

AGNICO EAGLE MINES LTD
Form F-80
October 13, 2011

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As filed with the Securities and Exchange Commission on October 13, 2011

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-80

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

AGNICO-EAGLE MINES LIMITED

(Exact name of Registrant as specified in its charter))

Ontario, Canada (Province or other jurisdiction of incorporation or organization)	1041 (Primary Standard Industrial Classification Code Number)	Not Applicable (I.R.S. Employer Identification No.)
145 King Street East, Suite 400, Toronto, Ontario, Canada M5C 2Y7 (416) 947-1212		
(Address and telephone number of Registrant's principal executive offices)		

Davies Ward Phillips & Vineberg LLP
625 Madison Avenue, 12th Floor
New York, New York 10022
(212) 588-5500
(212) 308-0132 (fax)

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copies to:

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(416) 947-1212

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1 First Canadian Place, Suite 4400
Toronto, Ontario, Canada M5X 1B1
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Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after this Registration Statement becomes effective.

This Registration Statement and any amendment thereto shall become effective upon filing with the Commission in accordance with Rule 467(a).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered⁽¹⁾	Proposed Maximum Aggregate Offering Price⁽²⁾	Amount of Registration Fee
Common Shares (no par value)	2,691,535	\$173,251,809	\$19,854.66

(1) Represents the maximum number of common shares of Agnico-Eagle Mines Limited ("Agnico") estimated to be issuable upon consummation of the exchange offer, calculated as the product of (a) 98,178,510, which is the estimated number of outstanding common shares of Grayd Resource Corporation ("Grayd"), other than shares beneficially owned by Agnico, as of September 27, 2011, on a fully-diluted basis and (b) 0.04112 (which is the exchange ratio for the maximum number of Agnico common shares that may be issued in the Offer in respect of the number of outstanding Grayd common shares on a fully-diluted basis) and, in accordance with the pro-rationing provisions of the transaction, multiplied by (c) ²/₃.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with General Instruction IV.G to Form F-80. The proposed maximum offering price is equal to the product of (a) Cdn.\$2.65 (US\$2.60), which is the market value per common share of Grayd (based upon the average of the high and low prices reported for such common shares on the TSX Venture Exchange on September 27, 2011), and (b) 98,178,510, which is the estimated number of common shares of Grayd, other than shares beneficially owned by Agnico, as of September 27, 2011, on a fully diluted basis, as adjusted in accordance with the pro-rationing provisions of the Offer. For purposes of this calculation, the market value per common of share of Cdn\$2.65 has been converted to United States dollars based on an exchange rate of Cdn\$1.00=US\$0.9813, as reported by the Bank of Canada's noon rate for United States dollars on September 27, 2011.

If, as a result of stock splits, stock dividends or similar transactions, the number of securities purported to be registered on this Registration Statement changes, the provisions of Rule 416 shall apply to this Registration Statement.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

Item 1. Home Jurisdiction Documents

Offer to Purchase and Circular dated October 13, 2011 (the "**Circular**").
Letter of Transmittal.
Notice of Guaranteed Delivery.

Item 2. Informational Legends

See page (iii) of the Circular.

Item 3. Incorporation of Certain Information by Reference

As required by this Item, the Circular provides that copies of the documents incorporated by reference may be obtained on request without charge from the Corporate Secretary of Agnico-Eagle at Suite 400, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7, telephone 416-947-1212.

Item 4. List of Documents Filed with the Commission

See the information under the caption "Registration Statement Filed with the SEC" in the Circular.

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment advisor, stockbroker, bank manager, trust company manager, accountant, lawyer or other professional advisor.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, Agnico-Eagle may, in Agnico-Eagle's sole discretion, take such action as Agnico-Eagle may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

This Offer has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of this Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

October 13, 2011

AGNICO-EAGLE MINES LIMITED
OFFER TO PURCHASE
all of the outstanding common shares of
GRAYD RESOURCE CORPORATION
on the basis of, at the election of each holder,
(a) \$2.80 in cash, or
(b) 0.04039 of a common share of Agnico-Eagle Mines Limited and \$0.05 in cash,
for each common share of Grayd Resource Corporation
subject, in each case, to pro ration as set out herein

Agnico-Eagle Mines Limited ("**Agnico-Eagle**") hereby offers, upon and subject to the terms and conditions set out herein (the "**Offer**"), to purchase all of the issued and outstanding common shares ("**Shares**") of Grayd Resource Corporation ("**Grayd**"), including all Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time (as defined below) upon the exercise, exchange or conversion of Options or Warrants (as such terms are defined in the Offer).

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on November 18, 2011 (the "Expiry Time"), unless the Offer is extended or withdrawn.

Each holder of Shares (a "**Shareholder**") may elect the Cash Option or the Share Option (as such terms are defined in the Offer) in respect of all of the Shareholder's Shares deposited under the Offer or may apportion the Shareholder's Shares between such consideration alternatives. The maximum amount of cash available under the Offer is approximately \$92 million and the maximum number of common shares of Agnico-Eagle (the "**Agnico-Eagle Shares**") available for issuance under the Offer is approximately 2.7 million Agnico-Eagle Shares (based on the number of Shares outstanding on a fully-diluted basis as at September 19, 2011). See Section 1 of the Offer, "The Offer".

The board of directors of Grayd (the "Grayd Board"), after consultation with its financial and legal advisors and following receipt of a unanimous recommendation of the special committee of the Grayd Board (the "Special Committee"), has unanimously determined that the Offer is in the best interests of Grayd and the Shareholders and UNANIMOUSLY RECOMMENDS that Shareholders accept the Offer and tender their Shares to the Offer.

The Shares are listed on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "GYD". The closing price of the Shares on the TSX-V was \$1.95 on September 16, 2011, the last trading day prior to the announcement of Agnico-Eagle's intention to make the Offer. **The Offer represents a premium of 65.7% to the volume weighted average price of the Shares on the TSX-V for the 20-day period ended September 16, 2011.**

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Desjardins Securities Inc. delivered a fairness opinion to the Grayd Board and its Special Committee dated September 18, 2011, to the effect that, as of the date of that opinion and based on and subject to the assumptions, limitations and qualifications set out in such opinion, the consideration to be received under the Offer was fair, from a financial point of view, to Shareholders. For further information, see the Directors' Circular issued by the Grayd Board accompanying the Offer.

Agnico-Eagle and Grayd entered into an acquisition agreement dated September 19, 2011 (the "**Acquisition Agreement**") pursuant to which, among other things, Agnico-Eagle has agreed to make the Offer and Grayd has agreed to support the Offer, subject to the conditions set out therein, and not solicit any competing Acquisition Proposals (as such term is defined in the Circular). See Section 6 of the Circular, "Acquisition Agreement". Agnico-Eagle is also a party to lock-up agreements dated September 19, 2011 (the "**Lock-Up Agreements**") with all of the directors and officers of Grayd (collectively, the "**Locked-Up Shareholders**"), pursuant to which each Locked-Up Shareholder has agreed to support the Offer and to accept the Offer and deposit or cause to be deposited under the Offer and not withdraw, subject to certain exceptions, all of the Shares beneficially owned or acquired by the Locked-Up Shareholder. The aggregate number of Shares beneficially owned by the Locked-Up Shareholders and subject to the Lock-Up Agreements represents approximately 8.0% of the Shares on a fully-diluted basis. See Section 7 of the Circular, "Lock-Up Agreements".

The Offer is conditional on, among other things, there having been validly deposited under the Offer and not withdrawn at the Expiry Time such number of Shares which constitutes at least 66²/₃% of the Shares outstanding at the Expiry Time on a fully-diluted basis. This and the other conditions of the Offer are described in Section 4 of the Offer, "Conditions of the Offer". Subject to applicable Laws (as such term is defined in the Offer), Agnico-Eagle reserves the right to withdraw the Offer and to not take up and pay for any Shares deposited under the Offer if any condition of the Offer is not satisfied or waived at or prior to the Expiry Time.

Shareholders who wish to accept the Offer must properly complete and duly execute the accompanying Letter of Transmittal (printed on YELLOW paper), or a manually executed facsimile thereof, and deposit it, at or prior to the Expiry Time, together with certificate(s) representing their Shares and all other required documents, with Computershare Trust Company of Canada (the "**Depository**") at its office in Toronto, Ontario specified in the Letter of Transmittal, in accordance with the instructions in the Letter of Transmittal. Shareholders may also accept the Offer by following the procedure for guaranteed delivery set forth in Section 3 of the Offer, "Manner of Acceptance Procedure for Guaranteed Delivery", using the accompanying Notice of Guaranteed Delivery (printed on PINK paper). Alternatively, Shareholders may accept the Offer by following the procedures for book-entry transfer of Shares set forth in Section 3 of the Offer, "Manner of Acceptance Acceptance by Book-Entry Transfer".

Persons whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

All payments under the Offer will be made in Canadian dollars. Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depository.

Questions and requests for assistance may be directed to the Depository or the information agent for the Offer, Kingsdale Shareholder Services Inc. (the "**Information Agent**"). The Depository can be contacted at 1-800-564-6253 toll free or by e-mail at corporateactions@computershare.com. The Information Agent can be contacted at 1-800-749-9197 toll free in North America or at 416-867-2272 outside of North America or by e-mail at contactus@kingsdaleshareholder.com. Additional copies of this document, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Depository or the Information Agent and are accessible on the Canadian Securities Administrators' website at www.sedar.com and the United States Securities and Exchange Commission's (the "**SEC**") website at www.sec.gov. The foregoing website addresses are provided for informational purposes only and no information contained on, or accessible from, the foregoing websites is incorporated by reference herein.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by Agnico-Eagle, the Depository or the Information Agent.

