

AGNICO EAGLE MINES LTD

Form 425

August 24, 2005

Filed by Agnico-Eagle Mines Limited

Pursuant to Rule 165 and Rule 425 under

the United States Securities Act of 1933, as amended

Filing Company: Agnico-Eagle Mines Limited

Commission File No. 001-13422

Date: August 23, 2005

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## **TECHNICAL UPDATE**

**August 23<sup>rd</sup>, 2005**

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**Forward Looking Statement**

Building from Strength

[LOGO]

This presentation contains certain forward-looking statements (within the meaning of the United States Private Securities Litigation Reform Act of 1995) that involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements. Risks and uncertainties are disclosed under the heading Risk Factors in the Company's Annual Report on Form 20-F filed with Canadian securities regulators and with the United States Securities and Exchange Commission. Certain financial measures discussed in this presentation, such as total cash costs per ounce and minesite costs per ton, are not recognized measures under U.S. GAAP. Reconciliation of these financial measures to their closest U.S. GAAP measure and technical information regarding mineral reserve and resource estimates are provided in the Company's press release announcing earnings for the second quarter of 2005, which has been filed with the Securities and Exchange Commission and is posted on the Company's website located at [www.agnico-eagle.com](http://www.agnico-eagle.com).

**U.S. Shareholders**

Agnico-Eagle has filed with the SEC a registration statement on Form F-4 containing an offer document regarding the offer. This presentation does not constitute an offer to purchase or sell or a solicitation of an offer to sell or purchase shares of Riddarhyttan or Agnico-Eagle to any person in the United States of America, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended). The offer will be made to those persons solely under the offer document that is part of the registration statement. Investors and stockholders are advised to read the offer document and other documents relating to the offer carefully because they include important information regarding the offer. Investors and stockholders may obtain a free copy of the offer document and certain other documents relating to the offer from the SEC's website at [www.sec.gov](http://www.sec.gov). Free copies of these documents can also be obtained by directing a request to Agnico-Eagle. **YOU SHOULD READ THE OFFER DOCUMENT AND OTHER DOCUMENTS RELATING TO THE OFFER CAREFULLY BEFORE MAKING A DECISION CONCERNING THE OFFER.**

**AGENDA TECHNICAL UPDATE**

**OPERATIONS**

**LARONDE**

**GOLDEX**

**ADVANCED PROJECTS**

**LAPA**

**LARONDE II**

**ADVANCED EXPLORATION**

**RIDDARHYTTAN**

**PINOS ALTOS**

**EXPLORATION**

**BOUSQUET**

**NEVADA**

**SUMMARY**

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Exploration Success Creating Shareholder Value

[GRAPHIC]

**Global Growth**

**LaRonde is a Strong Foundation**

Pro-mining environments with low political risk

Projects well matched to our technical skills

Favourable geology with camp potential    growing gold resources

Excellent infrastructure nearby

Large property positions & database    aggressive exploration program

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[GRAPHIC]

## **OPERATIONS**

### **LARONDE**

[LOGO]

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Low Cost LaRonde Mine Helps Fund Growth

[LOGO]

**H1, 2005 Operating Results**

<b>Gold (ounces)</b>		117,081
<b>Silver (ounces in thousands)</b>		2,302
<b>Zinc (pounds in thousands)</b>		85,488
<b>Copper (pounds in thousands)</b>		7,694
<b>Minesite costs per ton (C\$)</b>	\$	49
<b>Total cash costs (\$/oz)</b>	\$	84

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**H1, 2005 Financial Results**

<b>Earnings (millions)</b>	\$	23.2
<b>Earnings per share</b>	\$	0.27
<b>Cash flow provided by operating activities (millions)</b>	\$	47.2
<b>Cash &amp; equivalents June 30, 2005 (millions)</b>	\$	121

[GRAPHIC]

