AGNICO EAGLE MINES LTD
Form SUPPL
December 17, 2008

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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus dated December 14, 2006 (the "Prospectus") to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the Prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this prospectus supplement from documents filed with the securities commission or similar regulatory authority in each of the provinces of Canada (the "Canadian Securities Administrators") and the United States Securities and Exchange Commission (the "SEC"). *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary, Agnico-Eagle Mines Limited, 145 King Street East, Suite 400, Toronto, Ontario, Canada M5C 2Y7 (telephone (416) 947-1212), and are also available electronically at www.sedar.com ("SEDAR"). For the purpose of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Corporate Secretary of the Company at the above mentioned address and telephone number and is also available electronically on SEDAR. The Company's head office and registered office is located at 145 King Street East, Suite 400, Toronto, Ontario, Canada M5C 2Y7.*

PROSPECTUS SUPPLEMENT
To Short Form Base Shelf Prospectus Dated December 14, 2006

New Issue December 16, 2008

AGNICO-EAGLE MINES LIMITED

US$34,200,000

900,000 Common Shares

This prospectus supplement relates to the distribution of the 900,000 common shares ("Common Shares") of Agnico-Eagle Mines Limited (the "Company") directly to 28 institutional investors (the "Subscribers"). The Company anticipates that the closing of the transactions relating to the distribution of the Common Shares will be on or about December 19, 2008.

The outstanding common shares of the Company are listed on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange (the "NYSE") under the symbol "AEM". The closing price of the Company's common shares on the TSX on December 15, 2008 was C$52.20, and the closing price of the common shares on the NYSE on December 15, 2008 was US$42.31. Application has been made to list the Common Shares on the TSX and the NYSE. The offering price of the Common Shares was determined by negotiation between the Company and the Subscribers.

Investing in the Company's common shares involves risks. See "Risk Factors" beginning on page S-8 of this prospectus supplement.

These securities have not been approved or disapproved by the SEC or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.

This prospectus supplement registers the offering of the securities to which it relates under the United States Securities Act of 1933, as amended, in accordance with the multijurisdictional disclosure system adopted by the SEC and the Canadian Securities Administrators.

This offering is made by a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this prospectus supplement in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are residents in, or citizens of, the United States may not be fully described herein.

The enforcement by investors of civil liabilities under the federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of Ontario, that some or all of its officers and directors may be residents of a foreign country, that some or all of the experts named in the registration statement may be residents of a foreign country, and that all or a substantial portion of the assets of the company and said persons may be located outside the United States.

Price: US$38.00 per Common Share

	Price to the Public	Net Proceeds to the Company(1)
Per Common Share	US$38.00	US$38.00
Total	US$34,200,000	US$34,200,000

Notes:

(1) Before deducting expenses of the offering estimated at US$150,000 which will be paid from the proceeds of the offering.

No underwriter has been involved in the preparation of, or has performed any review of, this prospectus supplement or the accompanying Prospectus.

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering and also supplements and updates information contained in the accompanying Prospectus and the documents incorporated by reference therein. The second part is the accompanying Prospectus which gives more general information, some of which may not apply to the offering.

Only the information contained or incorporated by reference in the accompanying Prospectus, including this prospectus supplement, should be relied upon. The Company has not authorized any other person to provide different information. If anyone provides different or inconsistent information, it should not be relied upon. The Common Shares may not be offered or sold in any jurisdiction where the offer or sale is not permitted. Unless otherwise indicated, the statistical, operating and financial information contained in this prospectus supplement is presented as at December 15, 2008. It should be assumed that the information appearing in this prospectus supplement, the Prospectus and the documents incorporated by reference in the Prospectus is accurate only as of the respective dates of such documents. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, unless stated otherwise, "Agnico-Eagle", the "Company", "we", "us", and "our" refer to Agnico-Eagle Mines Limited.

Unless otherwise indicated, all references to "$", "US$" or "dollar" in this prospectus supplement refer to US dollars and "C$" refers to Canadian dollars. For information purposes, the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") on December 15, 2008 was US$1.00 equals C$1.2350.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

The mineral reserve and mineral resource estimates contained in or incorporated by reference in this prospectus supplement or the accompanying Prospectus have been prepared in accordance with the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). These standards are similar to those used by the SEC's Industry Guide No. 7. However, the definitions in NI 43-101 differ in certain respects from those under Industry Guide No. 7. Accordingly, mineral reserve and mineral resource information contained or incorporated by reference herein may not be comparable to similar information disclosed by U.S. companies. Under the requirements of the SEC, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made.

The metal grades reported in the mineral reserve and mineral resource estimates represent in-place grades and do not reflect losses in the recovery process, that is, the metallurgical losses associated with processing the extracted ore. The mineral reserve figures presented and incorporated by reference herein are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The Company does not include equivalent gold ounces for byproduct metals contained in mineral reserves in its calculation of contained ounces.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This prospectus supplement, the accompanying Prospectus and documents incorporated by reference herein and therein use the terms "measured resources" and "indicated resources". We advise investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

Cautionary Note to Investors Concerning Estimates of Inferred Resources

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

For definitions of the terms used in this section, see the Company's Annual Report on Form 20-F for the year ended December 31, 2007 (filed with Canadian securities regulators and the SEC on March 28, 2008) (the "Form 20-F").

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This prospectus supplement, the accompanying Prospectus and the documents incorporated by reference herein and therein present "total cash costs per ounce" and "minesite cost per tonne" that are not recognized measures under US GAAP. This data may not be comparable to data presented by other gold producers. A reconciliation of these measures to the most comparable financial measures calculated and presented in accordance with US GAAP is set out below.

	Three months ended September 30,		Nine months ended September 30,		Year ended December 31,		
(thousands of dollars, except where noted)	**2008**	**2007**	**2008**	**2007**	**2007**	**2006**	**2005**
Production costs per Consolidated Statements of Income and Comprehensive Income	$ 50,525	$ 44,936	$ 140,217	$ 123,924	$ 166,104	$ 143,753	$ 127,365
Adjustments:							
Byproduct revenues	(34,867)	(63,175)	(137,672)	(204,653)	(260,668)	(304,817)	(123,450)
Inventory adjustment(1)	767	1,396	1,124	8,078	11,528	(7,607)	6,991
Accretion expense and other	(326)	(293)	(938)	(837)	(1,264)	(936)	(429)
Cash operating costs	$ 16,099	$(17,136)	$ 2,731	$ (73,488)	$ (84,300)	(169,607)	$ 10,477
Gold production (ounces)	66,969	55,830	177,313	170,810	230,992	245,826	241,807
Total cash costs (per ounce)	$ 240	$ (307)	$ 15	$ (430)	$ (365)	$ (690)	$ 43

	Three months ended September 30,		Nine months ended September 30,		Year ended December 31,		
(thousands of dollars, except where noted)	**2008**	**2007**	**2008**	**2007**	**2007**	**2006**	**2005**
Production costs per Consolidated Statements of Income	$50,525	$44,936	$140,217	$123,924	$166,104	$143,753	$127,365
Attributable to LaRonde	42,393	44,936	132,085	123,924	166,104	143,753	127,365
Attributable to Goldex	8,132		8,132				
Total	$50,525	$44,936	$140,217	$123,924	$166,104	$143,753	$127,365
LaRonde: Minesite Costs per Tonne							
Production costs	$42,393	$44,936	$132,085	$123,924	$166,104	$143,753	$127,365
Adjustments:							
Inventory adjustments(2)	2,364	(2,576)	1,462	2,319	916	2,494	(4,752)
Accretion expense and other	(293)	(293)	(906)	(837)	(1,264)	(936)	(429)
Minesite operating costs ($)	$44,464	$42,067	$132,641	$125,406	$165,756	$145,311	$122,184
Minesite operating costs (C$)	$46,592	$44,138	$135,374	$134,857	$177,735	$164,459	$147,834
Tonnes of ore milled (000's tonnes)	653	667	1,992	2,018	2,673	2,673	2,672
Minesite costs per tonne (C$)	$ 71	$ 66	$ 68	$ 67	$ 66	$ 62	$ 55
Goldex: Minesite Costs per Tonne							
Production costs	$ 8,132	$	$ 8,132	$	$	$	$
Adjustments:							
Inventory adjustments	1,434		1,434				
Non-cash reclamation provision	(33)		(33)				
Minesite operating costs ($)	$ 9,533	$	$ 9,533	$	$	$	$