These securityholder materials are being sent to both registered and non-registered owners of the Shares. If you are a non-registered owner of Shares, and Agnico-Eagle or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding such Shares on your behalf.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The Offer is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare the Offer and Circular in accordance with the disclosure requirements of Canada. Shareholders should be aware that such requirements are different from those of the United States.

Shareholders in the United States should be aware that the disposition of Shares and the acquisition of Agnico-Eagle Shares by them as described herein may have tax consequences both in the United States and in Canada. Such consequences may not be fully described herein and such Shareholders are encouraged to consult their tax advisors. See Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations", and Section 21 of the Circular, "Certain United States Federal Income Tax Considerations".

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that Agnico-Eagle and Grayd are incorporated under the laws of Ontario and British Columbia, respectively, that some or all of their respective officers and directors may reside outside the United States, that some or all of the experts named herein may reside outside the United States and that all or a substantial portion of the assets of Agnico-Eagle, Grayd and the above-mentioned persons are located outside the United States. Shareholders in the United States may not be able to sue Agnico-Eagle, Grayd or their respective officers or directors in a non-U.S. court for violation of United States federal securities laws or the securities or "blue sky" laws of any State within the United States. It may be difficult to compel such parties to subject themselves to the jurisdiction of a court in the United States or to enforce judgment obtained from a court of the United States.

THE SECURITIES TO BE DELIVERED IN CONNECTION WITH THE OFFER 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 THE OFFER AND CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Agnico-Eagle reserves the right to, and may, acquire or cause an affiliate to acquire beneficial ownership of Shares by making purchases through the facilities of the TSX-V at any time, and from time to time, prior to the Expiry Time, as permitted by applicable laws or regulations of Canada or its provinces or territories. See Section 12 of the Offer, "Market Purchases".

NOTICE TO HOLDERS OF OPTIONS AND WARRANTS

The Offer is made only for Shares and is not made for any Options or Warrants. Any holder of Options or Warrants who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert the Options or Warrants in order to obtain certificates representing Shares and deposit those Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Options or Warrants will have certificates representing the Shares received on such exercise, exchange or conversion available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer, "Manner of Acceptance Procedure for Guaranteed Delivery".

For additional important information on the treatment of Options and Warrants under the Offer, see Section 1 of the Offer, "The Offer Options and Warrants", and Section 6 of the Circular, "Acquisition Agreement Outstanding Options and Warrants".

The tax consequences to holders of Options or Warrants of exercising, exchanging or converting such Options or Warrants are not described in the Circular. Holders of Options or Warrants should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the decision to exercise, exchange or convert or to not exercise, exchange or convert their Options or Warrants.

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 the Offer and Circular, including the summary thereof, 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 in Industry Guide No. 7 as interpreted by staff at the SEC. 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 SEC does not recognize measures of "mineral resource".

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 set out or 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. Agnico-Eagle 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

The documents incorporated by reference herein use the terms "measured resources" and "indicated resources". 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

The documents incorporated by reference herein use the term "inferred resources". 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 regulations, 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.

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

The Circular and the documents incorporated by reference herein include certain measures, including "total cash costs per ounce", that are not recognized measures under United States generally accepted accounting principles ("**U.S. GAAP**"). This data may not be comparable to data disclosed by other gold producers using similar titles. A reconciliation of these measures to the figures set out in the consolidated financial statements prepared in accordance with U.S. GAAP is set out (a) in respect of the data for the year ended December 31, 2010, in management's discussion and analysis of financial condition and results of operations of Agnico-Eagle in respect of the year ended December 31, 2010 under the caption "Results of Operations - Production Costs" and (b) in respect of the three- and six-month periods ended June 30, 2011, in management's discussion and analysis of financial condition and results of operations of Agnico-Eagle in respect of the three and six months ended June 30, 2011 under the caption "Results of Operations", each of which is incorporated by reference herein. Agnico-Eagle believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. However, both of these non-U.S. GAAP measures should be considered together with other data prepared in accordance with U.S. GAAP, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with U.S. GAAP.

CURRENCY

All dollar references in the Offer and Circular are in Canadian dollars, except where otherwise indicated. On October 11, 2011, the Bank of Canada noon rate of exchange for U.S. dollars was Cdn.\$1.00 = US\$0.9721.

FORWARD-LOOKING STATEMENTS

The information contained in the Offer and Circular, including the summary thereof, has, unless otherwise specified, been prepared as of October 11, 2011 and the information contained in the documents incorporated by reference therein has, unless otherwise specified, been prepared as of the respective dates of such documents. Certain statements contained in the Offer and Circular, including the summary thereof, and in the documents incorporated by reference therein, that are 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 the rules and releases made by the SEC, all as amended from time to time, 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", "project", "should", "will", "would" and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements in the Offer and Circular, including the summary thereof, and in the documents incorporated by reference therein, include, but are not limited to statements regarding: Agnico-Eagle's outlook for 2011 and future periods; expectations as to the anticipated timing, mechanics, completion and settlement of the Offer; the ability of Agnico-Eagle to integrate Grayd's business with its current business and the costs associated with such integration following successful completion of the Offer; the value of the Agnico-Eagle Shares received as consideration under the Offer; the ability of Agnico-Eagle to complete the transactions contemplated by the Offer; future earnings, and the sensitivity of earnings to gold and other metal prices; anticipated levels or trends for prices of gold and byproduct metals mined by Agnico-Eagle or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by Agnico-Eagle; 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 expenditure, exploration expenditure and other cash needs, and expectations as to the funding thereof; the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto; estimates of mineral reserves, mineral resources and ore grades and statements regarding anticipated future exploration results; estimates of cash flow; estimates of mine life; anticipated timing of events with respect to Agnico-Eagle's minesites, mine construction projects and exploration projects; estimates of future costs and other liabilities for environmental remediation; anticipated legislation and regulation regarding climate change and estimates of the impact on Agnico-Eagle; and other anticipated trends with respect to Agnico-Eagle'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 Agnico-Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico-Eagle upon which the forward-looking statements in the Offer and Circular, including the summary thereof, and in the documents incorporated by reference therein, are based and which may prove to be incorrect, include, but are not limited to, the assumptions set out in the Offer and Circular, including the summary thereof, as well as: that there are no significant disruptions affecting Agnico-Eagle'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 Agnico-Eagle's mines and mine development projects proceed on a basis consistent with current expectations, and that Agnico-Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, U.S. dollar, European Union euro and Mexican peso will be approximately consistent with Agnico-Eagle's current expectations; that prices for gold, silver, zinc, copper and lead will be approximately consistent with Agnico-Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico-Eagle's current expectations; that production meets expectations; that Agnico-Eagle'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 development projects; and that there are no material variations in the current tax and regulatory environments that affect Agnico-Eagle.

The forward-looking statements in the Offer and Circular, including the summary thereof, reflect Agnico-Eagle's views as at the date of the Offer and involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of Agnico-Eagle 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 Section 18 of the Circular, "Risk Factors", and Agnico-Eagle's Annual Information Form filed on SEDAR on March 28, 2011 consisting of Agnico-Eagle's Annual Report on Form 20-F for the year ended December 31, 2010 incorporated by reference in the Offer and Circular. Given these uncertainties, investors 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, Agnico-Eagle expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in Agnico-Eagle's expectations or any change in events, conditions or circumstances on which any such statement is based. The Offer and Circular and documents incorporated by reference therein contain information regarding anticipated total cash costs per ounce and minesite costs per tonne at certain of Agnico-Eagle's mines and mine development projects. Agnico-Eagle believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. Investors are cautioned that this information may not be suitable for other purposes.

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SUMMARY

The following is a summary only and is qualified in its entirety by the detailed provisions contained in the Offer and Circular. Shareholders are urged to read the Offer and Circular in their entirety. Terms defined in the Glossary and not otherwise defined in this Summary have the respective meanings given to them in the Glossary, unless the context otherwise requires.

The Offer

Agnico-Eagle is offering, upon and subject to the terms and conditions of the Offer, to purchase all of the issued and outstanding Shares, including all Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time upon the exercise, exchange or conversion of Options or Warrants, for a Purchase Price of, at the election of the Shareholder:

- (a) \$2.80 in cash for each Share; or
- (b) 0.04039 of an Agnico-Eagle Share and \$0.05 in cash for each Share,

in each case subject to pro ration as described in Section 1 of the Offer, "The Offer Pro Rationing".

The maximum amount of cash payable by Agnico-Eagle under the Offer is approximately \$92 million and the maximum number of Agnico-Eagle Shares issuable by Agnico-Eagle under the Offer is approximately 2.7 million Agnico-Eagle Shares (based on the number of Shares outstanding on a fully-diluted basis as at September 19, 2011). The consideration payable under the Offer will be pro rated on each Take-Up Date as necessary to ensure that the total aggregate consideration payable under the Offer and in any Compulsory Acquisition or Subsequent Acquisition Transaction does not exceed the maximum aggregate amounts.

If all Shareholders deposited their Shares to the Cash Option or all Shareholders deposited their Shares to the Share Option, each Shareholder would be entitled to receive approximately \$0.93 in cash and 0.02741 of an Agnico-Eagle Share for each Share deposited, subject to adjustment for fractional shares. A Shareholder who fails to make an election will be deemed to have elected the Cash Option in respect of all of such Shareholder's Shares deposited under the Offer.

The Offer represents a premium of 65.7% to the volume weighted average price of the Shares on the TSX-V for the 20-day period ended September 16, 2011, the last trading day prior to the announcement of Agnico-Eagle's intention to make the Offer.

The Offer is being made only for Shares and is not made for any Options or Warrants. Any holder of Options or Warrants who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert such Options or Warrants in order to obtain certificates representing Shares and deposit those Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Options or Warrants will have the certificates representing the Shares received on such exercise, exchange or conversion available for deposit prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 3 of the Offer, "Manner of Acceptance Procedure for Guaranteed Delivery". For additional information on the treatment of the Options and Warrants under the Offer, see Section 1 of the Offer, "The Offer Options and Warrants", and Section 6 of the Circular, "Acquisition Agreement Outstanding Options and Warrants".