**Full Year 2005 Forecast**

<b>Assumptions</b>		<b>(US\$)</b>
<b>Gold (\$/oz)</b>	\$	423
<b>Silver (\$/oz)</b>	\$	7.03
<b>Zinc (\$/lb)</b>	\$	0.57
<b>Copper (\$/lb)</b>	\$	1.56
<b>US\$ / C\$</b>	\$	1.21

**Breakdown**

<b>Tons</b>	2,910,000
<b>Tons per Day</b>	7,975
<b>Payable Production:</b>	
<b>Au (ounces)</b>	250,000 to 260,000
<b>Ag (ounces in thousands)</b>	5,000
<b>Cu (pounds in thousands)</b>	17,000
<b>Zn (pounds in thousands)</b>	166,000
<b>Minesite costs / ton (C\$)</b>	\$48-\$50
<b>Total cash costs / oz (US\$)</b>	\$90-\$100

2005 Operating Budget - June

Building from Strength

**LaRonde**

**Tons Produced**

	June 2004	June 2005	Difference	Increase / Decrease	Budget 2005
Tons milled	1 442 926	1 466 715	+ 23 789	2%	1 443 492
Tons hoisted	1 495 115	1 406 423*	-88 692	-6%	1 443 489

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\* Ore pass inventory = 12 000 tons

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**Production Update**

**Tons by Horizon**

[CHART]

**Short Tons**

	<b>Horizon</b>			
	<b>155</b>	<b>194</b>	<b>215</b>	<b>Total</b>
<b>Budget</b>	406 006	364 117	673 368	1 443 490
<b>Forecast</b>	403 049	380 736	662 390	1 446 175
<b>Realized</b>	489 707	364 173	557 274	1 411 154

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**Dilution**

	<b>194</b>	<b>215</b>
<b>2004</b>	<b>31%</b>	<b>15%</b>
<b>2005 Jan-May</b>	<b>40%</b>	<b>18%</b>
<b>2005 June</b>	<b>28%</b>	<b>8%</b>

**Ore Recovery**

	<b>194</b>	<b>Budget</b>	<b>215</b>	<b>Budget</b>
<b>2005 Jan-May</b>	<b>92%</b>	<b>94%</b>	<b>89%</b>	<b>99%</b>
<b>2005 June</b>	<b>92%</b>	<b>92%</b>	<b>86%</b>	<b>94%</b>

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**Dilution Control**

**Stope CH-215-20-33**

[GRAPHIC]

1,750 tons recovered

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**Forecast Level 215 to 197**

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**Increase gold production**

		<b>On going</b>	<b>To do</b>
<b>Development</b>	<b>Focus on high priority faces</b>	*	
<b>Cable bolting</b>	<b>use Cmac and extra manpower</b>	*	
<b>Production drilling</b>	<b>increase # of one shot blasts Use Machine Roger in difficult stopes</b>	*	
<b>Mucking</b>	<b>6 Yd Scoops used in stopes Purchase a 9th 8 Yd Scoop</b>	*	
<b>Increase zone 7 prod</b>	<b>Priority management</b>	*	
<b>Underhand mining of secondary stopes where necessary due to poor ground</b>		*	
<b>Recovery</b>	<b>Balance recovery vs dilution control efforts</b>		*

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**Exploration New Results**

**LaRonde II**

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**New Exploration Results**

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## **OPERATIONS**

## **GOLDEX**

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**New Gold Mine Under Construction**

Building from Strength

**Goldex**

[LOGO]

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**New Gold Mine under Construction**

Base case \$400 gold, 1.30 C\$/US\$

Base case IRR 15% after tax

Capital cost \$135 million

Minesite operating costs C\$17/ton

Starting H2, 2008

Estimated average annual production of 170,000 oz.