Minesite operating costs (C$)	$ 9,761	$	$ 9,761	$	$	$	$
Tonnes of ore milled (000's tonnes)	286		286				
Minesite costs per tonne (C$)	$ 34	$	$ 34	$			

Notes:

(1) 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 inventory adjustment reflects the sales margin on the portion of concentrate production for which revenue has not been recognized in the period.

(2) This inventory adjustment reflects production costs associated with unsold concentrates.

This prospectus supplement, the accompanying Prospectus and the documents incorporated by reference herein and therein also contain information as to estimated future total cash costs per ounce and minesite cost per tonne for projects under development. These estimates are based upon the total cash costs per ounce and minesite cost per tonne that the Company expects to incur to mine gold at those projects and, consistent with the above reconciliation, does not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-US GAAP financial measures to the most comparable US GAAP measure.

The Company believes that these generally accepted industry measures are realistic indicators of operating performance and useful for year over year comparisons. However, both of these non-US GAAP measures should be considered together with other data prepared in accordance with US GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with US GAAP.

FORWARD-LOOKING STATEMENTS

The information contained in this prospectus supplement has, unless otherwise specified, been prepared as of December 15, 2008, and unless otherwise specified, the information contained in the documents incorporated by reference in this prospectus supplement and the accompanying Prospectus has been prepared as of the respective dates of such documents. Certain statements contained in this prospectus supplement, the accompanying Prospectus and in the documents incorporated by reference herein and therein, referred to herein as "forward-looking statements", constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under the provisions of Canadian provincial securities laws. When used in such documents, the words "anticipate", "believe", "could", "expect", "estimate", "forecast", "intend", "may", "outlook", "planned", "should", "will", "would" and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements in this prospectus supplement, the accompanying Prospectus and in the documents incorporated by reference herein and therein include, but are not limited to: the Company's outlook for 2008, 2009 and future periods; statements regarding future earnings, and the sensitivity of earnings to gold and other metal prices; anticipated trends for prices of gold and byproducts mined by the Company; estimates of future mineral production and sales; estimates of future costs, including mining costs, total cash costs per ounce, minesite costs per tonne and other expenses; estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof; statements as to the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such development and production or decisions with respect to such development and production; estimates of mineral reserves, mineral resources, ore grades and statements regarding anticipated future exploration results; the anticipated timing of events with respect to the Company's minesites, mine construction projects and exploration projects; estimates of mine life; estimates of future costs and other liabilities for environmental remediation; and other anticipated trends with respect to the Company's capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of the Company upon which the statements in this prospectus supplement, the accompanying Prospectus and in the documents incorporated by reference herein and therein containing forward-looking statements, which may prove to be incorrect, are based on include, but are not limited to, the assumptions set out in this prospectus supplement and the accompanying Prospectus as well as: that there are no significant disruptions affecting the Company's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural occurrences, political changes, title issues or otherwise; that permitting, development and expansion at each of the Company's projects proceeds on a basis consistent with current expectations, and that the Company does not change its plans relating to such projects; that the exchange rate between the Canadian dollar, European Union Euro, Mexican peso and the United States dollar will be consistent with the Company's current expectations or as set out in this prospectus; prices for gold, silver, zinc and copper will be consistent with the Company's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with the Company's current expectations; that production meets expectations; that the Company's current estimates of mineral reserves, mineral resources, mineral grades and mineral recovery are accurate; that there are no material delays in the timing for completion of the Company's ongoing development projects; and that there are no material variations in the current tax and regulatory environment that affect the Company.

The forward-looking statements in this prospectus supplement, the accompanying Prospectus and the documents incorporated by reference herein and therein, unless otherwise indicated, reflect the Company's views as at the dates of such documents, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. For a more detailed discussion of such risks and material factors or assumptions underlying these forward-looking statements, see "Risk Factors" in this prospectus supplement, the Form 20-F, as well as the Company's other filings with the Canadian Securities Administrators and the SEC. Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based. This prospectus supplement contains information regarding anticipated total cash costs per ounce and minesite costs per tonne at certain of the Company's mines and mine development projects. This information was developed to assist management with its assessment as to what resources to allocate to the construction and/or expansion of its mine and mine development projects. Investors are cautioned that this information may not be suitable for other purposes.

RISK FACTORS

An investment in the Common Shares involves certain risks. Before making an investment decision, prospective purchasers should carefully consider all of the information in this prospectus supplement, the accompanying Prospectus and the documents incorporated by reference herein and therein and, in particular, should evaluate the following risk factors. However, the risks described below are not the only ones facing the Company. Additional risks not currently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

The Company is largely dependent upon its mining and milling operations at the LaRonde Mine and any adverse condition affecting those operations may have a material adverse effect on the Company.

The Company's mining and milling operations at the LaRonde Mine accounted for approximately 86% of the Company's gold production for the first three quarters of 2008 and will continue to account for a significant portion of its gold production in the future until the Goldex Mine, the Kittila Mine and the Company's mine projects are brought into full production. Any adverse condition affecting mining or milling conditions at the LaRonde Mine 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. The Company also anticipates using revenue generated by its operations at the LaRonde Mine to finance a substantial portion of the capital expenditures required at its mine development projects. In addition, one of the Company's major development programs is the extension of the LaRonde Mine below Level 245, referred to as the LaRonde Mine extension. This program involves the construction of infrastructure at depth and extraction of ore from new zones and may present new or different challenges for the Company. Gold production at the LaRonde Mine above Level 245 has started to decline. The Goldex Mine commenced operations during 2008, however, production from this mine will be lower during the initial period of operation than it will be once the mine reaches its full production rate. In addition, production from the Goldex Mine may be lower than anticipated as a result of delays in achieving full production rate or because the anticipated full production rate cannot be achieved. Unless the Company can successfully bring into production the Kittila Mine or the Lapa, Pinos Altos or Meadowbank mine projects, the LaRonde Mine extension or otherwise acquire gold producing assets, the Company's results of operations will be adversely affected. Further, there can be no assurance that the Company's current exploration and development programs at the LaRonde Mine will result in any new economically viable mining operations or yield new mineral reserves to replace and expand current mineral reserves at what is currently the Company's most significant active mining operation.

The Company may have difficulty financing its additional capital requirements for its planned mine construction, exploration and development.