The obligation of Agnico-Eagle to take up and pay for Shares under the Offer is subject to certain conditions. See Section 4 of the Offer, "Conditions of the Offer".

No fractional Agnico-Eagle Shares will be issued under the Offer. Any Shareholder who would otherwise be entitled to receive a fractional Agnico-Eagle Share will receive the applicable number of Agnico-Eagle Shares, rounded down to the nearest whole number, and cash in lieu of the fractional Agnico-Eagle Share.

Time for Acceptance

The Offer is open for acceptance from the date of the Offer until 5:00 p.m. (Toronto time) on November 18, 2011, or such later time or times and date or dates to which the Offer may be extended, unless the Offer is withdrawn in accordance with its terms by Agnico-Eagle. See Section 5 of the Offer, "Extension, Variation or Change in the Offer".

Agnico-Eagle

Agnico-Eagle is an established Canadian-based international gold producer with mining operations in northwestern Quebec, northern Mexico, northern Finland and Nunavut and exploration activities in Canada, Europe, Latin America and the United States. Agnico-Eagle's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation on June 1, 1972, Agnico-Eagle has produced nearly 7.2 million ounces of gold. Agnico-Eagle has mineral reserves of approximately 21.3 million ounces of gold (of which approximately 19.5 million ounces are probable reserves) and expects to produce more than one million ounces of gold in 2011. The Agnico-Eagle Shares are listed on the TSX and the NYSE and Agnico-Eagle's market capitalization is approximately \$10.3 billion. Agnico-Eagle declared an annual dividend of US\$0.64 per Agnico-Eagle Share in 2011 and has paid a dividend on the Agnico-Eagle Shares every year for the past 29 years. Agnico-Eagle is incorporated under the laws of the Province of Ontario. Its registered and head office is located at Suite 400, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7. See Section 1 of the Circular, "Agnico-Eagle".

Grayd

Grayd is a Canadian-based natural resource company engaged in the acquisition, exploration and development of mineral resource properties in Mexico. Grayd currently owns a 100% interest in the La India property located in the Mulatos Gold Belt of Sonora, Mexico, approximately 70 kilometres northwest of Agnico-Eagle's Pinos Altos gold mine. In addition, Grayd recently discovered the Tarachi gold porphyry prospect located approximately 10 kilometres north of the La India project. Grayd is incorporated under the laws of the Province of British Columbia. Its registered, records and head office is located at Suite 1620, 1140 West Pender Street, Vancouver, British Columbia, Canada V6E 4G1. The Shares are listed on the TSX-V under the trading symbol "GYD". See Section 2 of the Circular, "Grayd".

Grayd Options and Warrants

All holders of Options will be permitted to surrender their Options to Grayd for cancellation, conditional upon Agnico-Eagle taking up Shares under the Offer, in exchange for a payment by Grayd per Share issuable upon the exercise of each Option equal to the amount by which \$2.80 exceeds the exercise price of each Option payable in Shares at a value per Share of \$2.80. The Option Plan was amended on September 30, 2011 to provide that all unexercised Options and the Option Plan will terminate at the Expiry Time.

Grayd entered into agreements with each holder of outstanding Warrants on September 30, 2011, pursuant to which either: (i) such holder agreed to exercise its Warrants and tender the Shares received on exercise to the Offer; or (ii) the Warrants were amended to provide that such holder may exercise its Warrants and cause the Shares issued on such exercise to be deposited in accordance with the Offer, conditional upon Agnico-Eagle taking up Shares under the Offer, and that all unexercised Warrants will terminate at the Expiry Time.

Grayd Board Recommendation

The Grayd Board, after consultation with its financial and legal advisors and following receipt of a unanimous recommendation of the Special Committee, has unanimously determined that the Offer is in the best interests of Grayd and the Shareholders and, accordingly, has unanimously recommended the entering into of the Acquisition Agreement and UNANIMOUSLY RECOMMENDS that Shareholders accept the Offer and tender their Shares to the Offer. For further information, see Section 1 of the Offer, "The Offer - Grayd Board Recommendation", Section 6 of the Circular, "Acquisition Agreement - Support of the Offer", and the accompanying Directors' Circular.

Fairness Opinion

Desjardins delivered a fairness opinion to the Grayd Board and its Special Committee dated September 18, 2011 to the effect that, as of the date of that opinion and based on and subject to the assumptions, limitations and qualifications set out in such opinion, the consideration to be received under the Offer was fair, from a financial point of view, to Shareholders. For further information, see the accompanying Directors' Circular.

Acquisition Agreement

On September 19, 2011, Agnico-Eagle and Grayd entered into the Acquisition Agreement, pursuant to which, among other things, Agnico-Eagle agreed to make the Offer and Grayd agreed to support the Offer, subject to the conditions set out therein, and not solicit any competing Acquisition Proposals. See Section 6 of the Circular, "Acquisition Agreement".

Lock-Up Agreements

Agnico-Eagle has also entered into Lock-Up Agreements with each of the directors and officers of Grayd, pursuant to which each Locked-Up Shareholder has agreed to support the Offer and to accept the Offer and deposit or cause to be deposited under the Offer and not withdraw, subject to certain exceptions, all of the Shares that the Locked-Up Shareholder beneficially owns or acquires. The aggregate number of Shares beneficially owned by the Locked-Up Shareholders and subject to the Lock-Up Agreements represents approximately 8.0% of the Shares on a fully-diluted basis. See Section 7 of the Circular, "Lock-Up Agreements".

Credit Agreement

Concurrently with the signing of the Acquisition Agreement, Agnico-Eagle and Grayd entered into the Credit Agreement, pursuant to which Agnico-Eagle agreed to make available to Grayd a non-revolving term loan of \$5 million on a senior unsecured basis with a maturity date of August 13, 2012. Grayd may use the proceeds of the loan for general corporate purposes and intends to use the proceeds of the loan to fund its ongoing exploration program on its La India property in Sonora, Mexico. Grayd's obligations under the Credit Agreement are guaranteed by Grayd Mexico. Interest on the loan is payable semi-annually at a rate of 7.5% *per annum*, compounded semi-annually in arrears, with the first interest payment date on February 12, 2012. The Credit Agreement contains customary representations, warranties, covenants and events of default, including restrictions on the disposition of assets and an event of default upon the failure of Grayd to perform, observe or comply with any of the covenants or obligations contained in the Acquisition Agreement and upon a change of control (as defined in the Credit Agreement) of Grayd and, in certain circumstances, its subsidiaries. At the date hereof, the full \$5 million has been advanced to Grayd. The loan may be repaid at any time without penalty. See Section 8 of the Circular, "Credit Agreement".

Purpose of the Offer

The purpose of the Offer is to enable Agnico-Eagle to acquire all of the outstanding Shares. If Agnico-Eagle takes up and accepts for payment Shares validly deposited under the Offer, Agnico-Eagle currently intends, if possible to do so under and subject to compliance with all applicable Laws, to acquire all of the outstanding Shares not deposited under the Offer pursuant to a Compulsory Acquisition or Subsequent Acquisition Transaction. See Section 5 of the Circular, "Purpose of the Offer and Plans for Grayd", and Section 10 of the Circular, "Acquisition of Shares Not Deposited".

Manner of Acceptance

A Shareholder who wishes to accept the Offer must deposit the certificate(s) representing its Shares, together with a properly completed and executed Letter of Transmittal (printed on YELLOW paper), or a manually executed facsimile thereof, and all other required documents, at or prior to the Expiry Time at the office of the Depositary in Toronto, Ontario specified in the Letter of Transmittal. Detailed instructions are contained in the Letter of Transmittal accompanying the Offer. See Section 3 of the Offer, "Manner of Acceptance Letter of Transmittal".

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If a Shareholder wishes to accept the Offer and deposit its Shares under the Offer and the certificate(s) representing such Shareholder's Shares is (are) not immediately available, or if the certificate(s) and all other required documents cannot be provided to the Depositary at or prior to the Expiry Time, such Shares nevertheless may be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on PINK paper). See Section 3 of the Offer, "Manner of Acceptance Procedure for Guaranteed Delivery".

Shareholders may, alternatively, accept the Offer by following the procedures for book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Shareholders may also accept the Offer by following the procedure for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent's Message in respect thereof, or a properly completed and executed Letter of Transmittal (including signature guarantee if required), and all other required documents, is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Shareholders accepting the Offer through book-entry transfer must ensure such documents or Agent's Message is received by the Depositary at or prior to the Expiry Time. See Section 3 of the Offer, "Manner of Acceptance Acceptance by Book-Entry Transfer".

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depositary.

Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance in depositing their Shares with the Depositary. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Shareholders should contact the Depositary, the Information Agent or a broker or dealer for assistance in accepting the Offer and in depositing Shares with the Depositary.

Conditions of the Offer

Agnico-Eagle reserves the right to extend or withdraw the Offer and shall not be required to take up and pay for any Shares deposited under the Offer unless the conditions described in Section 4 of the Offer, "Conditions of the Offer", are satisfied or waived at or prior to the Expiry Time. The Offer is conditional upon, among other things:

there having been validly deposited under the Offer and not withdrawn at the Expiry Time such number of Shares which constitutes at least 66²/₃% of the Shares outstanding at the Expiry Time on a fully-diluted basis (which condition Agnico-Eagle may not waive or reduce below 50% without the prior consent of Grayd);

Agnico-Eagle having determined, acting reasonably, that no change (or any condition, event or development involving a prospective change) in the business, operations, assets, capitalization, properties, financial condition, prospects, licences, permits, rights, privileges or liabilities of Grayd or any of its subsidiaries exists or has occurred that, when considered either individually or in the aggregate, constitutes a Material Adverse Effect in respect of Grayd; and

there not having occurred, developed or come into effect or existence any effect, action, state, condition or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which, in the opinion of Agnico-Eagle, acting reasonably, materially adversely affects and will continue to materially adversely affect the financial markets in Canada or the United States.