Estimated average total cash costs \$200/oz

Probable reserve of 22.1 million tons at 0.07 oz/ton, or 1.6 million oz

[GRAPHIC]

**KEY ATTRIBUTES**

Most Advanced Project in Agnico-Eagle's Pipeline

Short Pre-production Period 3 Years

Simple Orebody Geometry Utilizing Existing Infrastructure

Economies of Scale

Metallurgically Simple

Synergies with nearby LaRonde Operating Staff

Exploration Upside Open at Depth

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**POSSIBLE RISKS**

Low Grade

Ground Stability

Capex Estimate

Tailings Pond Location

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## **FEASIBILITY 2005**

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**Drilling & Raising Program**

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**NQ Pilot Hole Core**

**3,800 DDH samples, 359 samples (9.5%) with visible gold**

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**Raise Chipping**

**From October 2004 to January 2005**

**571 wall chip samples, 12 kg each bag**

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**Stockpiles Oct. 27th, 2004**

**2,025 muck samples: 12 to 18 kg each**

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**Sampling Results - Bulk Sample 2004**

	Pilot DDH	Wall Chips	Muck	Tons
<b>Total u-g</b>	<b>0.065 opt</b>	<b>0.085 opt</b>	<b>0.065 opt</b>	<b>18,389t</b>
<b>Mill (final results)</b>			<b>0.081 opt</b>	<b>18,210t</b>

**DDH and muck sampling under estimate the grade**

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**ORE RESERVES**

**PROBABLE RESERVES**

22.1 million tons at 0.07 oz/ton or 1.6 million ounces

**Goldex extensively sampled, based on:**

329 Diamond Drill Holes

40,401 Core Samples

2,600 Chip Samples

145,000 Tons of Bulk Sampling

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**GENERAL ARRANGEMENT**

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**MINING METHOD**

**(Longitudinal view)**

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**MINING METHOD**

**Typical 20-25t Scoop**

[GRAPHIC]

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**METALLURGICAL**

[GRAPHIC]

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**ENVIRONMENT**

**Proposed Tailing site**

[GRAPHIC]

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**Capital Costs****Capital Cost (CAN M \$)**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 13	Total
<b>Mine Surface Plant</b>	\$ 13	\$ 13	\$ 3				\$ 29
<b>Shaft</b>	\$ 2	\$ 16	\$ 2				\$ 20
<b>Mine Development</b>	\$ 11	\$ 13	\$ 8	\$ 3			\$ 35
<b>Mine Constr. &amp; Closure</b>	\$ 1	\$ 7	\$ 4	\$ 1		\$ 3	\$ 17
<b>Mobile Equipments</b>	\$ 6	\$ 8	\$ 3				\$ 17
<b>Concentrator</b>	\$ 16	\$ 31	\$ 5				\$ 52
<b>Tailings &amp; Closure</b>	\$ 1	\$ 7			\$ 1	\$ 2	\$ 12
<b>Working Capital &amp; Salvage</b>	\$ 7	\$ 8	\$ -15			\$ -7	\$ -7
<b>Total</b>	\$ 56	\$ 105	\$ 11	\$ 4	\$ 1	\$ -2	\$ 176

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**Operating Costs**

Operating cost CAN \$	2003		2005		
Waste Dev.	0.26 \$/t	2%	0.07 \$/t	1%	
Ore Dev.	0.77 \$/t	5%	0.66 \$/t	4%	
Stoping	4.46 \$/t	28%	3.04 \$/t	18%	
U/G Services	3.00 \$/t	19%	4.78 \$/t	28%	
Milling	5.53 \$/t	35%	5.88 \$/t	35%	
ADM & Tech. Serv.	1.75 \$/t	11%	2.54 \$/t	15%	
<b>Total</b>	<b>15.77 \$/t</b>		<b>16.97 \$/t</b>		<b>+8%</b>