The construction of mining facilities and commencement of mining operations at the Kittila Mine and the LaRonde Mine extension and the Lapa, Pinos Altos and Meadowbank mine projects, and the exploration and development of the Company's properties, including continuing exploration and development projects in Quebec, Nunavut, Finland, Mexico and Nevada, will require substantial capital expenditures. The Company estimates that capital expenditures to complete all of its projects, as currently contemplated, will be $600 million, including expenditures of $432 million in 2009 and $146 million in 2010. As at September 30, 2008, the Company's cash, cash equivalents, short-term investments and restricted cash totalled $112.2 million; however, on a *pro forma* basis including the issuance of flow-through common shares for net proceeds of C$54.5 million in October 2008 (see "The Company Recent Developments Private Placements of Flow-Through Common Shares") and the issuance of common shares and common share purchase warrants for net proceeds of approximately $281 million in December 2008 (see "The Company Recent Developments Private Placement of Units"), the Company's cash, cash equivalents, short-term investments and restricted cash would have been approximately $437 million. Also, as at November 30, 2008, the Company had approximately $250 million available under its credit facilities. Based on current funding available to the Company and expected cash from operations, the Company has sufficient funds available to fund its projected capital expenditures for all its current properties. However, if cash from operations is lower than expected or capital costs at these projects exceed current estimates, or if the Company incurs major unanticipated expenses related to exploration, development or maintenance of its properties, the Company will be required to seek additional financing to maintain its capital expenditures at planned levels. In addition, the Company believes it will have additional capital requirements to the extent that it decides to expand its present operations and exploration activities or construct additional new mining and processing operations at any of its properties or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may arise. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties.

Historically, the Company has financed its expenditures through a combination of offerings of equity and debt securities, cash flow generated from operations at the LaRonde Mine and bank borrowings, and the Company expects to use such sources of funds to finance its anticipated expenditures. However, additional financing may not be available when needed or, if available, the terms of such financing may not be favourable to the Company and, if raised by offering equity securities, any additional financing may involve substantial dilution to existing shareholders.

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase the cost of capital. In 2007 and into 2008, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market and a decline in the credit quality of mortgage-backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions worsened in 2008, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase the cost of obtaining, capital and financing for the Company's operations. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's financial performance and results may fluctuate widely due to volatile and unpredictable commodity prices.

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. 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, political and economic conditions, production costs in major gold producing regions and worldwide production levels. The aggregate effect of these factors is impossible to predict with accuracy. 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 materially adversely affect the Company's financial performance or results of operations. If the market price of gold falls below the Company's total cash costs of production at one or more of its projects at that time and remains so for any sustained period, the Company may experience losses and/or may curtail or suspend some or all of its exploration, development and mining activities at such projects or at other projects. Also, the Company's decisions to proceed with its current mine development projects were based on a market price of gold between $400 and $450 per ounce. If the market price of gold falls below this level, the mine development projects may be rendered uneconomic and the development of the mine projects may be suspended or delayed. The prices received for the Company's byproducts (zinc, silver and copper) produced at its LaRonde Mine affects the Company's ability to meet its targets for total cash cost per ounce of gold produced. Byproduct prices fluctuate widely and are affected by numerous factors beyond the Company's control. The Company occasionally uses derivative instruments to mitigate the effects of fluctuating byproduct metal prices, however, these measures may not be successful.

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.

	2008 (to December 15)	**2007**	**2006**	**2005**	**2004**	**2003**
High price ($ per ounce)	1,011	841	730	538	454	417
Low price ($ per ounce)	713	608	517	411	375	323
Average price received ($ per ounce)	813	748	622	449	418	368

On December 15, 2008, the London P.M. Fix was $826 per ounce of gold.

The assumptions that underlie the estimate of future operating results and the strategies used to mitigate the effects of risks of metals prices are set out herein and in "Item 5. Operating and Financial Review and Prospects Outlook Gold Production Growth" of the Form 20-F.

Based on 2009 production estimates, the approximate sensitivities of the Company's after-tax income to a 10% change in metal prices from estimated 2008 market average prices are as follows:

	Income per share
Gold	$ 0.21
Zinc	$ 0.03
Silver	$ 0.02
Copper	$ 0.01

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

If the Company experiences mining accidents or other adverse conditions, the Company's mining operations may yield less gold than indicated by its estimated gold production.

The Company's gold production may fall below estimated levels as a result of mining accidents such as cave-ins, rock falls, rock bursts, pit wall failures, fires or flooding or as a result of other operational problems such as a failure of a production hoist, autoclave or a semi-autogenous grinding, or SAG, mill. 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, the physical or metallurgical characteristics of the ore are less amenable than expected to mining or treatment or there is increased dilution. In three of the last six years, as a result of such adverse conditions, the Company has failed to meet production forecasts due to a rock fall, production drilling challenges and lower than planned mill recoveries in 2003, higher than expected dilution in 2004 and increased stress levels in a sill pillar requiring the temporary closure of production sublevels in 2005. Projected gold production for 2008 is now approximately 300,000 ounces, down from the Company's initial estimate of 358,000 ounces. This reduction is a result of delays in the commencement of production at the Goldex Mine and the Kittila Mine, due to delays in commissioning the Goldex production hoist and the Kittila autoclave, respectively. Occurrences of this nature in future years may result in the Company's failure to achieve current or future production estimates.

The Company may experience operational difficulties at its projects in Finland and Mexico.

The Company's operations have been expanded to include mine construction projects in Finland and a mine construction project in northern Mexico. These operations are exposed to various levels of political, economic and other risks and uncertainties that are different from those encountered at the Company's current operational base in Canada. These risks and uncertainties vary from country to country and may include: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; corruption; changes in taxation policies; restrictions on foreign exchange and repatriation; hostage taking; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, the Company must comply with multiple and potentially conflicting regulations in Canada, the United States, Europe and Mexico, including export requirements, taxes, tariffs, import duties and other trade barriers, as well as health, safety and environmental requirements.

Changes, if any, in mining or investment policies or shifts in political attitude in Finland or Mexico may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to matters including restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, the Company has no significant operating experience in Finland, Mexico or internationally. Finland and Mexico operate under significantly different laws and regulations and there exist cultural and language differences between these countries and Canada. Also, the Company will face challenges inherent in efficiently managing an increased number of employees over large geographical distances, including the challenges of staffing and managing operations in multiple locations and implementing appropriate systems, policies, benefits and compliance programs. These challenges may divert management's attention to the detriment of the Company's operations in Canada. There can be no assurance that difficulties associated with the Company's expanded foreign operations can be successfully managed.

The Company's mine construction projects are subject to risks associated with new mine development, which may result in delays in the start-up of mining operations, delays in existing operations and unanticipated costs.

The Company's production forecasts assume that production will commence at the Lapa mine project, Pinos Altos mine project, Meadowbank mine project and LaRonde Mine extension in mid-2009, the third quarter of 2009, the first quarter of 2010 and 2011, respectively, and that the Goldex Mine and Kittila Mine will reach their full production rates by the second quarter of 2009. The Company's ability to bring its mine projects into production on this schedule is subject to a number of risks and uncertainties. Delays in commissioning the Goldex production hoist and the Kittila autoclave have resulted in expected 2008 gold production being reduced by approximately 50,000 ounces in aggregate.

The LaRonde Mine extension will be one of the deepest operations in the Western Hemisphere with an expected maximum depth of 3,110 metres. The operations of the LaRonde Mine extension will rely on new infrastructure for the hauling of ore and materials to the surface, including a winze (or internal shaft) and series of ramps linking mining deposits to the Penna Shaft that services current operations at the LaRonde Mine. The depth of the operations could pose significant challenges to the Company such as managing geomechanical risks and ventilation and air conditioning requirements, which may result in difficulties and delays in achieving gold production objectives.

The development of the LaRonde Mine extension and the Lapa and Pinos Altos mine projects require the construction of significant new underground mining operations. The construction of these underground mining facilities is subject to a number of risks, including unforeseen geological formations, implementation of new mining processes, delays in obtaining required construction, environmental or operating permits, and engineering and mine design adjustments. These risks may result in delays in the planned start up dates and in additional costs being incurred by the Company beyond those budgeted. Moreover, the construction activities at the LaRonde Mine extension will take place concurrently with normal mining operations at LaRonde, which may result in conflicts with, or possible delays to, existing mining operations.