See Section 4 of the Offer, "Conditions of the Offer".

Take-Up of and Payment for Deposited Shares

If all of the conditions referred to in Section 4 of the Offer, "Conditions of the Offer", have been satisfied or waived by Agnico-Eagle at or prior to the Expiry Time, Agnico-Eagle will take up Shares validly deposited under the Offer and not withdrawn not later than ten days after the Expiry Time. Any Shares taken up will be paid for as soon as reasonably practicable, and in any event not later than three business days following the time at which it becomes entitled to take up Shares under the Offer pursuant to applicable Laws. See Section 6 of the Offer, "Take-Up of and Payment for Deposited Shares".

Withdrawal of Deposited Shares

Shares deposited under the Offer may be withdrawn by or on behalf of the depositing Shareholder at any time before the Shares have been taken up by Agnico-Eagle under the Offer and in the other circumstances described in Section 8 of the Offer, "Withdrawal of Deposited Shares". Except as so indicated or as otherwise required by applicable Laws, deposits of Shares are irrevocable.

Acquisition of Shares Not Deposited

If, within four months after the date of the Offer, the Offer has been accepted by Shareholders holding not less than 90% of the outstanding Shares as at the Expiry Time, excluding Shares held at the date of the Offer by or on behalf of Agnico-Eagle, or an affiliate or an associate of Agnico-Eagle, Agnico-Eagle has agreed in the Acquisition Agreement that it will, to the extent possible, acquire the remainder of the Shares from those Shareholders who have not accepted the Offer, pursuant to a Compulsory Acquisition under Section 300 of the BCBCA.

If a Compulsory Acquisition is not available or will not result in Agnico-Eagle acquiring all Shares issuable on exercise, exchange or conversion of all Options and Warrants, Agnico-Eagle has agreed to use its commercially reasonable best efforts to acquire the remaining Shares not tendered to the Offer as soon as practicable, including by way of a Subsequent Acquisition Transaction for consideration at least equivalent in value to the consideration paid pursuant to the Offer. Grayd has agreed that, in the event Agnico-Eagle takes up and pays for Shares tendered under the Offer representing at least 66²/₃% of the outstanding Shares (calculated on a fully-diluted basis as at the Expiry Time), it will assist Agnico-Eagle in connection with any Subsequent Acquisition Transaction to acquire the remaining Shares, provided that the consideration offered in connection with the Subsequent Acquisition Transaction is at least equivalent in value to the consideration offered under the Offer.

Shareholders who do not deposit their Shares under the Offer will not be entitled to any right of dissent or appraisal in connection with the Offer. However, Shareholders who do not deposit their Shares under the Offer may have certain rights of dissent in the event Agnico-Eagle acquires at least 90% of the issued and outstanding Shares or acquires such Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction.

See Section 10 of the Circular, "Acquisition of Shares Not Deposited".

Stock Exchange Listing

The Shares are listed on the TSX-V under the trading symbol "GYD". See Section 3 of the Circular, "Certain Information Concerning Securities of Grayd Shares". If permitted by applicable Laws, Agnico-Eagle intends to cause Grayd to apply to delist the Shares from the TSX-V as soon as practicable after completion of the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction. See Section 16 of the Circular, "Effect of the Offer on the Market for and Listing of Shares and Status as a Reporting Issuer".

The TSX has conditionally approved the listing of the Agnico-Eagle Shares to be issued in connection with the Offer, subject to Agnico-Eagle fulfilling all of the requirements of the TSX within one business day of the take-up and payment for Shares under the Offer. Agnico-Eagle will apply to list the Agnico-Eagle Shares issuable under the Offer on the NYSE. See Section 23 of the Circular, "Stock Exchange Listing Application".

Canadian Federal Income Tax Considerations

A Resident Shareholder who holds Shares as capital property and who disposes of such Shares to Agnico-Eagle under the Offer (unless the Resident Shareholder enters into a joint election with Agnico-Eagle to obtain a full or partial tax-deferred rollover when available as described in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations Residents of Canada Disposition of Shares Under the Offer Exchange of Shares for Cash and Agnico-Eagle Shares Tax-Deferred Rollover Under the Tax Act") generally will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate adjusted cost base of the Shares to the Resident Shareholder and any reasonable costs of disposition.

An Eligible Holder who disposes of Shares under the Offer pursuant to the Share Option and who further elects the Rollover Option in the Letter of Transmittal may, depending upon the circumstances, obtain a full or partial tax-deferred rollover in respect of a disposition of Shares by entering into a joint election with Agnico-Eagle and filing such election with the CRA (and any appropriate provincial tax authority) under section 85 of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation) specifying therein an elected amount in accordance with certain limitations provided for in the Tax Act (and in any applicable provincial legislation).

A Non-Resident Shareholder generally will not be subject to Canadian income tax under the Tax Act on any capital gain realized on the disposition of Shares to Agnico-Eagle under the Offer unless those Shares constitute "taxable Canadian property" within the meaning of the Tax Act and the gain is not otherwise exempt from tax under the Tax Act pursuant to an exemption contained in an applicable income tax treaty or convention.

Depending on the manner and circumstances in which a Subsequent Acquisition Transaction is undertaken, the tax consequences to a Shareholder of a disposition of Shares pursuant to a Subsequent Acquisition Transaction could differ from the tax consequences to such Shareholder of a disposition of Shares under the Offer. In the case of a Non-Resident Shareholder, a portion of the consideration received on the disposition of Shares pursuant to a Subsequent Acquisition Transaction could be subject to Canadian withholding tax.

The foregoing is a very brief summary of certain Canadian federal income tax consequences and is qualified by the more detailed general description of Canadian federal income tax considerations in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations". Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Shares pursuant to the Offer, a Compulsory Acquisition, a Compelled Acquisition or a Subsequent Acquisition Transaction. Holders of Options and Warrants should consult their own tax advisors having regard to their personal circumstances.

United States Federal Income Tax Considerations

Subject to the rules regarding passive foreign investment companies, or PFICs, Shareholders who are residents or citizens of the United States for U.S. federal income tax purposes, who hold Shares as capital assets, and who dispose of Shares under the Offer generally will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the disposition (other than amounts, if any, received by a Dissenting Offeree that are or are deemed to be interest for U.S. federal income tax purposes, which will be treated as ordinary income) and the U.S. Shareholder's adjusted tax basis in the Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Shareholder's holding period in the Shares exceeds one year. In the event that Grayd has been a PFIC for U.S. federal income tax purposes during the Shareholder's holding period in the Shares, unless the Shareholder has timely filed certain elections, any recognized gain generally must be allocated ratably to each day the Shareholder has held the Shares, with amounts allocated to the current taxable year and to any taxable year prior to the first taxable year in which Grayd was a PFIC taxable as ordinary income rather than capital gain, and amounts allocable to each other year, beginning with the first year during which Grayd was a PFIC, taxable as ordinary income at the highest rate in effect for that year and subject to an interest charge at the rates applicable to deficiencies for income tax for those periods.

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Backup withholding and information reporting may also apply to U.S. Shareholders participating in the Offer.

The foregoing is a very brief summary of certain U.S. federal income tax consequences and is qualified by the summary of the principal U.S. federal income tax considerations generally applicable to U.S. Shareholders in Section 21 of the Circular, "Certain United States Federal Income Tax Considerations". Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Shares pursuant to the Offer, a Compulsory Acquisition, a Compelled Acquisition or a Subsequent Acquisition Transaction. Holders of Options and Warrants should consult their own tax advisors having regard to their own personal circumstances.

Risk Factors

An investment in Agnico-Eagle Shares and the integration of the operations and businesses of Agnico-Eagle and Grayd are subject to certain risks and uncertainties. In assessing the Offer, Shareholders should carefully consider the risks and uncertainties identified in Section 18 of the Circular, "Risk Factors".

Depositary and Information Agent

Computershare Trust Company of Canada has been retained by Agnico-Eagle to act as the Depositary to receive deposits of certificates representing Shares and accompanying Letters of Transmittal deposited under the Offer at its office in Toronto, Ontario specified in the Letter of Transmittal. In addition, the Depositary will receive Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. The Depositary will also be responsible for giving certain notices, if required, and for making payment for all Shares purchased by Agnico-Eagle under the Offer. The Depositary can be contacted at 1-800-564-6253 toll free or by e-mail at corporateactions@computershare.com.

Kingsdale Shareholder Services Inc. has been retained by Agnico-Eagle to act as the Information Agent to provide a resource for information for Shareholders in connection with the Offer. The Information Agent can be contacted at 1-800-749-9197 toll free in North America or 416-867-2272 outside North America or by e-mail at contactus@kingsdaleshareholder.com.

The Depositary and the Information Agent will each receive reasonable and customary compensation from Agnico-Eagle for services in connection with the Offer and will be reimbursed for certain out-of-pocket expenses. Further contact details for the Depositary and the Information Agent are provided on the back cover of this document.

See Section 22 of the Circular, "Other Matters Related to the Offer".

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depositary.

Financial Advisor

TD Securities has been retained to act as financial advisor to Agnico-Eagle with respect to the Offer. Agnico-Eagle reserves the right to form a Soliciting Dealer Group to solicit acceptances of the Offer from persons resident in Canada. If Agnico-Eagle makes use of the services of a Soliciting Dealer, Agnico-Eagle may pay such Soliciting Dealer a fee customary for such services for each Share deposited and taken up by Agnico-Eagle under the Offer (other than Shares held by a member of a Soliciting Dealer Group for its own account). Agnico-Eagle may require Soliciting Dealers to furnish evidence of the beneficial ownership satisfactory to it at the time of deposit. See Section 22 of the Circular, "Other Matters Related to the Offer – Financial Advisor and Soliciting Dealer Group".