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**Financial Evaluation**

Gold = 400 Us \$/oz  
Exchange rate = 1.3  
Gold = 520 C\$/oz

	August 2003	April 2005
	25.9 M t. @ 0.062 dil. 1.60 M oz	23.6 M t. 0.070 dil. 1.64 M oz
Capex	165 M C\$	176 M C\$
Operating cost	15.77 C\$/s.t. 215 Us\$/oz 280 C\$/oz	16.97 C\$/s.t. 205 Us\$/oz 265 C\$/oz
IRR	12%	15%
Net Cashflow	189 M C\$	202 M C\$

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**2005 Goldex Study**

**Goldex 2005 Ounces Produced**

[CHART]

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**Ore Value & Operating Cost (C\$/T)**

[CHART]

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**Operating Cost US \$/oz**

[CHART]

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**CAPITAL COST SENSITIVITIES**

	\$300	\$325	\$350	\$375	\$400	\$425	\$450	\$475	\$500
-10%	3.4%	6.7%	11.2%	14.6%	17.6%	20.6%	23.5%	26.0%	27.8%
-5%	2.5%	6.4%	10.0%	13.3%	16.3%	19.2%	22.0%	24.4%	26.2%
<b>Base case capital cost</b>	<b>1.6%</b>	<b>5.4%</b>	<b>8.9%</b>	<b>12.2%</b>	<b>15.0%</b>	<b>17.9%</b>	<b>20.6%</b>	<b>23.0%</b>	<b>24.7%</b>
+5%	0.8%	4.5%	7.9%	11.1%	13.9%	16.7%	19.4%	21.7%	23.3%
+10%	0.0%	3.6%	7.0%	10.1%	12.8%	15.6%	18.2%	20.5%	22.1%

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**GRADE SENSITIVITIES**

	\$300	\$325	\$350	\$375	\$400	\$425	\$450	\$475	\$500
<b>+10%</b>	<b>6.1%</b>	<b>9.8%</b>	<b>13.4%</b>	<b>16.6%</b>	<b>19.5%</b>	<b>22.4%</b>	<b>25.1%</b>	<b>27.1%</b>	<b>28.8%</b>
<b>+5%</b>	<b>3.9%</b>	<b>7.7%</b>	<b>11.2%</b>	<b>14.5%</b>	<b>17.3%</b>	<b>20.2%</b>	<b>22.9%</b>	<b>25.1%</b>	<b>26.8%</b>
<b>Base case Grade</b>	<b>1.6%</b>	<b>5.4%</b>	<b>8.9%</b>	<b>12.2%</b>	<b>15.0%</b>	<b>17.9%</b>	<b>20.6%</b>	<b>23.0%</b>	<b>24.7%</b>
<b>-5%</b>	<b>-0.9%</b>	<b>3.0%</b>	<b>6.5%</b>	<b>9.8%</b>	<b>12.7%</b>	<b>15.5%</b>	<b>18.2%</b>	<b>20.8%</b>	<b>22.6%</b>
<b>-10%</b>	<b>-3.6%</b>	<b>0.4%</b>	<b>4.0%</b>	<b>7.3%</b>	<b>10.2%</b>	<b>13.0%</b>	<b>15.7%</b>	<b>18.2%</b>	<b>20.4%</b>

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**OPERATING COST SENSITIVITIES**

	\$300	\$325	\$350	\$375	\$400	\$425	\$450	\$475	\$500
-10%	4.7%	8.3%	11.7%	14.8%	17.5%	20.3%	22.9%	25.0%	26.6%
-5%	3.2%	6.9%	10.3%	13.5%	16.3%	19.1%	21.8%	24.0%	25.7%
<b>Base case operating costs</b>	<b>1.6%</b>	<b>5.4%</b>	<b>8.9%</b>	<b>12.2%</b>	<b>15.0%</b>	<b>17.9%</b>	<b>20.6%</b>	<b>23.0%</b>	<b>24.7%</b>
+5%	0.0%	3.9%	7.5%	10.9%	13.8%	16.7%	19.5%	22.0%	23.7%
+10%	-1.7%	2.4%	6.1%	9.5%	12.5%	15.5%	18.3%	21.0%	22.8%

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**EXPERIENCED PROJECT TEAM**

Project Manager Rosaire Emond, P.Eng.