The Company may experience difficulties in developing or operating its Meadowbank mine project as a result of the project's remote location.

The Company's Meadowbank mine project is located in the Kivalliq District of Nunavut in northern Canada, approximately 70 kilometres north of Baker Lake. Though the Company has now completed a 110 kilometre all-weather road from Baker Lake, which provides summer shipping access via Hudson Bay, to the Meadowbank mine project, the Company's operations at the project will be constrained by the remoteness of the project, particularly as the port of Baker Lake is only accessible approximately 2.5 months per year. Some of the materials that the Company requires for the construction and operation of the Meadowbank mine project were in high demand during the recent increased level of activity in the global mining industry and some of these items currently have extended order times. If the Company cannot identify and procure suitable equipment, within a timeframe that permits transporting the equipment to the project, this may result in delays to the construction schedule of the Meadowbank mine project and may also delay the start-up of mining operations and/or increase estimated costs.

The remoteness of the Meadowbank mine project also necessitates its operation as a fly-in/fly-out camp operation which may have an impact on the Company's ability to attract and retain qualified mining personnel. If the Company is unable to attract and retain sufficient personnel or sub-contractors on a timely basis, the Company's future development plans and operations at the Meadowbank mine project may be adversely affected.

The Company's total cash costs per ounce of gold production depend, in part, on external factors that are subject to fluctuation and, if such costs increase, some or all of the Company's activities may become unprofitable.

The Company's total cash costs per ounce of gold are dependent on a number of factors, including, the exchange rate between the U.S. dollar and the Canadian dollar or European Union Euro, smelting and refining charges and production royalties, which are affected by all these factors and the gold price. At the LaRonde Mine, however, the Company's total cash costs per ounce of production are primarily affected by the prices and production levels of byproduct zinc, silver and copper, the revenue from which is offset against the cost of gold production. Total cash costs per ounce from the Company's operations at the Pinos Altos mine project will be affected by the exchange rates between the Mexican peso and the US dollar and the price and production levels of byproduct silver, the revenue from which will be offset against the cost of gold production. All of these factors are beyond the Company's control. If the Company's total cash costs per ounce of gold rise above the market price of gold and remain so for any sustained period, the Company may experience losses and may curtail or suspend some or all of its exploration, development and mining activities.

Total cash costs per ounce 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 "Note to Investors Concerning Certain Measures of Performance" for reconciliation of total cash costs per ounce and minesite costs per tonne to their closest US GAAP measure.

The exploration of mineral properties is highly speculative, involves substantial expenditures and is frequently unsuccessful.

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 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.

Mineral reserve and mineral resource estimates are only estimates and such estimates may not accurately reflect future mineral recovery.

The figures for mineral reserves and mineral resources published by the Company 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 resources. Such figures have been determined based on assumed metals prices, foreign exchange rates and operating costs. For example, the Company has estimated proven and probable mineral reserves on all of its properties, other than the Meadowbank mine project, based on, among other things, a $583 per ounce gold price (mineral reserves at the Meadowbank mine project are based on, among other things, a $699 per ounce gold price). While monthly average gold prices have been above $583 per ounce since April 2006, for the five years prior to that, the market price of gold was, on average, below $583 per ounce. Prolonged declines in the market price of gold (or other applicable metals prices) 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 may 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 (or other applicable metals prices), 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 the mineral reserve, 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.

The Company may experience problems in executing acquisitions or managing and integrating any completed acquisitions with its existing operations.

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 acquisition 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 the risks related to increased leverage, while equity financing may cause existing shareholders to suffer dilution. The Company is permitted under the terms of its unsecured revolving bank credit facilities to incur additional unsecured indebtedness provided that it complies with certain covenants, including, that no default under the credit facilities has occurred and is continuing, or would occur as a result of the incurrence or assumption of such indebtedness, the terms of such indebtedness are no more onerous to the Company than those under the credit facilities and such indebtedness does not require principal payments until at least 12 months following the then existing maturity date of the credit facilities. 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.

If the Company fails to comply with restrictive covenants in its bank credit agreement, the Company's loan availability could be limited and the Company may be in default under other debt agreements, which could harm the Company's business.

The Company's recently amended unsecured $300 million revolving bank credit facility and new unsecured $300 million revolving bank credit facility each limit, among other things, the Company's ability to incur additional indebtedness, permit the creation of certain liens, make investments in a business, or carry on business, unrelated to mining, dispose of the Company's material assets or, in certain circumstances, pay dividends. Further, each of the bank credit facilities require 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 one or both of the bank credit facilities. At September 30, 2008 there was approximately $366 million drawn under the credit facilities, including $66 million in letters of credit, and the Company anticipates that it will continue to draw on the bank credit facilities to fund part of the capital expenditures required in connection with its current development projects. If an event of default under one of the bank credit facilities occurs, the Company would be unable to draw down further on that facility and the lenders could elect to declare all principal amounts outstanding thereunder at such time, together with accrued interest, to be immediately due and it could cause an event of default under the other credit facility. An event of default under either of the bank credit facilities 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.

The mining industry is highly competitive and the Company may not be successful in competing for new mining properties.

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, leasing or other acquisitions 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 staff than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

Due to the nature of the Company's mining operations, the Company may face liability, delays and increased production costs from environmental and industrial accidents and pollution, and the Company's insurance coverage may prove inadequate to satisfy future claims against the Company.

The business of gold mining is generally subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected rock formations, changes in the regulatory environment, cave-ins, rock bursts, rock falls, pit wall failures 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 these circumstances, the Company may be required to incur significant costs that could have a material adverse effect on its financial performance and results of operations.

The Company's operations are subject to numerous laws and extensive government regulations, which may cause a reduction in levels of production, delay or the prevention of the development of new mining properties or otherwise cause the Company to incur costs that adversely affect the Company's results of operations.

The Company's mining and mineral processing operations and exploration activities are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which the Company operates. These laws and regulations are extensive and govern 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. New laws or regulations, 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.

Fluctuations in foreign currency exchange rates in relation to the US dollar may adversely affect the Company's results of operations.

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 costs and a substantial portion of its 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, 2003 to September 30, 2008, the Noon Buying Rate fluctuated from a high of C$1.5750 per $1.00 to a low of C$0.9168 per $1.00. 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 2009 after-tax operating results, a 10% change in the US dollar/Canadian dollar exchange rate from the 2008 market average exchange rate would affect net income by approximately $0.12 per share. To attempt to mitigate 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. In addition, a significant portion of the Company's expenditures at the Kittila Mine and the Pinos Altos mine project are denominated in European Union Euros and Mexican Pesos, respectively. Each of these currencies has varied significantly against the US dollar over the past several years. There can be no assurance that the Company's foreign exchange derivatives strategies will be successful or that foreign exchange fluctuations will not materially adversely affect the Company's financial performance and results of operations.

The use of derivative instruments for the Company's byproduct metal production may prevent gains from being realized from subsequent byproduct metal price increases.

While the Company's general policy is not to sell forward its future gold production, the Company has used, and may in the future use, various byproduct metal derivative strategies, such as selling future contracts or purchasing put options. The Company continually evaluates the potential short and long-term benefits of engaging in such derivative strategies based upon current market conditions. No assurance can be given, however, that the use of byproduct metal derivative strategies will benefit the Company in the future.

