

# **AGNICO-EAGLE MINES LIMITED**

## **COMPENSATION COMMITTEE CHARTER**

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This Charter shall govern the activities of the compensation committee (the "Compensation Committee") of the board of directors (the "Board of Directors") of Agnico-Eagle Mines Limited (the "Corporation").

### **I. PURPOSE OF COMPENSATION COMMITTEE**

The Compensation Committee (the "Committee") shall advise and make recommendations to the Board of Directors in its oversight role with respect to the Corporation's strategy, policies and programs on the compensation and development of senior management and directors.

### **II COMPOSITION**

The Compensation Committee shall be comprised of a minimum of three directors, each of whom shall be unrelated and independent as determined by the Board of Directors in accordance with the applicable requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities. (See Schedule A for current requirements.)

The members of the Compensation Committee shall be appointed by the Board of Directors annually at the first meeting of the Board after a meeting of the shareholders at which directors are elected and shall serve until the next annual meeting of shareholders or until their successors are duly appointed or until such member is removed from the Committee by the Board of Directors. The Board of Directors shall designate one member of the Compensation Committee as the chair of the Compensation Committee (the "Chair"), but if it fails to do so, then members of the Compensation Committee may designate the Chair by a majority vote of the full Compensation Committee membership.

### **III. MEETINGS**

The Committee shall meet at least twice annually or more frequently as desired or required. The Compensation Committee shall seek to act on the basis of consensus, but an affirmative vote of a majority of Members of the Compensation Committee participating in any meeting of the Compensation Committee shall be sufficient for the adoption of any resolution.

### **IV. COMMITTEE RESPONSIBILITIES AND DUTIES**

The Compensation Committee's primary responsibilities are to:

1. review and assess the adequacy of this Charter at least annually and, where necessary or desirable, recommend changes to the Board of Directors;

2. review the adequacy and form of compensation of senior management and ensure that the compensation realistically reflects the risks and responsibilities of such positions;
3. review and recommend to the Board of Directors for approval policies relating to compensation of the Corporation's senior management and directors;
4. review the performance of the Corporation's senior management and recommend annually to the Board of Directors for approval the amount and composition of compensation to be paid to the Corporation's senior management;
5. review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of these goals and objectives and set the CEO compensation based on this evaluation;
6. review and make recommendations to the Board of Directors with respect to pension, stock option and other incentive plans for the benefit of senior management;
7. administer the Corporation's employee stock option plan for the benefit of directors, officers and employees of and services providers to the Corporation and its subsidiaries;
8. administer the Corporation's incentive share purchase plan ("Purchase Plan") for the benefit of participating directors, officers and full-time employees of the Corporation and its subsidiaries, including the adoption, amendment or rescission of any rules and regulations that in the Compensation Committee's opinion may be advisable or required in the administration or operation of the Purchase Plan or any rule, regulation or documentation used thereunder;
9. review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of such positions and fix the amount and composition of compensation to be paid to members of the Board of Directors and the committees thereof;
10. review and assess the design and competitiveness of the Corporation's compensation and benefit programs generally;
11. report to the Board of Directors on all other matters and recommendations made by the Committee;
12. follow the process established by it for all committees of the Board for assessing the performance of the Committee; and
13. exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

## SCHEDULE A

### *Unrelated Director*

Under the Toronto Stock Exchange rules, "unrelated director" means a director who is:

- (a) not a member of management and is free from any interest and any business, family or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the issuer, other than interests and relationships arising solely from holdings in the issuer;
- (b) not currently, or has not been within the last three years, an officer, employee of or material service provider to the issuer or any of its subsidiaries or affiliates; and
- (c) not a director (or similarly situated individual) officer, employee or significant shareholder of an entity that has a material business relationship with the issuer.

The Toronto Stock Exchange does not consider a chair or vice chair of the board of directors who is not a member a management to be a related director.

### *Independent Director*

Under the New York Stock Exchange rules, the following requirements must be met to qualify as an "Independent Director":

- (a) No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must disclose these determinations.
- (b) In addition, the following persons are not independent:
  - any director who receives (or who has an immediate family member who receives) more than \$100,000 per year in direct compensation from the listed company is presumed not to be independent (but for this item only, this is a presumption that may be rebutted);
  - any director who is (or who has an immediate family member who is, in a professional capacity) affiliated with or employed by a present or former auditor of the company;
  - any director who is (or who has an immediate family member who is) employed as an executive officer of another company where any of the executives of the listed company also serve on that other company's compensation committee; and
  - any director who is an executive officer or employee (or who has an immediate family member who is an executive officer) of another company (i) that accounts for at least 2% or \$1 million, whichever is

greater, of the listed company's consolidated gross revenues or (ii) for which the listed company accounts for at least 2% or \$1 million, whichever is greater, of the other company's consolidated gross revenues.

- (c) *Five Year "Cooling Off" Period.* For each of the categories above where a director is not (or is presumed not to be) independent, there is a five-year "cooling off" period. Accordingly, the existence of the prohibited relationship at any time during the preceding five years is presumed to impair independence.