SELECTED HISTORICAL FINANCIAL INFORMATION OF AGNICO-EAGLE

The following tables contain certain historical financial information of Agnico-Eagle from (a) Agnico-Eagle's audited consolidated financial statements as at December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 filed on SEDAR on March 28, 2011 and (b) Agnico-Eagle's unaudited interim consolidated financial statements as at June 30, 2011 and for the three and six months ended June 30, 2011 and 2010 filed on SEDAR on August 12, 2011, each incorporated by reference herein. Please see these documents for the full financial statements, including the notes thereto, for these periods.

	Years Ended December 31,		Six Months Ended June 30,	
	2010	2009	2011	2010
in thousands of U.S. dollars (except per share data) and on a U.S. GAAP basis				
Consolidated Income Statement Data:				
Revenues from mining operations	US\$ 1,422,521	US\$ 613,762	US\$ 845,759	US\$ 585,039
Production costs	677,472	306,318	411,321	284,800
Exploration and corporate development	54,958	36,279	34,267	20,459
Amortization	192,486	72,461	121,164	74,506
General and administrative	94,327	63,687	59,274	51,670
Loss (gain) on derivative financial instruments	(7,612)	(3,592)	(2,332)	(7,162)
Provincial capital tax	(6,075)	5,014		155
Interest	49,493	8,448	27,997	19,813
Interest and sundry income	(10,254)	(12,580)	(24)	(153)
Gain on acquisition of Comaplex Minerals Corp., net of transaction costs	(57,526)			
Gain on sale of available-for-sale securities	(19,487)	(10,142)	(4,814)	(346)
Foreign exchange (gain) loss	19,536	39,831	16,778	(8,526)
Income before income and mining taxes	435,203	108,038	182,128	149,823
Income and mining taxes	103,087	21,500	68,039	27,131
Net income for the period	US\$332,116	US\$86,538	US\$114,089	US\$122,692
Net income per share basic	US\$2.05	US\$0.55	US\$0.68	US\$0.78
Net income per share diluted	US\$2.00	US\$0.55	US\$0.66	US\$0.77

	As at December 31,		As at June 30,	
	2010	2009	2011	
in thousands of U.S. dollars and on a U.S. GAAP basis				
Consolidated Balance Sheet Data:				
Mining properties (net)	US\$ 4,564,563	US\$ 3,581,798	US\$ 4,647,580	
Total assets	5,500,351	4,247,357	5,641,656	
Long-term debt	650,000	715,000	600,000	
Reclamation provision and other liabilities	145,536	96,255	150,033	
Common shares	3,078,217	2,378,759	3,102,141	
Shareholders' equity	US\$ 3,665,450	US\$ 2,751,761	US\$ 3,826,984	

GLOSSARY

This Glossary forms part of the Offer. In the accompanying summary, Offer, Circular, Letter of Transmittal and Notice of Guaranteed Delivery, unless the subject matter or context is inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations thereof shall have the corresponding meanings:

"**Acquisition Agreement**" means the acquisition agreement dated September 19, 2011 between Agnico-Eagle and Grayd, as amended from time to time;

"**Acquisition Proposal**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – No Solicitation Covenant";

"**affiliate**" has the meaning ascribed thereto in the OSA;

"**Agent's Message**" has the meaning ascribed thereto in Section 3 of the Offer, "Manner of Acceptance – Acceptance by Book-Entry Transfer";

"**Agnico-Eagle**" means Agnico-Eagle Mines Limited, a corporation incorporated under the laws of the Province of Ontario;

"**Agnico-Eagle Credit Facility**" means the US\$1.2 billion amended and restated unsecured revolving bank credit facility entered into on June 22, 2010, as further amended and restated on July 27, 2011, between Agnico-Eagle, as borrower, and the following financial institutions as lenders: The Bank of Nova Scotia; The Toronto-Dominion Bank; Bank of Montreal; Canadian Imperial Bank of Commerce; Royal Bank of Canada; Export Development Canada; Bank of America, N.A., Canada Branch; Commonwealth Bank of Australia; Barclays Bank PLC; National Bank of Canada; HSBC Bank Canada; Citibank, N.A. Canadian Branch; and Credit Suisse AG, Toronto Branch;

"**Agnico-Eagle Shares**" means the common shares of Agnico-Eagle, and "**Agnico-Eagle Share**" means one common share of Agnico-Eagle;

"**Agnico-Eagle Termination Event**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – Termination of the Acquisition Agreement";

"**Agnico-Eagle Warrants**" has the meaning ascribed thereto in Section 17 of the Circular, "Certain Information Concerning the Securities of Agnico-Eagle – Agnico-Eagle Warrants";

"**allowable capital loss**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses";

"**associate**" has the meaning ascribed thereto in the OSA;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended;

"**Book-Entry Confirmation**" means confirmation of a book-entry transfer of a Shareholder's Shares into the Depository's account at CDS and/or DTC, as applicable;

"**business combination**" has the meaning ascribed thereto in MI 61-101;

"**business day**" means, unless otherwise specified herein, a day, other than a Saturday or a Sunday, on which the principal commercial banks located in Toronto, Ontario and Vancouver, British Columbia are open for the conduct of business;

"**Cash Electing Shareholder**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer – Pro Rationing";

"**Cash Option**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer";

"**CDS**" means CDS Clearing and Depository Services Inc., or its nominee, which at the date hereof is CDS & Co.;

"**CDSX**" means the CDS on-line tendering system pursuant to which book-entry transfers may be effected;

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"**Change of Control Time**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement Termination of the Acquisition Agreement";

"**Circular**" means the take-over bid circular accompanying and forming part of the Offer;

"**Code**" has the meaning given to it in Section 21 of the Circular, "Certain United States Federal Income Tax Considerations";

"**Compelled Acquisition**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited Compelled Acquisition";

"**Compulsory Acquisition**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited Compulsory Acquisition";

"**Confidentiality Agreement**" means the confidentiality agreement dated February 4, 2011 between Grayd and Agnico-Eagle;

"**Convention**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations Non-Residents of Canada Disposition of Shares Pursuant to a Subsequent Acquisition Transaction";

"**Court**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited Compulsory Acquisition";

"**CRA**" means the Canada Revenue Agency;

"**Credit Agreement**" means the credit agreement entered into by Agnico-Eagle and Grayd on September 19, 2011, pursuant to which Agnico-Eagle agreed to make available to Grayd a non-revolving term loan of \$5 million on a senior unsecured basis with a maturity date of August 13, 2012;

"**Davies**" means Davies Ward Phillips & Vineberg LLP, counsel to Agnico-Eagle;

"**De Minimis Exemption**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited Subsequent Acquisition Transaction";

"**Depository**" means Computershare Trust Company of Canada;

"**Deposited Shares**" has the meaning ascribed thereto in Section 3 of the Offer, "Manner of Acceptance Dividends and Distributions";

"**Desjardins**" means Desjardins Securities Inc., financial advisor to the Special Committee;

"**Directors' Circular**" means the directors' circular of the Grayd Board dated October 13, 2011 recommending that Shareholders accept the Offer;

"**Dissenting Offeree**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited Compulsory Acquisition";

"**Distributions**" has the meaning ascribed thereto in Section 3 of the Offer, "Manner of Acceptance Dividends and Distributions";

"**DTC**" means The Depository Trust Company or its nominee;

"**Effective Time**" has the meaning ascribed thereto in Section 3 of the Offer, "Manner of Acceptance Power of Attorney";

"**Elected Amount**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations Residents of Canada Disposition of Shares Under the Offer Exchange of Shares for Cash and Agnico-Eagle Shares Tax Deferred Rollover Under the Tax Act";

"**Eligible Holder**" means a Shareholder who is (a) a resident of Canada for the purposes of the Tax Act and who is not exempt from tax on income under the Tax Act, or (b) a non-resident of Canada for the purposes of the Tax Act whose Shares are "taxable Canadian property" (as defined by the Tax Act) to such Shareholder and who is not exempt from Canadian tax in respect of any gain such Shareholder would realize on a disposition of Shares

by reason of an exemption contained in the Tax Act or an applicable income tax treaty or convention, or (c) a partnership if one or more members of the partnership are described in (a) or (b);

"Eligible Institution" means a Canadian schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP);

"Expense Reimbursement Amount" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – Termination of the Acquisition Agreement";

"Expiry Time" means 5:00 p.m. (Toronto time) on November 18, 2011, or such later time or times and date or dates as may be fixed by Agnico-Eagle from time to time pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer", unless the Offer is withdrawn by Agnico-Eagle;

"fully-diluted basis" means, with respect to the number of outstanding Shares at any time, the number of Shares that would be outstanding if all Options and Warrants were exercised or exchanged for or converted into Shares, whether such Options and Warrants are vested or unvested and notwithstanding any restriction, limitation or other condition on their exercise, exchange or conversion at such time;

"Governmental Entity" means any: (a) multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or political subdivision thereof, any central bank (or similar monetary or regulatory authority), taxing authority, ministry, department or agency of any of the foregoing; (b) self-regulatory organization or stock exchange; (c) entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and (d) corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies pursuant to the foregoing;

"Grayd" means Grayd Resource Corporation, a corporation existing under the laws of the Province of British Columbia, including, if the context so requires, its affiliates;

"Grayd Board" means the board of directors of Grayd;

"Grayd Mexico" means Resource Grayd de Mexico, S.A. de C.V., a subsidiary of Grayd;