There is a possibility that the Company could lock in forward deliveries at prices lower than the market price at the time of delivery. In addition, the Company could fail to produce enough byproduct metals to offset its forward delivery obligations, causing the Company to purchase the metal in the spot market at higher prices to fulfill its delivery obligations or, for cash settled contracts, make cash payments to counterparties in excess of byproduct revenue. If the Company is locked into a lower than market price forward contract or has to buy additional quantities at higher prices, its net income could be adversely affected. None of the current contracts establishing the byproduct metal derivatives positions qualified for hedge accounting treatment under US GAAP.

The trading price for Agnico-Eagle shares is volatile.

The trading price of the Company's common shares has been and may continue to be subject to large fluctuations and, therefore, the trading price of securities convertible into or exchangeable for the Company's common shares may also fluctuate significantly, which may result in losses to investors. The trading price of the Company's common shares may increase or decrease in response to a number of events and factors, including:

- changes in the market price of gold or other commodities the Company sells;
- current events affecting the economic situation in Canada, the United States and elsewhere;
- trends in the mining industry and the markets in which the Company operates;
- changes in financial estimates and recommendations by securities analysts;
- acquisitions and financings;
- quarterly variations in operating results;
- the operating and share price performance of other companies that investors may deem comparable; and
- purchases or sales of blocks of the Company's common shares or securities convertible into or exchangeable for the Company's common shares.

Wide price swings are currently common in the stock market. This volatility may adversely affect the prices of the Company's common shares and the securities convertible into or exchangeable for the Company's common shares regardless of the Company's operating performance.

The Company may not be able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act.

In 2007, the Company documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX"). As of December 31, 2006, SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. In addition, as of December 31, 2007, SOX also requires an annual attestation report by the Company's independent auditors addressing the effectiveness of the Company's internal control over financial reporting.

If the Company fails to maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented, or amended from time to time, the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in continuing to comply with Section 404 of SOX.

Potential unenforceability of civil liabilities and judgments.

The Company is incorporated under the laws of the Province of Ontario, Canada. The majority of the Company's directors and officers and certain of the experts named in this prospectus supplement and the accompanying Prospectus 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. The Company's Canadian counsel has advised the Company 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. The Company cannot provide assurance 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.

THE COMPANY

History and Development of the Company

The Company is an established Canadian gold producer with mining operations located in northwestern Quebec and northern Finland, mine construction projects in northwestern Quebec, Nunavut and northern Mexico and exploration activities in Canada, Finland, Mexico and the United States. The Company's operating history includes over three decades of continuous gold production, primarily from underground operations. Since its formation in 1972, the Company has produced over 5.0 million ounces of gold. In 2007, the Company produced 230,992 ounces of gold at a total cash cost of *minus* $365 per ounce net of revenues received from the sale of silver, zinc and copper byproducts. In the first three quarters of 2008, the Company produced 187,402 ounces of gold. Total cash costs were $15 per ounce compared to *minus* $430 per ounce in the first three quarters of 2007, a result of lower prices realized on the sale of byproduct metals and higher total cash costs per ounce at the Goldex Mine where commercial production commenced in August 2008. The Company expects to produce approximately 300,000 ounces of gold for the full year of 2008 and approximately 590,000 ounces of gold in 2009 at a total cash cost in 2009 of approximately $325 per ounce (based on assumed byproduct metals prices of $10.00 per ounce for silver, $1,200 per tonne for zinc and $3,700 per tonne for copper, which are significantly lower than prices realized by the Company to date in 2008). The Company believes it is currently among the lowest total cash cost producers in the North American gold mining industry. The Company has traditionally sold all of its production at the spot price of gold due to its general policy not to sell forward its future gold production.

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

The LaRonde Mine, Goldex Mine and Kittila Mine currently account for all of the Company's gold production, with the Kittila Mine having commenced initial production in the fourth quarter of 2008. In the second quarter of 2006, the Company began the final phase of construction on the Lapa mine project, where initial production is expected to occur in mid-2009. In May 2006, the Company initiated construction of the LaRonde Mine extension, where initial production is expected to occur in 2011. In August 2007, the Pinos Altos mine project was approved for construction and initial production is expected to occur in the third quarter of 2009. Also, in April 2007, the Company acquired Cumberland Resources Ltd., including the development-stage Meadowbank mine project, where initial production is expected to occur in the first quarter of 2010.

The Company operates through four regional units: the Quebec Region, the European Region, the Mexican Region and the Nunavut Region. The Quebec region includes the LaRonde Mine, the LaRonde mine extension project and the Goldex Mine and Lapa mine project, each of which is directly held by the Company. The Company's operations in the European Region are conducted through its indirect subsidiary, Riddarhyttan Resources AB ("Riddarhyttan"), which indirectly owns the Kittila Mine in Finland. The Company's operations in the Mexican Region are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos mine project. The Nunavut Region is comprised of the Meadowbank mine project, which is administered from an office in Vancouver, British Columbia and is held directly by the Company. In addition, the Company has an international exploration office in Reno, Nevada.

Set out below are the Company's published proven and probable mineral reserves as estimated under NI 43-101. Mineral reserves and mineral resources at the Meadowbank mine project are estimated as at September 30, 2008. Mineral reserves and mineral resources at the Kittila Mine are estimated as at July 31, 2008. Mineral reserves and mineral resources at the Company's other properties are estimated as at December 31, 2007. For information regarding the estimation of the Company's mineral reserves and mineral resources, see "Item 4. Information on the Company Property, Plant and Equipment Mineral Reserve and Mineral Resource" in the Form 20-F and "Note to Investors Concerning Estimates of Mineral Reserves and Mineral Resources" in this prospectus supplement.

Property	**Tonnes (000's)**	**Grade (g/t)**	**Contained Gold (000's oz)**
Goldex	250	2.23	18
Lapa	2.8	10.65	1
LaRonde	4,672	2.77	416
Total Proven Reserves	**4,924**		**435**
Goldex	22,849	2.20	1,616
Kittila	18,205	5.12	2,996
Lapa	3,756	8.86	1,070
LaRonde	30,225	4.67	4,542
Meadowbank	28,630	3.72	3,426
Pinos Altos	24,657	3.21	2,547
Total Probable Reserves	**128,321**		**16,197**
Total Proven and Probable Reserves	**133,245**		**16,632**

Note: Numbers in the table above are rounded. Complete information on the verification procedures, quality assurance program, quality control procedures, parameters and methods and other factors that may materially affect scientific and technical information presented in the table above and in or incorporated by reference into this prospectus supplement in respect of the Company's properties may be found in the following documents, respectively: the LaRonde Mine (including the LaRonde Mine extension) the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed on SEDAR March 23, 2005; the Goldex Mine the Technical Report on the Estimation of Mineral Resource and Reserves for the Goldex Extension Zone filed on SEDAR October 27, 2005; the Kittila Mine Technical Report on the July 31, 2008 Mineral Resource and Mineral Reserve Estimate of the Kittila Mine Project, Finland filed on SEDAR December 11, 2008; the Lapa mine project the Technical Report on the Lapa Gold Project filed on SEDAR June 8, 2006; the Pinos Altos mine project Pinos Altos Gold-Silver Project, Chihuahua State, Mexico, 2007 Technical Report on the Mineral Resources and Reserves filed on SEDAR September 24, 2007; and the Meadowbank mine project Technical Report on the Mineral Resources and Reserves, Meadowbank Gold Project, Nunavut, Canada, 2008, filed on SEDAR December 15, 2008. The scientific and technical information in this prospectus supplement has been prepared under the supervision of Marc Legault, P.Eng., the Company's Vice President, Project Development, a "Qualified Person" under NI 43-101.