Mine Superintendent Christian Provencher, P.Eng.

Construction Manager Pierre Bureau, P.Eng.

Project Metallurgist Paul Cousin, P.Eng.

Mill Superintendent Julie Fournier, P.Eng.

Planning Engineer Hughes Destenay, P.Eng.

Senior Geologist Dyanne Duquette, P.Geo.

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**Independent Review Roscoe Postle Associates Inc.**

**CONCLUSION**

**In RPA's opinion, the GOLDEX Feasibility Study is a reasonable representation of the proposed project. The proposed mine will be one of the lowest grade mines in the industry and, therefore will be more sensitive to the kind of risks that are present in every operation .**

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**RECOMMENDATIONS**

**Reserves    Compare to Standard Kriged Block Model**

**Verify whether Dilution Used is too Low**

**Validate Recovery of 93.6 %**

**Capital Costs    Contingency too Low**

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**AGNICO-EAGLE RESPONSE**

**Reserves**

**Standard block model run**

**Estimated grade higher (0.075 opt vs. 0.074 opt)**

**Resource classification confirmed**

**Dilution (20% vs. 10%)**

**Overall grade would decrease from 0.070 opt to 0.067 opt**

**Negative impact on IRR of 0.6 % to 14.4 % (after tax)**

**Recovery**

**Used actual recoveries from 3 mill tests**

**0.6 % recovery will have negative impact on IRR of 0.3 %**

**Capital Costs**

**Falls within sensitivity analysis**

**Negative impact on IRR of 2.2 % (after tax) to 12.8 %**

## **SUMMARY & CONCLUSIONS**

Agnico-Eagle's Board Recommends Placing Goldex Into Production

Robust Economics

Experienced Mine Building Team

Pro Mining Region

Qualified Labour Available

Straightforward Metallurgy & Mine Plan

Short Lead Time

Financed Internally

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## **ADVANCED PROJECTS**

### **LAPA**

[LOGO]

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[GRAPHIC]

**Regional Geology**

Building from Strength

**Lapa**

[LOGO]

[GRAPHIC]

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**Potentially the Second New Mine**

Probable reserve of 4.5 million tons at 0.26 oz/ton, or 1.2 million oz

Indicated resource of 0.8 million tons at 0.16 oz/ton, or 0.13 million oz

Inferred resource of 1.9 million tons at 0.22 oz/ton, or 0.41 million oz

\$30 million shaft sinking program in progress Phase 1

additional \$80 million to reach full production Phase 2

Potential production of 1,500 tpd and 125,000 ounces per year at total cash costs below \$200/oz

Feasibility complete in H2, 2006

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**Ounce Distribution**

[GRAPHIC]

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**Ounces Produced**

**Lapa Ounces Payable (Reserves)**

[CHART]

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**Longitudinal Section**

[GRAPHIC]

**Sinking advance 10 ft per day**

**Potentially 2<sup>nd</sup> new mine**

**Feasibility complete in H2 2006**

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[GRAPHIC]

## **ADVANCED PROJECTS**

### **LARONDE II**

[LOGO]

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[GRAPHIC]

Building from Strength

**LARONDE II**

[LOGO]

**Long Life Mine**

Large gold reserve   continuing resource conversion

Higher NSR values at depth in polymetallic envelope

Pre-feasibility expected in third quarter 2005   internal winze vs. new shaft

Detailed engineering of preferred option by year end, 2005

[GRAPHIC]

**Trend thicker and higher grade**

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Winze is the preferred option

Will extend Laronde's mine life rather than augment LaRonde I production

#### ADVANTAGES

Technically simpler

Lower Capex - use existing infrastructure

Shorter lead time

Lower risk

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STUDIES COMPLETED

Rock Mechanics

Access Options

Ventilation

Mine Development & Infrastructure

Mining Rate & Sequence

TO COMPLETE

Access Winze Option

Feasibility December 2005

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**Winze Options**

[GRAPHIC]