"Grayd Mexico Share Transfer Agreement" means the share transfer agreement dated September 19, 2011 between Francisco Heiras Mancera and Agnico-Eagle;

"Grayd Termination Event" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – Termination of the Acquisition Agreement";

"Guarantee" has the meaning ascribed thereto in Section 8 of the Circular, "Credit Agreement";

"Information Agent" means Kingsdale Shareholder Services Inc.;

"Independent Committee Exemption" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited – Subsequent Acquisition Transaction";

"insider" has the meaning ascribed thereto in the OSA;

"IRS" has the meaning ascribed thereto in Section 21 of the Circular, "Certain United States Federal Income Tax Considerations";

"Laws" means any applicable laws, including international, national, provincial, state, municipal and local laws (including common law), treaties, statutes, ordinances, judgments, decrees, injunctions, writs, certificates and orders, by-laws, rules, regulations, ordinances or other requirements of any Governmental Entity having the force of law and the term "applicable" with respect to such Laws and in a context that refers to one or more persons, means such Laws as are applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"Letter of Intent" means the letter agreement dated August 12, 2011 between Grayd and Agnico-Eagle;

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"**Letter of Transmittal**" means, with respect to the Offer, the letter of transmittal in the form accompanying the Offer and Circular (printed on YELLOW paper) and, with respect to a Compulsory Acquisition or a Subsequent Acquisition Transaction, the letter of transmittal accompanying the Offeror's Notice delivered in connection with such transaction;

"**Lock-Up Agreements**" means the lock-up agreements dated September 19, 2011 between Agnico-Eagle and each of the Locked-Up Shareholders, as amended from time to time;

"**Locked-Up Shareholders**" means, collectively, the directors and officers of Grayd, beneficially owning in aggregate Shares representing approximately 8.0% of the Shares on a fully-diluted basis, and "**Locked-Up Shareholder**" means any one of the Locked-Up Shareholders;

"**Match Period**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – No Solicitation Covenant";

"**Material Adverse Effect**" means, in respect of a person, any effect that is, or could reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), prospects, liabilities (whether absolute, accrued, conditional or otherwise), operations or results of operations of such person and its subsidiaries taken as a whole, other than any effect:

- (a) relating to the economy, political conditions or securities markets in general in the jurisdictions in which such person has material operations;
- (b) affecting the gold mining industry in general;
- (c) relating to a change in the market trading price of shares of that person, either:
 - (i) related to the Acquisition Agreement and the Offer or the announcement of thereof, or
 - (ii) related to such a change in the market trading price primarily resulting from a change, effect, event or occurrence excluded from this definition of Material Adverse Effect referred to in clause (a), (b) or (d); or
- (d) relating to any generally applicable change in applicable Laws (other than orders, judgments or decrees against such person or any of its subsidiaries) or in accounting principles or standards applicable to that person;

provided, however, that the effect referred to in clause (a), (b) or (d) above does not primarily relate only to (or have the effect of primarily relating only to) such person and its subsidiaries, taken as a whole, or disproportionately adversely affect such person and its subsidiaries, taken as a whole, compared to other companies of similar size operating in the industry in which it and its subsidiaries operate;

"**material fact**" has the meaning ascribed thereto in the OSA;

"**Maximum Cash Consideration**" means the result obtained when the product of \$2.80 multiplied by the aggregate number of Shares outstanding on a fully-diluted basis is multiplied by 1/3, and is approximately \$92 million based on the aggregate number of Shares outstanding as at the date of the Offer on a fully-diluted basis;

"**Maximum Share Consideration**" means that number of Agnico-Eagle Shares that is equal to (i) 0.04112, multiplied by (ii) the aggregate number of Shares outstanding on a fully-diluted basis, multiplied by (iii) 2/3, and is approximately 2.7 million Agnico-Eagle Shares based on the aggregate number of Shares outstanding as at the date of the Offer on a fully-diluted basis;

"**Maximum Take-Up Date Cash Consideration**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer – Pro Rationing";

"**Maximum Take-Up Date Share Consideration**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer – Pro Rationing";

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time;

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"**MI 62-104**" means Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, as amended or replaced from time to time;

"**Minimum Tender Condition**" has the meaning ascribed thereto in Section 4 of the Offer, "Conditions of the Offer";

"**NI 43-101**" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

"**Non-Resident Shareholder**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations Non-Residents of Canada";

"**Notice of Guaranteed Delivery**" means the notice of guaranteed delivery in the form accompanying the Offer and Circular (printed on PINK paper);

"**Number of Delivered Agnico-Eagle Shares**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer Pro Rationing";

"**NYSE**" means the New York Stock Exchange;

"**Offer**" means the offer to purchase Shares made hereby to the Shareholders pursuant to the terms set forth herein and subject to the conditions set out herein;

"**Offeror's Notice**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited Compulsory Acquisition";

"**Option Plan**" means the Amended Stock Option Plan of Grayd, as amended effective January 25, 2006, January 23, 2008, February 2, 2010, January 1, 2011 and September 30, 2011 pursuant to resolutions of the Grayd Board, and last ratified by the Shareholders on February 2, 2011;

"**Options**" means the options issued by Grayd pursuant to the Option Plan;

"**OSA**" means the *Securities Act* (Ontario), as amended from time to time;

"**OSC Rule 62-504**" means Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids*, as amended or replaced from time to time;

"**Outside Date Termination Event**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement";

"**person**" means an individual, general partnership, limited partnership, corporation, company, limited liability company, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, other legal representative and any other form of entity or organization;

"**PFIC**" has the meaning ascribed thereto in Section 21 of the Circular, "Certain United States Federal Income Tax Considerations Potential Treatment of Grayd as a PFIC";

"**Purchase Price**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer";

"**Purchased Shares**" has the meaning ascribed thereto in Section 3 of the Offer, "Manner of Acceptance Power of Attorney";

"**QEF**" has the meaning ascribed thereto in Section 21 of the Circular, "Certain United States Federal Income Tax Considerations Potential Treatment of Grayd as a PFIC";

"**Regulations**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"**Representative**" means, in respect of a person, its subsidiaries and its affiliates and its and their directors, officers, employees, agents and representatives (including any financial, legal or other advisors);

"**Resident Shareholder**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations Residents of Canada";

"Rollover Option" means the option of a Shareholder to deposit Shares to Agnico-Eagle on a full or partial tax-deferred rollover basis for purposes of the Tax Act pursuant to an election under subsection 85(1) or (2) of

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the Tax Act (or the corresponding provisions of any applicable provincial tax legislation), as described in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations", which option is available to a Shareholder who (a) is an Eligible Holder, (b) has elected the Share Option in the Letter of Transmittal, and (c) has elected the "Rollover Option" in the Letter of Transmittal;

"**SEC**" means the United States Securities and Exchange Commission;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval on the Canadian Securities Administrators' website at www.sedar.com;

"**Share Electing Shareholder**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer – Pro Rationing";

"**Share Option**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer";

"**Share Option Cash Payment Amount**" has the meaning ascribed thereto in Section 1 of the Offer, "The Offer – Pro Rationing";

"**Shareholders**" means holders of Shares;

"**Shares**" means the issued and outstanding common shares of Grayd, including common shares that may become issued and outstanding after the date of the Offer upon the exercise, exchange or conversion of Options or Warrants, and "**Share**" means any one common share of Grayd;

"**Soliciting Dealer**" has the meaning ascribed thereto in Section 22 of the Circular, "Other Matters Related to the Offer – Financial Advisor and Soliciting Dealer Group";

"**Soliciting Dealer Group**" has the meaning ascribed thereto in Section 22 of the Circular, "Other Matters Related to the Offer – Financial Advisor and Soliciting Dealer Group";

"**Special Committee**" means the special committee of the Grayd Board comprised of Troy J. Fierro (chair), John E. Robins and Bradley J. Blacketer;

"**Subsequent Acquisition Transaction**" has the meaning ascribed thereto in Section 10 of the Circular, "Acquisition of Shares Not Deposited – Subsequent Acquisition Transaction";

"**subsidiary**" means, with respect to a person, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such person and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a subsidiary;

"**Superior Proposal**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – Ability of Grayd to Accept a Superior Proposal and Agnico-Eagle's Right to Match";

"**Superior Proposal Notice**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement – Ability of Grayd to Accept a Superior Proposal and Agnico-Eagle's Right to Match";

"**take up**", in reference to Shares, means to accept such Shares for payment by giving written notice of such acceptance to the Depositary and "**take-up**", "**taking up**" and "**taken up**" have corresponding meanings;

"**Take-Up Date**" means any date on which Agnico-Eagle takes up and pays for Shares pursuant to the Offer or acquires Shares pursuant to a Compulsory Acquisition Transaction or a Subsequent Acquisition Transaction;

"**Tax Act**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"**Tax Proposals**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"**taxable capital gain**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses";

"**TD Securities**" means TD Securities Inc., financial advisor to Agnico-Eagle;

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"**Termination Payment**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement - Termination Payment";

"**Termination Payment Event**" has the meaning ascribed thereto in Section 6 of the Circular, "Acquisition Agreement - Termination Payment";

"**TFSA**" has the meaning ascribed thereto in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations - Residents of Canada - Eligibility of Agnico-Eagle Shares for Investment";

"**Treasury Regulations**" means Regulations of the United States Department of the Treasury and/or the United States Internal Revenue Service promulgated under or in respect of the Code;

"**TSX**" means the Toronto Stock Exchange;

"**TSX-V**" means the TSX Venture Exchange;

"**U.S. GAAP**" means United States generally accepted accounting principles;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

"**U.S. Shareholder**" has the meaning ascribed thereto in Section 21 of the Circular, "Certain United States Federal Income Tax Considerations"; and

"**Warrants**" means, collectively, the share purchase warrants issued by Grayd to Canaccord Genuity Corp., Penson Financial Services in trust for Macquarie Capital Markets Canada Ltd. and Desjardins in connection with a financing completed on November 17, 2010 and expiring on May 17, 2012 with an exercise price of \$1.25 per Share relating to rights to purchase an aggregate of 168,000 Shares.