Recent Developments

Investment in Gold Eagle Mines Ltd.

On June 26, 2008, the Company purchased a total of 5,524,862 units of Gold Eagle Mines Ltd. ("Gold Eagle") for total consideration of approximately C$50 million. Each unit consisted of one common share and one half of a share purchase warrant of Gold Eagle, representing 5.18% of Gold Eagle's issued and outstanding common shares, or 7.16% of Gold Eagle's common shares on a fully diluted basis. On July 31, 2008 Gold Eagle and Goldcorp Inc. ("Goldcorp") jointly announced that they had entered into an agreement whereby Goldcorp would acquire all outstanding shares of Gold Eagle by a plan of arrangement. The acquisition was completed on September 25, 2008. Pursuant to the plan of arrangement, in exchange for its shares of Gold Eagle, the Company received approximately C$40 million and over 760,000 shares of Goldcorp, representing approximately 0.1% of Goldcorp's issued and outstanding common shares. Goldcorp is a TSX-listed senior gold producer with properties in Canada, the United States, Mexico, Guatemala, Honduras and Argentina.

Investment in Comaplex Minerals Corp.

On July 13, 2008, the Company purchased 7,628,571 common shares, or approximately 14.5%, of Comaplex Minerals Corp. ("Comaplex") from Troy Resources NL at a price of C$6.15 per share for a total consideration of C$46.9 million in cash, by way of a private transaction. After giving effect to the transaction, the Company's interest in Comaplex was approximately 15.6% of the outstanding shares of Comaplex.

Comaplex is a TSX-listed exploration stage company with properties in Canada, Mexico and Central America, including the Meliadine property in Nunavut, located approximately 350 kilometres from the Company's Meadowbank mine project.

Investment in Stornoway Diamond Corporation

On July 31, 2008, the Company purchased from treasury 12,222,222 common shares of Stornoway Diamond Corporation ("Stornoway") at a price of C$0.90 per common share. Stornoway used the proceeds of the private placement to redeem the C$10 million principal amount of convertible debentures held by the Company and to pay to the Company a C$1 million amendment fee in connection with the amendment of the debentures to permit early redemption. The Company received an additional 527,947 common shares of Stornoway in satisfaction of accrued but unpaid interest on the debentures prior to their redemption. As a result of the transactions, the Company increased its holdings in Stornoway from 27,520,809 common shares (approximately 13.6% of the issued and outstanding common shares) to 40,270,978 common shares (approximately 17.7% of the issued and outstanding common shares). Stornoway is a diamond exploration company with an extensive property portfolio in northern Canada and in Botswana. Stornoway is listed on the TSX and incorporated under the laws of the Province of British Columbia.

New Credit Facility

On September 4, 2008 the Company entered into a second unsecured, non-amortizing $300 million revolving credit facility, maturing September 2010, on substantially the same terms as its pre-existing $300 million revolving credit facility. Including the Company's pre-existing credit facility maturing January 2013, the Company now has an aggregate of $600 million of credit facilities, of which approximately $303 million was available as at December 11, 2008. The Company may use advances under the credit facilities for general corporate purposes.

Private Placements of Flow-Through Common Shares

During October 2008 the Company completed private placements of an aggregate of 779,250 flow-through common shares for total proceeds of approximately C$54.5 million. Proceeds from the private placements are being used by the Company for the purpose of incurring Canadian exploration expenditures in connection with its 2008 and 2009 exploration activities.

Private Placement of Units

On December 3, 2008, the Company completed an underwritten private placement of 9,200,000 units to CPP Investment Board PMI-2 Inc. ("CPP"), as lead purchaser, and other institutional and accredited investors, for total proceeds of $289.8 million. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $47.25 per share at any time over the five-year term of the warrant. In addition, in consideration for CPP's purchase commitment, the Company granted CPP 4,000,000 common share purchase warrants. Each of these warrants entitles the holder to purchase one common share of the Company at a price of $47.25 per share at any time over the five-year term of the warrant. Proceeds from the private placement are being used by the Company for mine development and related capital expenditures.

2009 Production Forecast

On December 11, 2008 the Company announced that it expects to produce approximately 590,000 ounces of gold in 2009 at a total cash cost of approximately $325 per ounce (based on assumed byproduct metals prices of $10.00 per ounce for silver, $1,200 per tonne for zinc and $3,700 per tonne for copper, which are significantly lower than prices realized by the Company in 2008). Estimated capital expenditures for 2009 are $40 million at the LaRonde Mine extension, $17 million at the Lapa mine project, $125 million at the Pinos Altos mine project and $155 million at the Meadowbank mine project. No capital expenditures are planned in 2009 at the Goldex Mine and Kittila Mine. Projected minesite costs for 2009 are

C$72 per tonne at the LaRonde Mine, C$25 per tonne at the Goldex Mine, €39 per tonne at the Kittila Mine, C$134 per tonne at the Lapa mine project and $34 per tonne at the Pinos Altos project.

2009 Dividend

On December 11, 2008, the Company announced that it will pay a cash dividend of $0.18 per common share on March 27, 2009.

Key Operating Strengths

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

Operations in Mining-Friendly Regions. The Company and its predecessors have over three decades of continuous gold production experience and expertise in metals mining. The Company's operations and exploration and development projects are located in areas that are supportive of the mining industry. Two of the Company's current mines and two of its construction projects are located in northwestern Quebec, one of North America's principal gold-producing regions. The Company's Kittila Mine in northern Finland, Meadowbank mine project in Nunavut and Pinos Altos mine project in northern Mexico are located in regions which the Company believes are also supportive of the mining industry.

Low-Cost, Efficient Producer. The Company believes that its cash costs place it among the lowest quartile of producers in the North American gold mining industry, with total cash costs per ounce of gold produced at *minus* $365 for 2007 and at $240 in the first three quarters of 2008. These relatively low cash costs are attributable not only to the byproduct revenues from the LaRonde Mine but also to economies of scale afforded by the Company's large single shaft mine at the LaRonde 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.

Strong Operating Base. The Company's existing operations at the LaRonde Mine provide a strong economic base for additional mineral reserve and production development at the property and in the Abitibi region of northwestern Quebec and for the development of its projects in Nunavut, Finland and Mexico. The experience gained through building and operating the LaRonde Mine has assisted with the Company's development of its other mine projects. In addition, the extensive infrastructure associated with the LaRonde Mine is expected to support the mine construction projects at the nearby Goldex and Lapa properties, and the construction of infrastructure to access the deposits at the LaRonde Mine extension.

Highly Experienced Management Team. The Company's senior management team has an average of approximately 20 years of experience in the mining industry. Management's significant experience has underpinned 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 Mine is expected to benefit the Company's current expansion program in Quebec, Nunavut, Finland and Mexico.

Growth Strategy

Optimize and Further Expand Operations. The Company continues to focus its resources and efforts on the exploration and development of its properties in Quebec, Nunavut, Finland and Mexico with a view to increasing annual gold production and gold mineral reserves.

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

Expand Gold Reserves. The Company is conducting drilling programs at all of its properties with a goal of further increasing its gold reserves. In 2007, on a contained gold ounces basis, the Company increased its gold reserves to 16.7 million ounces, an increase of 34% over 2006 levels, including the replacement of 230,992 ounces of gold mined (before mill recoveries and smelter charges).

