

**SEAN BOYD**

Vice-Chairman and  
Chief Executive Officer

## Fellow Shareholders

For the fifth consecutive year, Agnico Eagle has exceeded our production forecast and beat our cost guidance. This positions us well to complete the development of our growth projects over the next two years.

2017 is a year of both celebration and reflection for Agnico Eagle. It marks 60 years of profitable growth, global expansion and value creation for our company. Throughout our years in business, we have consistently generated superior returns for our shareholders, while enhancing the employee experience and making significant contributions to our communities.

2017 also marks the closing of one chapter in our journey and the start of another. After five years of planning and preparation, we are ready to embark on the next phase of growth for Agnico Eagle. That growth will be mainly self-funded and will enable us to achieve our goal of producing 2 million ounces of gold annually in 2020.

What has led to this level of success for Agnico Eagle for over 60 years?

The hallmarks of our success have been our discipline and our resiliency. Our discipline has helped us maintain a strong balance sheet, grow production per share and generate above average returns. It has allowed us to remain flexible and to take advantage of opportunities when they arise, as we prudently manage risk. Our resiliency also sets us apart from our peers. We are resilient because, over time, our Board of Directors has trusted us to build a stronger and better company and our employees have remained committed to us, always going the extra mile to ensure our success.

Over the past 20 years, with their support, Agnico Eagle has evolved from a company with revenues of \$50 million, a share price of \$5, EBITDA of \$4 million and a market capitalization of \$200 million; into a company that today has revenues of over \$2 billion, a share price of \$55, EBITDA of \$956 million and a market capitalization of \$12 billion.

We have also evolved from a regionally focused gold mining business into an internationally recognized and sophisticated business. Our goal has long been to build a great business – not just a great gold business – one that generates superior returns while remaining committed to our core values of trust, respect, equality, family and responsibility.

In just over seven years, we have expanded from one gold mine in Quebec with 350 employees to eight mines in Mexico, Canada and Finland, with over 8,300 employees. Our success in delivering sustainable and profitable growth was noted in the 2016 *Harvard Business Review's* list of the world's 100 best-performing companies – which ranked Agnico Eagle 55th based on results over time using both financial and ESG (environmental, social, governance) rankings – the highest of the four Canadian companies ranked and one of only four mining companies included on the list.

As we celebrate 60 years of success in business, I want to thank our employees and our Board of Directors for their guidance, commitment and support. Together, **we are proud of our past and focused on our future.**

### Proud of Our Past

Since the completion of our last phase of growth in 2011, we have grown Agnico Eagle's output by almost 60%, reduced our costs, increased our margins, and invested cash in the future of our business. Those investments have included buying assets, reducing our net debt, expanding our drill programs, grass roots exploration, advancing our key projects and investing in our people.

In 2016, we achieved our operating goals and key development milestones. For the fifth year in a row, our operations exceeded their production targets. In May, we received the necessary permitting to advance development of our Meliadine property in Nunavut and we continued to expand and upgrade the gold resources at our Amaruq deposit. Exploration work at Barsele, Sisar, El Barqueño and Canadian Malartic's Odyssey properties yielded strong results. Financially, our operations performance was below guidance and we continued to lower our net debt.

Our strong performance between 2012 and 2016 has laid the groundwork for the next phase of growth at Agnico Eagle. Over the next three years, we plan to increase our output from roughly 1.6 million ounces of gold to 2 million ounces of gold annually.

We will achieve this growth by remaining focused on Agnico Eagle's high quality, low risk growth strategy. Our growth will come from properties we own and from mines that are already producing, leveraging off the skills we already have and executed by people who are seasoned leaders in our business.

Taking centre stage in the next phase of growth will be Nunavut, which is an emerging high quality production platform for our company. With Agnico Eagle's unique logistical advantages and expertise, we remain the dominant player in Canada's north.

### Focused on Our Future

What does the future hold for Agnico Eagle? While ongoing uncertainty in the world, whether financial or political, will make the markets difficult to predict over the next few years, we feel confident of the following:

- Our Nunavut footprint will continue to expand. In 2016 alone, Amaruq's mineral resource grew by 29%, while the Meliadine deposit is expected to produce more than 5 million ounces of gold over an estimated 14 year mine life. In both cases, current plans contemplate mining approximately half of the known gold mineralization, so upside is possible. As we go forward, we anticipate Agnico Eagle will have additional operating bases and that we will be able to leverage our skills to find and develop new assets and generate superior returns for our shareholders.

- We will continue to build trust with our host communities by setting, and delivering on, high standards of community and sustainability performance. This is especially important in the sensitive Nunavut environment but holds true for all of our operations. We are committed to being a good neighbour and to receiving social acceptance from our stakeholder communities in order to advance our development projects.
- The key to our future will most certainly be our people. As we develop the next generation of leaders for our company, we remain committed to employing the best and the brightest who can bring the next generation of mines into being. Not only will it take innovation and skill, it will take leaders who can both manage the risk and see the opportunity in a new deposit or an emerging mining region. These are the people who will ultimately generate value for our company well into the future.

For 2017, we anticipate another year of solid production and the advancement of our key development projects. We will focus on executing our next phase of growth and keeping our project pipeline full, while simultaneously optimizing and innovating at our current asset base, in order to remain competitive.

In conclusion, I would like to recognize the contributions of Mr. Tim Haldane, Senior Vice-President, Operations – U.S.A and Latin America, who retired in February of this year. Under Tim's leadership and guidance, Mexico has become a key strategic region for us, greatly contributing to the Company's excellent operating performance. On behalf of everyone at Agnico Eagle, we thank Tim for his leadership, commitment and, above all, his friendship.


Over the past 60 years, we have created a world-class business for our shareholders. And with our new growth plans, we are excited about the opportunity to build on that success for you in the future while continuing to build shareholder value over the long term.



**SEAN BOYD**

Vice-Chairman and Chief Executive Officer

March 13, 2017



**We are resilient because our Board of Directors has trusted us to build a stronger and better company and our employees have remained committed to us, always going the extra mile to ensure our success.**

CEO Sean Boyd has been a part of Agnico Eagle since 1985.