OFFER

The accompanying Circular, which is incorporated into and forms part of the Offer, contains important information that should be read carefully before making a decision with respect to the Offer. Unless the context otherwise requires, capitalized terms used but not defined in the Offer have the respective meanings set out in the accompanying Glossary.

October 13, 2011

TO: THE HOLDERS OF SHARES OF GRAYD

1. The Offer

Agnico-Eagle is offering, upon and subject to the terms and conditions of the Offer, to purchase all of the issued and outstanding Shares, including all Shares issued after the date hereof but before the Expiry Time upon the exercise, exchange or conversion of any Options or Warrants, for a purchase price (the "**Purchase Price**") of, at the election of the Shareholder, either:

- (a) \$2.80 in cash for each Share (the "**Cash Option**"); or
- (b) 0.04039 of an Agnico-Eagle Share and \$0.05 in cash for each Share (the "**Share Option**"),

in each case subject to pro ration as set forth below.

The Offer represents a premium of 65.7% to the volume weighted average price of the Shares on the TSX-V for the 20-day period ended September 16, 2011, the last trading day prior to the announcement of Agnico-Eagle's intention to make the Offer.

The obligation of Agnico-Eagle to take up and pay for Shares pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer, "Conditions of the Offer".

All cash payable under the Offer will be paid in Canadian dollars.

The Offer is being made only for Shares and is not made for any Options or Warrants. Any holder of Options or Warrants who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable Laws, exercise, exchange or convert such Options or Warrants in order to obtain certificates representing Shares and deposit those Shares in accordance with the terms of the Offer. Any such exercise, exchange or conversion must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Options or Warrants will have the certificates representing the Shares received on such exercise, exchange or conversion available for deposit prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 3 of the Offer, "Manner of Acceptance Procedure for Guaranteed Delivery".

Election of Cash Option or Share Option

Each Shareholder wishing to accept the Offer may elect, in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable, the Cash Option or the Share Option with respect to all of such Shareholder's Shares or may apportion such Shareholder's Shares between such consideration alternatives. A Shareholder who fails to elect the Cash Option or the Share Option in the Letter of Transmittal or Notice of Guaranteed Delivery, as applicable, will be deemed to have elected the Cash Option for all of such Shareholder's Shares deposited under the Offer.

If a Shareholder apportions its Shares between the Cash Option and the Share Option and the number of Shares subject to such Shareholder's elections exceeds the number of Shares deposited under the Offer by such Shareholder, then the number of Shares in respect of which the Shareholder has elected the Share Option will be reduced such that the number of Shares in respect of which the Shareholder has made elections equals the number of Shares deposited under the Offer by such Shareholder. If a Shareholder apportions its Shares between the Cash Option and the Share Option and the number of Shares subject to such Shareholder's elections is less than the number of Shares deposited under the Offer by such Shareholder, then the Shareholder

will be deemed to have elected the Cash Option in respect of that number of Shares in respect of which the Shareholder failed to make a consideration election.

The maximum amount of cash payable by Agnico-Eagle under the Offer is approximately \$92 million and the maximum number of Agnico-Eagle Shares issuable pursuant to the Offer is approximately 2.7 million Agnico-Eagle Shares (based on the number of Shares outstanding on a fully-diluted basis as at September 19, 2011).

Pro Rationing

The Maximum Cash Consideration and the Maximum Share Consideration will be pro rated on each Take-Up Date as necessary to ensure that the total aggregate consideration payable under the Offer and in any Compulsory Acquisition or Subsequent Acquisition Transaction does not exceed the Maximum Cash Consideration and the Maximum Share Consideration. Accordingly:

- (a) the aggregate amount of cash that Agnico-Eagle will pay as consideration for Shares pursuant to the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction on any Take-Up Date shall not exceed the Maximum Cash Consideration multiplied by a fraction, the numerator of which is the number of Shares to be taken up on such Take-Up Date and the denominator of which is the total number of outstanding Shares not held by Agnico-Eagle on the date of the Offer, calculated on a fully-diluted basis (the "**Maximum Take-Up Date Cash Consideration**"); and
- (b) the aggregate number of Agnico-Eagle Shares that Agnico-Eagle will issue as consideration for Shares pursuant to the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction on any Take-Up Date shall not exceed the Maximum Share Consideration multiplied by a fraction, the numerator of which is the number of Shares to be taken up on such Take-Up Date and the denominator of which is the total number of outstanding Shares not held by Agnico-Eagle on the date of the Offer, calculated on a fully-diluted basis (the "**Maximum Take-Up Date Share Consideration**").

The actual consideration to be received by a Shareholder electing (or deemed to be electing) the Cash Option (a "**Cash Electing Shareholder**") and a Shareholder electing the Share Option (a "**Share Electing Shareholder**") is subject to the following:

- (a) if, on any Take-Up Date, the aggregate cash consideration that would otherwise be payable by Agnico-Eagle to Cash Electing Shareholders in respect of their Shares to be taken up on such Take-Up Date together with the \$0.05 per Share (along with Agnico-Eagle Shares) payable to Shareholders electing the Share Option in respect of Shares being taken up on that date (the "**Share Option Cash Payment Amount**") exceeds the Maximum Take-Up Date Cash Consideration, then the Maximum Take-Up Date Cash Consideration will be pro rated among the Cash Electing Shareholders such that each Cash Electing Shareholder will receive an amount equal to the amount of the cash sought by such Cash Electing Shareholder multiplied by a fraction, the numerator of which is the difference when (i) the Share Option Cash Payment Amount is subtracted from (ii) the Maximum Take-Up Date Cash Consideration, and the denominator of which is the aggregate amount of the cash consideration sought by all Cash Electing Shareholders on such Take-Up Date, and each such Cash Electing Shareholder will receive the balance of the consideration to which they are entitled in the form of a number of Agnico-Eagle Shares calculated by dividing such balance by \$68.09, rounded down to the nearest whole number (with cash paid in lieu of any fractional Agnico-Eagle Share); and
- (b) if, on any Take-Up Date, the number of Agnico-Eagle Shares that would otherwise be issuable to Share Electing Shareholders in respect of their Shares to be taken up on such Take-Up Date exceeds the Maximum Take-Up Date Share Consideration, then the Maximum Take-Up Date Share Consideration will be pro rated among the Share Electing Shareholders such that each Share Electing Shareholder will receive a number of Agnico-Eagle Shares (the "**Number of Delivered Agnico-Eagle Shares**") equal to the number of Agnico-Eagle Shares sought by such Share Electing Shareholder multiplied by a fraction (rounded to four decimal places), the numerator of which is the Maximum Take-Up Date Share Consideration and the denominator of which is the aggregate number of Agnico-Eagle Shares sought by all Share Electing Shareholders in respect of their Shares to be taken up on such Take-Up

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Date, rounded down to the nearest whole number (with cash paid in lieu of any fractional Agnico-Eagle Share) and each such Share Electing Shareholder will receive the balance of the consideration to which they are entitled in cash, calculated by subtracting (i) the product of (A) the Number of Delivered Agnico-Eagle Shares multiplied by (B) \$68.09, from (ii) the product of (A) \$2.80 multiplied by (B) the number of Shares of the Share Electing Shareholder taken up by Agnico-Eagle on such Take-Up Date, and the result thereof is rounded down to the nearest \$0.01.

For the purposes of these calculations, if any Shareholder elects (or is deemed to elect) more than one consideration alternative, such Shareholder will be considered as a separate Shareholder with respect to each consideration alternative elected.

For greater certainty: (a) if a Shareholder elects (or is deemed to elect) the Cash Option and, as a result of the pro rationing described above, receives any Agnico-Eagle Shares, such Shareholder will be deemed to have received a proportionate amount of cash and Agnico-Eagle Shares as consideration for each whole Share deposited under the Offer by such Shareholder in respect of which the Shareholder elected (or is deemed to have elected) the Cash Option; and (b) if a Shareholder elects the Share Option, such Shareholder will be deemed to have received a proportionate amount of Agnico-Eagle Shares and cash (whether \$0.05 per Share or more as a result of the pro rationing described above) as consideration for each whole Share deposited under the Offer by such Shareholder in respect of which the Shareholder elected the Share Option.

If all Shareholders deposited their Shares to the Cash Option or all Shareholders deposited their Shares to the Share Option, each Shareholder would be entitled to receive approximately \$0.93 in cash and 0.02741 of an Agnico-Eagle Share for each Share deposited, subject to adjustment for fractional shares.

No Fractional Shares

No fractional Agnico-Eagle Shares will be issued under the Offer. Any Shareholder who would otherwise be entitled to receive a fractional Agnico-Eagle Share will receive the applicable number of Agnico-Eagle Shares, rounded down to the nearest whole number, and cash in lieu of the fractional Agnico-Eagle Share. Any cash paid in lieu of any fractional Agnico-Eagle Share hereunder shall be in addition to and shall not reduce the Maximum Cash Consideration. In the event a Shareholder is entitled to receive cash in lieu of any fractional Agnico-Eagle Share, the cash payment will be equal to such fractional Agnico-Eagle Share multiplied by \$68.09.

Grayd Board Recommendation

The Grayd Board, after consultation with its financial and legal advisors and following receipt of a unanimous recommendation of the Special Committee, has unanimously determined that the Offer is in the best interests of Grayd and the Shareholders and, accordingly, has unanimously recommended the entering into of the Acquisition Agreement and unanimously recommends that Shareholders accept the Offer and tender their Shares to the Offer. For further information, see Section 6 of the Circular, "Acquisition Agreement Support of the Offer", and the accompanying Directors' Circular.