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

The Company's Projects

The LaRonde Mine (including the LaRonde Mine extension)

The Company's operations at LaRonde include the LaRonde Mine, the milling complex and the adjacent El Coco and Terrex properties, each of which is 100% owned and operated by the Company. The LaRonde Mine currently accounts for approximately 86% of the Company's gold production from its 2,250 metre-deep Penna Shaft. Since the commissioning of the mill in 1988, the LaRonde Mine has produced over 4.0 million ounces of gold. Production was expanded at the LaRonde Mine to 6,350 tonnes of ore treated per day in October 2002 and the milling complex has been operating well above this level for over six years. As at December 31, 2007, the LaRonde Mine (including the LaRonde Mine extension) had established proven and probable mineral reserves of approximately 5.0 million ounces of contained gold (proven reserves of 4.7 million tonnes grading 2.8 grams of gold per tonne and probable reserves of 30.2 million tonnes grading 4.7 grams of gold per tonne).

In May 2006, the Company initiated construction of additional infrastructure to access the ore at the LaRonde Mine extension. As at December 31, 2007, the LaRonde Mine extension had probable mineral reserves of approximately 3.8 million ounces of gold contained in 20.4 million tonnes of ore grading approximately 5.9 grams of gold per tonne, and indicated mineral resources of 1.8 million tonnes grading 3.1 grams of gold per tonne. In addition, the LaRonde Mine extension has inferred mineral resources of 4.4 million tonnes grading 6.4 grams of gold per tonne.

Construction at the LaRonde Mine extension is currently underway with production expected to commence in 2011. The Company is sinking a new 835 metre shaft starting from Level 215, to a total depth of approximately 3,110 metres, to access the LaRonde Mine extension deposit. As at September 30, 2008, the shaft had reached a depth of approximately 330 metres. An internal winze system will be used to hoist ore from depth to facilities on Level 215 (approximately 2,150 metres below surface) where it will be transferred to the Penna Shaft hoist. Capital costs of construction at the LaRonde Mine extension are estimated to be $293 million, of which the Company expects to incur approximately $34 million in 2008 and $40 million in 2009. In 2008, the LaRonde Mine is expected to produce 220,000 ounces of gold.

The Goldex Mine

The Company's operations at Goldex include the Goldex Mine and the milling complex, located on a property of approximately 267.78 hectares in the municipality of Val d'Or, Quebec, approximately 60 kilometres east of the LaRonde Mine. Gold mineralization at the Goldex Extension Zone, the focus of the Company's activities at the Goldex Mine, was discovered in 1989. In 2005, in light of increased gold prices and improved mining techniques, the Company reassessed the Goldex property and, in July 2005, the Company approved construction at the Goldex Mine. In August 2008, the Goldex Mine commenced commercial production. As at December 31, 2007, the Goldex Mine's proven and probable reserves were 1.6 million ounces of gold contained in 23.1 million tonnes of ore grading 2.2 grams of gold per tonne (proven reserves of 0.25 million tonnes grading 2.2 grams of gold per tonne and probable reserves of 22.8 million tonnes grading 2.2 grams of gold per tonne). In addition, the Goldex property is estimated to contain an inferred resource of 11.9 million tonnes grading 2.4 grams of gold per tonne and an indicated resource of 0.3 million tonnes grading 2.8 grams of gold per tonne.

Annual gold production at the Goldex Mine is expected to average 160,000 ounces over a mine life of approximately 10 years. Gold production in the third quarter of 2008 was 17,159 ounces (including 15,375 ounces after the start of commercial production) and for the year is expected to be approximately 60,000 ounces. The Goldex Mine is expected to reach its full production rate of 6,900 tonnes per day by the end of 2008.

The costs of bringing the Goldex Mine into production were $221 million. The Company expects that capital expenditures at the Goldex Mine for 2008 will be approximately $23 million, most of which was used for the completion of the mill and construction of the underground crushing and hoisting facility.

The Kittila Mine

The Company's operations at the Kittila Mine include an open pit mine, milling complex and tailings facility. Initial production at the Kittila Mine commenced in the fourth quarter of 2008. The Company's interest in the Kittila Mine is held through its indirect ownership of 100% of the outstanding shares of Riddarhyttan, which was acquired by the Company in 2005. Riddarhyttan is a precious and base metals exploration and development company with a primary focus on exploration and development of the Suurikuusikko deposit located approximately 900 kilometres north of Helsinki and 50 kilometres northeast of the town of Kittila, in northern Finland. Riddarhyttan is the indirect, 100% owner of the Kittila Mine, which consists of approximately 9,600 hectares with similar precambrian greenstone belt geology and topography to the Company's land package in the Abitibi region of Quebec. The Kittila Mine deposit is hosted by a north-south oriented shear zone containing multiple mineralized lenses, which have been traced over a strike length of 15 kilometres. Most of the exploration work has focused on the 4.5 kilometres which host the known gold reserves and resources.

As at December 31, 2007, the Kittila Mine was estimated to contain 3.0 million ounces of probable gold reserves from 18.2 million tonnes of ore grading 5.1 grams of gold per tonne. In addition to these mineral reserves, the Kittila Mine contains 5.4 million tonnes of indicated mineral resource grading 3.0 grams of gold per tonne and 15.7 million tonnes of inferred mineral resource grading 4.3 grams of gold per tonne.

In June 2006, the Company initiated the construction of the Kittila Mine. The Kittila Mine achieved mechanical completion in the fourth quarter of 2008. The Kittila Mine is expected to meet its 2008 gold production forecast of approximately 20,000 ounces of gold (from concentrate) and produce an average of 160,000 ounces of gold per year over its estimated mine life of 13 years. Estimated capital costs of construction of the Kittila Mine will be approximately $171 million in 2008.

The Lapa Mine Project

The Lapa mine project is a pre-production stage development property located approximately 11 kilometres east of the LaRonde Mine near Cadillac, Quebec, that was acquired from Breakwater Resources Ltd. in 2003. At December 31, 2007, the Lapa property contained approximately 1.1 million ounces of proven and probable reserves consisting of 3.8 million tonnes of ore grading 8.9 grams of gold per tonne. In addition, the Lapa mine project contains 0.9 million tonnes of indicated mineral resource grading 4.5 grams of gold per tonne and 0.8 million tonnes of inferred mineral resource grading 9.0 grams of gold per tonne.

In July 2004, the Company initiated the sinking of a 1,370 metres deep production shaft, which was completed in October 2007. Lateral mine development on three horizons began in November 2007 and over 400 metres was completed by December 31, 2007.

The estimated capital costs of bringing the Lapa mine project into production are $165 million, of which the Company expects to incur approximately $85 million in 2008 and $17 million in 2009. Based on current estimates of mineral reserves and resources and grade, the Company anticipates a 7-year mine life, with full production levels of 120,000 ounces of gold annually by mid-2009 at total cash costs per ounce of approximately $300. The Lapa site will host the underground mining operation and the ore will be trucked to the LaRonde processing facility, which will be modified to treat and recover the gold and store the residues.

The Pinos Altos Project

In March 2006, the Company acquired the Pinos Altos project in northern Mexico from Industrias Peñoles S.A. de C.V. The Pinos Altos property is made up of three blocks, the Madroño Concessions (which cover approximately 74% of the current mineral resource), the Pinos Altos Concession (which covers approximately 26% of the current mineral resource) and the Parreña Concessions. The assets comprising the Pinos Altos project acquired by the Company are: (i) an assignment of rights under contracts to explore and exploit the Madroño Concessions and the Pinos Altos Concession; (ii) the right to use up to 400 hectares of land owned by Madroño for mining installations for a period of 20 years after formal mining operations have been initiated; (iii) sole ownership of the Parreña Concessions; (iv) possession rights under Mexican law to a 13.3 hectare parcel of land; and (v) an assignment of an environmental impact statement authorization issued by Mexican environmental authorities.