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## **ADVANCED EXPLORATION**

## **RIDDARHYTTAN RESOURCES AB**

### **Suurikuusikko Project**

[LOGO]

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Building from Strength

**Suurikuusikko**

[LOGO]

Bid proceeding as planned

If bid successful, expected to be completed in 2005

Suurikuusikko resource continues to grow

6 drills in operation

Adjacent to major infrastructure

[GRAPHIC]

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**If The Bid Is Successful:**

[GRAPHIC]

Complete acquisition and merger

Accelerate drill program

Convert resources to reserves

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**Results of the Extensive Exploration Programme 2004-2005**

[GRAPHIC]

**Expenditures for the extensive exploration programme: USD 7.0**

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[GRAPHIC]

## **ADVANCED EXPLORATION**

### **PINOS ALTOS**

[LOGO]

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[GRAPHIC]

**Location Map**

Building from Strength

**Pinos Altos**

[LOGO]

**High Grade Precious Metals Values**

Indicated gold resource\* of 4.4 million tons at 0.18 oz/ton, or 0.8 million oz

Inferred gold resource\* of 2.5 million tons at 0.18 oz/ton, or 0.4 million oz

Indicated silver resource\* of 4.4 million tons at 3.8 oz/ton, or 17 million oz

Inferred silver resource\* of 2.5 million tons at 3.4 oz/ton, or 8.4 million oz

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\* As calculated by Peñoles

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**Drill Hole Location**

**Plan View**

[GRAPHIC]

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**Composite Longitudinal Section**

[GRAPHIC]

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**\$2.8 Million Work Plan 2005**

TASK	MONTHS							COST US\$ millions
	May	June	July	Aug	Sept	Oct	Nov	
Open pit exploration and resource conversion (24,000 feet drilling)								\$ 0.72
Underground reserve confirmation and resource conversion (15,400 feet drilling)								\$ 0.47
Deep exploration (16,000 feet drilling)								\$ 0.73
Underground rehabilitation, engineering and metallurgical studies, care and maintenance								\$ 0.87
Review period to exercise Purchase Option								
<b>TOTAL COST</b>	Update							\$ 2.8
								\$ 1.15

**Longitudinal Section**

**Santo Niño Zone**

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## **EXPLORATION**

## **BOUSQUET**

[LOGO]

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[GRAPHIC]

**Exploration update**

Building from Strength

**Bousquet-Ellison**

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## **EXPLORATION**

### **NEVADA**

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[GRAPHIC]

**Cortez Trend Area**  
**Lander and Eureka Counties, Nevada**

Building from Strength

**Nevada**

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**Current Projects**

NSR North and South

Norma Sass (Norma Sass, Lander Ranch and Blue Nugget Claims)

Trend Project

[GRAPHIC]

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[GRAPHIC]

*View looking southwest across the Pipeline structural corridor*

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[GRAPHIC]

*View looking northwest along the Cortez structural corridor*

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**Norma Sass property**

early-stage exploration project

located immediately south of the Gold Acres open pit mine and west of the Pipeline Mine

represents one of Nevada's best remaining exploration targets

previous drilling at Norma Sass encountered ore-grade gold values hosted by favorable lower-plate carbonate strata.

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**Norma Sass**

[GRAPHIC]

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**Drill Rig - Norma Sass**

[GRAPHIC]

**Looking NNE**

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**Summary**

LaRonde generating strong earnings and cash flows

New gold mine under construction at Goldex

Potential second new mine at Lapa by 2008

Good track record of increasing reserves

Exciting growth opportunities at LaRonde II, Suurikuusikko and Pinos Altos

Largest exploration budget in Agnico-Eagle's history

**Reserves** Millions of Ounces

[CHART]

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