-EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(Unaudited)

September 30, 2005

8. DIFFERENCES FROM CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

(j) Reconciliation of Consolidated Balance Sheets

	Notes	As at September 30, 2005			As at December 31, 2004		
		US GAAP	Adjustments	Canadian GAAP	US GAAP	Adjustments	Canadian GAAP
							(restated)
ASSETS							
Current							
Cash and cash equivalents		\$ 65,726	—	\$ 65,726	\$ 33,005	—	\$ 33,005
Restricted cash		6,317	—	6,317	8,173	—	8,173
Short-term investments		51,914	—	51,914	64,836	—	64,836
Metals awaiting settlement		46,128	—	46,128	43,442	—	43,442
Income taxes recoverable		7,546	—	7,546	16,105	—	16,105
Inventories:							
Ore stockpiles		11,177	—	11,177	9,036	—	9,036
Concentrates		2,862	—	2,862	9,065	—	9,065
Supplies		8,463	—	8,463	8,292	—	8,292
Other current assets	(b)	25,304	(6,301)	19,003	19,843	(2,147)	17,696
Total current assets		225,437	(6,301)	219,136	211,797	(2,147)	209,650
Fair value of derivative financial instruments	(a)	3,429	(3,429)	—	2,689	(2,689)	—
Other assets	(c)	24,027	2,272	26,984	25,234	4,230	29,464
Future income and mining tax assets	(e)	60,344	2,955	63,299	51,407	1,239	52,646
Mining properties	(f)	453,490	4,235	457,306	427,037	3,349	430,386
		<u>\$766,727</u>	<u>\$ (2)</u>	<u>\$766,725</u>	<u>\$718,164</u>	<u>\$ 3,982</u>	<u>\$722,146</u>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current							
Accounts payable and accrued liabilities		\$ 26,714	—	\$ 26,714	\$ 28,667	—	\$ 28,667
Dividends payable		876	—	876	3,399	—	3,399
Interest payable		808	—	808	2,426	—	2,426
Total current liabilities		28,398	—	28,398	34,492	—	34,492
Fair value of derivative financial instruments	(a)	4,312	1,530	5,842	—	2,964	2,964
Long-term debt	(c)	142,025	(39,670)	102,355	141,495	(42,450)	99,045
Reclamation provision and other liabilities		16,303	—	16,303	14,815	—	14,815
Future income and mining tax liabilities	(e)	64,618	438	65,056	57,136	422	57,558
Shareholders' Equity							
Common shares	(g) (h) (i)	631,067	(144,166)	486,901	620,704	(145,732)	474,972
Stock options outstanding		2,504	—	2,504	465	—	465
Other paid-in capital	(c)	—	55,028	55,028	—	55,028	55,028
Warrants		15,732	—	15,732	15,732	—	15,732
Contributed surplus	(g)	7,181	(1,621)	5,560	7,181	(1,621)	5,560
Deficit	(g) (i)	(147,457)	130,471	(16,986)	(172,756)	132,334	(40,422)
Accumulated other comprehensive loss	(b)	2,044	(2,044)	—	(1,100)	1,100	—
Cumulative translation adjustment	(b)	—	32	32	—	1,937	1,937
Total shareholders' equity		511,071	37,700	548,771	470,226	43,046	513,272
		<u>\$766,727</u>	<u>\$ (2)</u>	<u>\$766,725</u>	<u>\$718,164</u>	<u>\$ 3,982</u>	<u>\$722,146</u>

AGNICO-EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(thousands of United States dollars except per share amounts, unless otherwise indicated)
(Unaudited)
September 30, 2005

8. DIFFERENCES FROM CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (Continued)

(j) Reconciliation of Consolidated Net Income

	Notes	Three months ended September 30		Nine months ended September 30	
		2005	2004 (restated)	2005	2004 (restated)
Net income — US GAAP		\$2,057	\$10,556	\$25,299	\$32,270
Interest and sundry income	(a) (c)	1,011	(916)	847	(763)
Amortization	(f)	(87)	—	(217)	—
Interest expense	(c)	(697)	(1,005)	(2,627)	(2,983)
Dilution gain	(d)	—	1,838	—	1,838
Foreign currency loss (gain)	(h)	98	—	98	—
Income and mining tax (expense) recovery	(e)	(155)	2,837	48	846
Net income — Canadian GAAP		<u>\$2,227</u>	<u>\$13,310</u>	<u>\$23,448</u>	<u>\$31,208</u>
Net income per share — basic and diluted		\$ 0.02	\$ 0.16	\$ 0.27	\$ 0.37