As at December 31, 2007, the Pinos Altos mine project was estimated to contain probable mineral reserves of 2.5 million ounces of gold and 73.1 million ounces of silver comprised of 24.7 million tonnes or ore grading 3.2 grams of gold per tonne and 92.2 grams of silver per tonne. In addition, the property has an indicated mineral resource of 6.2 million tones grading 1.4 grams of gold per tonne and 49.9 grams of silver per tonne and an inferred mineral resource of 12.2 million tonnes grading 1.4 grams of gold per tonne and 49.9 grams of silver per tonne. Over 90% of the Pinos Altos mineral resource is located in the Santo Niño vein, along a regional fault zone that holds a number of other known deposits in the area. This Santo Niño vein zone has thicknesses of up to 40 metres over a length of 600 metres and a vertical extent that can reach 700 metres or more. The deposit remains open to the west and at depth.

In August 2007, on the basis of an independently reviewed feasibility study, the Company approved construction of a mine at Pinos Altos. Annual gold production is expected to average 165,000 ounces of gold at total cash costs of $250 per ounce, with initial gold production occurring in the third quarter of 2009. The estimated capital costs of construction of the Pinos Altos mine project are estimated to be approximately $152 million in 2008 and approximately $125 million in 2009. In August 2007, the project received the necessary permit authorizations for construction and operation of a mine at Pinos Altos, including the Cambio de Uso de Suelo and Manifesto de los Impactos Ambientales approvals from the Mexican environmental agency ("SEMARNAT"). As of the end of 2007, the project was operating under these permits, and minor modifications to allow for future expansion of facilities were under review by SEMARNAT.

Initial development of the underground mine, including more than 1,000 metres of lateral development, commenced in December 2007. During 2008, the major project activity included the detailed engineering, procurement, further pre-production development of the underground mine, pre-production development of the surface mine, and civil and structural works related to the project and commencement of earthworks and construction of surface facilities. In addition, a scoping study is currently underway regarding a potential stand-alone mining operation at the Creston/Mascota deposit located in the northwest quadrant of the Pinos Altos property.

The Meadowbank Mine Project

The Meadowbank mine project is a pre-production stage development property located in the Third Portage Lake area in the Kivalliq District of the Nunavut Territory of Northern Canada, approximately 70 kilometres north of Baker Lake. The Company acquired the Meadowbank mine project when it acquired Cumberland Resources Ltd. in April 2007. As at September 30, 2008, the Meadowbank mine project was estimated to contain probable mineral reserves of 3.4 million ounces of gold in 28.6 million tonnes of ore grading 3.7 grams of gold per tonne. In addition, the Meadowbank mine project has an indicated resource of 15.2 million tonnes of ore grading 2.2 grams of gold per tonne and an inferred resource of 3.4 million tonnes of ore grading 3.5 grams of gold per tonne. Initial gold production is currently anticipated to begin in the first quarter of 2010, with annual gold production estimated to average 350,000 ounces over an estimated mine life of nine years.

During 2008, construction was completed on the 110-kilometre all-weather road from Baker Lake to the Meadowbank mine project and a permanent 350-person camp at the project. In addition, construction included work associated with the dykes around the Portage open pit and preparation of an airstrip. The Company expects capital expenditures at the Meadowbank mine project to be approximately $325 million and $155 million in 2008 and 2009, respectively.

PLAN OF DISTRIBUTION

The Common Shares will be issued directly to the Subscribers under purchase agreements between the Company and each of the Subscribers dated December 16, 2008. The closing of the transactions relating to the distribution of the Common Shares under the purchase agreements is subject to customary conditions and is expected to occur on or about December 19, 2008. The offering price of the Common Shares was determined by negotiation between the Company and the Subscribers. The Company has not engaged the services of any underwriters, brokers or dealers in connection with the distribution of the Common Shares hereunder. None of the Subscribers purchasing the Common Shares are in Canada.

The expenses of the offering are estimated to be $150,000 (C$185,250, based on the Noon Buying Rate on December 15, 2008) and are payable by the Company.

This issuance is registered in the United States under the United States Securities Act of 1933, as amended, in accordance with the multijurisdictional disclosure system adopted by the SEC and by the Canadian Securities Administrators. This prospectus supplement does not qualify the distribution of the securities to which it relates in any of the provinces of Canada.

Application has been made to list the Common Shares on the TSX and the NYSE.

USE OF PROCEEDS

The estimated net proceeds to the Company of this offering will be approximately $34 million (approximately C$42 million based on the Noon Buying Rate on December 15, 2008), determined after deducting the estimated expenses of the offering payable by the Company. The net proceeds of this offering will be used to fund the purchase of surface rights and advance royalty payments at the Pinos Altos mine project.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal tax considerations under the Income Tax Act (Canada) (the "Canadian Tax Act") generally applicable to a purchaser of Common Shares. This summary is based upon the current provisions of the Canadian Tax Act and its regulations, all specific proposals to amend the Canadian Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) before the date of this prospectus supplement (the "Tax Proposals"), and on the published administrative practices of the Canada Revenue Agency ("CRA"). This summary does not address all of the tax considerations that may be relevant to any particular holder and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative practices of the CRA. This summary does not take into account tax legislation of any province, territory or foreign jurisdiction. Provisions of provincial or territorial income tax legislation vary among provinces and territories in Canada and may differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser of Common Shares. Accordingly, prospective purchasers of Common Shares should consult their own tax advisors about the specific tax consequences to such holders of purchasing, holding or disposing of Common Shares.

A purchaser of Common Shares (other than a qualifying corporation resident of Canada which has elected to determine its Canadian tax results in accordance with the "functional currency" rules contained in the Canadian Tax Act) must for most purposes of the Canadian Tax Act express any U.S.-dollar amounts relating to the purchaser's acquisition, holding or disposition of Common Shares, including dividends, costs of acquisition and proceeds of disposition, in Canadian dollars using the rate of exchange quoted by the Bank of Canada for noon of the day such amounts first arose (or the closest preceding day, if there is no such quote), or such other rate of exchange as is acceptable to the CRA.

Residents of Canada

The following is a summary of the principal considerations under the Canadian Tax Act generally applicable to a purchaser of Common Shares who:

- is a resident of Canada for purposes of the Canadian Tax Act and any applicable tax treaty or convention;
- holds Common Shares as capital property; and
- deals at arm's length and is not affiliated with the Company or a subsequent purchaser of such Common Shares.

For purposes of this discussion, such a person is referred to as a "Canadian Holder". Canadian Holders whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election under subsection 39(4) of the Canadian Tax Act to have their Common Shares and every "Canadian security" (as defined in the Canadian Tax Act) owned by such Canadian Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

The Canadian Tax Act contains provisions relating to securities held by certain financial institutions, commonly referred to as the mark-to-market rules. This summary does not take into account these mark-to-market rules. Canadian Holders that are financial institutions for purposes of these rules should consult their own tax advisors.

Dividends on Common Shares

Dividends received or deemed to be received by a Canadian Holder on Common Shares will be included in computing the Canadian Holder's income for purposes of the Canadian Tax Act. Such dividends received by a corporation will normally be deductible in computing its taxable income. Such dividends received by an individual will be subject to the general rules regarding the taxation of taxable dividends paid by taxable Canadian corporations including the gross-up and dividend tax credit rules, including an enhanced dividend tax credit where the dividends qualify as "eligible dividends." Any such dividend will be an eligible dividend provided that the Company notifies in writing, and on a timely basis, each person or partnership to whom it pays all or any part of the dividend that the dividend is an eligible dividend. The CRA has indicated that a public corpo