Options and Warrants

All holders of Options will be permitted to surrender their Options to Grayd for cancellation, conditional upon Agnico-Eagle taking up Shares under the Offer, in exchange for a payment by Grayd per Share issuable upon the exercise of each Option equal to the amount by which \$2.80 exceeds the exercise price of each Option payable in Shares at a value per Share of \$2.80. Agnico-Eagle will cause Grayd to file the election under subsection 110(1.1) of the Tax Act in respect of all Options surrendered to Grayd. The Option Plan was amended on September 30, 2011 to provide that all unexercised Options and the Option Plan will terminate at the Expiry Time.

In addition, if the Offer is not completed or Agnico-Eagle does not take up and pay for all Shares deposited under the Offer, holders who exercised their Options may return to Grayd all Shares issued pursuant to such exercised Options that are not taken up and paid for by Agnico-Eagle, and such Options will be reinstated as if they had not been exercised.

Grayd entered into agreements with each holder of outstanding Warrants on September 30, 2011, pursuant to which either: (i) such holder agreed to exercise its Warrants and tender the Shares received on exercise to the Offer; or (ii) the Warrants were amended to provide that such holder may exercise its Warrants and cause the Shares issued on such exercise to be deposited in accordance with the Offer, conditional upon Agnico-Eagle taking up Shares under the Offer, and that all unexercised Warrants will terminate at the Expiry Time.

Rollover Election

Shareholders who are Eligible Holders and who elect the Share Option, and who further elect the Rollover Option in the Letter of Transmittal, may, depending on the circumstances, make the necessary joint tax election with Agnico-Eagle to obtain a full or partial tax-deferred rollover for Canadian federal income tax purposes. See Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations".

Right of Dissent

Shareholders who do not deposit their Shares under the Offer will not be entitled to any right of dissent or appraisal in connection with the Offer. However, Shareholders who do not deposit their Shares under the Offer may have certain rights of dissent in the event Agnico-Eagle acquires at least 90% of the issued and outstanding Shares or acquires such Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction. See Section 10 of the Circular, "Acquisition of Shares Not Deposited".

No Offer Where Unlawful

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, Agnico-Eagle may, in Agnico-Eagle's sole discretion, take such action as Agnico-Eagle may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

Further Information

Shareholders should contact the Depositary, the Information Agent or a broker or dealer for assistance in accepting the Offer and in depositing Shares with the Depositary.

Fees and Expenses

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depositary.

Non-Registered Shareholders

Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in depositing their Shares. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

2. Time for Acceptance

The Offer is open for acceptance from the date of the Offer until 5:00 p.m. (Toronto time) on November 18, 2011, or such later time or times and date or dates as may be fixed by Agnico-Eagle from time to time pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer", unless the Offer is withdrawn by Agnico-Eagle.

3. Manner of Acceptance

Letter of Transmittal

The Offer may be accepted by delivering to the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal (printed on YELLOW paper) accompanying the Offer, so as to be received at or prior to the Expiry Time:

- (a) the certificate(s) representing the Shares in respect of which the Offer is being accepted;
- (b) a Letter of Transmittal in the form accompanying the Offer, or a manually executed facsimile thereof, properly completed and executed in accordance with the instructions set out in the Letter of Transmittal; and
- (c) all other documents required by the instructions set out in the Letter of Transmittal.

The Offer will be deemed to be accepted only if the Depositary has actually received these documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Alternatively, Shares may be deposited under the Offer in compliance with the procedures for guaranteed delivery set out below under the heading " Procedure for Guaranteed Delivery" or in compliance with the procedures for book-entry transfers set out below under the heading " Acceptance by Book-Entry Transfer".

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depositary.

In certain cases, the signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See " Letter of Transmittal Signature Guarantees" below and the instructions set out in the Letter of Transmittal.

Letter of Transmittal Signature Guarantees

No signature guarantee is required on the Letter of Transmittal if:

- (a) the Letter of Transmittal is signed by the registered owner of Shares exactly as the name of the registered holder appears on the Share certificate(s) deposited therewith, and the consideration payable under the Offer is to be delivered directly to such registered holder; or
- (b) Shares are deposited for the account of an Eligible Institution.

In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a certificate representing Shares is registered in the name of a person other than the signatory of a Letter of Transmittal or if the consideration payable under the Offer is to be delivered to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate share transfer power of attorney, in either case, signed exactly as the name of the registered holder appears on the certificate with the signature on the certificate or power of attorney guaranteed by an Eligible Institution.

Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Shares under the Offer and either (a) the certificate(s) representing the Shares is (are) not immediately available, or (b) the certificate(s) and all other required documents cannot be delivered to the Depositary at or prior to the Expiry Time, those Shares may nevertheless be deposited validly under the Offer provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution;
- (b) a Notice of Guaranteed Delivery (printed on PINK paper), in the form accompanying the Offer, properly completed and executed, or a manually executed facsimile thereof, including a guarantee of delivery by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is received by the Depositary at its office in Toronto, Ontario specified in the

Notice of Guaranteed Delivery at or prior to the Expiry Time; and

(c)

the certificate(s) representing all deposited Shares, together with a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and executed, with the signatures guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal, and all other documents required thereby, are received by the Depositary at its office specified in the Letter of Transmittal at or prior to 5:00 p.m. (Toronto time) on the third trading day on the TSX-V after the Expiry Time.

If a Shareholder delivers a Notice of Guaranteed Delivery in respect of Shares deposited with a subsequent Letter of Transmittal, the election (or deemed election) made in that Notice of Guaranteed Delivery as to the consideration to be received will supersede any election made in such subsequent Letter of Transmittal.

The Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by facsimile or mailed to the Depositary at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery. Delivery of the Notice of Guaranteed Delivery and the Letter of Transmittal and accompanying certificate(s) representing Shares and all other required documents to an address or transmission by facsimile to a facsimile number other than those specified in the Notice of Guaranteed Delivery does not constitute delivery for purposes of satisfying a guaranteed delivery.

Acceptance by Book-Entry Transfer

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Shareholder's Shares into the Depositary's account in accordance with CDS procedures for such transfer. Delivery of Shares to the Depositary by means of a book-entry transfer will constitute a valid deposit of Shares under the Offer.

Shareholders who, through their respective CDS participants, utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depositary are considered a valid deposit in accordance with the terms of the Offer.

Shareholders may also accept the Offer by following the procedures for book-entry transfer established by DTC, provided that a Book-Entry Confirmation, together with an Agent's Message (as defined below) in respect thereof, or a properly completed and executed Letter of Transmittal (including signature guarantee if required) and all other required documents, are received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary has entered into an ATOP (Automated Tender Offer Program) agreement with DTC for the purpose of the Offer. Any financial institution that is a participant in DTC may cause DTC to deliver an Agent's Message of the book-entry transfer of a Shareholder's Shares to the Depositary in accordance with DTC's procedures for such transfer. However, although delivery of Shares may be effected through book-entry transfer at DTC, either an Agent's Message in respect thereof or a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and executed (including signature guarantee if required), and all other required documents, must, in any case, be received by the Depositary at its office in Toronto, Ontario at or prior to the Expiry Time. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the Depositary. Such documents or Agent's Message should be sent to the Depositary.

The term "**Agent's Message**" means a message, transmitted by DTC to, and received by, the Depositary and forming part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgement from the participant in DTC depositing the Shares which are the subject of such Book-Entry Confirmation that such participant has received and agrees to be bound by the terms of the Letter of Transmittal as if executed by such participant and that Agnico-Eagle may enforce such agreement against such participant.

General

The Offer will be deemed to be accepted by a Shareholder only if the Depositary has actually received the requisite documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. In all cases, payment for the Shares deposited and taken up by Agnico-Eagle will be made only after timely receipt by the Depositary of: (a) the certificate(s) representing the Shares (or a Book-Entry Confirmation for the Shares, as applicable); (b) a Letter of Transmittal, or a manually executed facsimile thereof, properly completed and duly executed, covering such Shares, with the signature(s) guaranteed, if required, in accordance with the instructions set out in the Letter of Transmittal (or, in the case of Shares deposited using the procedures for book-entry transfer established by DTC, an Agent's Message); and (c) all other required documents.

The method of delivery of certificate(s) representing Shares (or a Book-Entry Confirmation, as applicable), the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing such documents. Agnico-Eagle recommends that such documents be delivered by hand to the Depositary and that a receipt be obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary at or prior to the Expiry Time. Delivery will only be effective upon actual physical receipt by the Depositary.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the deposit of Shares that are earlier than those specified above. Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact such nominee for assistance in depositing their Shares if they wish to accept the Offer.

All questions as to the validity, form, eligibility (including, without limitation, timely receipt) and acceptance of any Shares deposited under the Offer will be determined by Agnico-Eagle in its sole discretion. Depositing Shareholders agree that such determination will be final and binding. Agnico-Eagle reserves the absolute right to reject any and all deposits that it determines not to be in proper form or that may be unlawful to accept under the laws of any jurisdiction. Agnico-Eagle reserves the absolute right to waive any defects or irregularities in the deposit of any Shares. There shall be no duty or obligation of Agnico-Eagle, the Depositary, the Information Agent or any other person to give notice of any defects or irregularities in any deposit of Shares or any notice of withdrawal and no liability shall be incurred or suffered by any of them for failure to give any such notice. Agnico-Eagle's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and any other related documents will be final and binding.

Agnico-Eagle reserves the right to permit the Offer to be accepted in a manner other than that set out in this Section 3.

Under no circumstance will interest accrue or any amount be paid by Agnico-Eagle or the Depositary by reason of any delay in exchanging any Shares or in making payments for any Shares to any person on account of Shares accepted for payment under the Offer.

Dividends and Distributions

Subject to the terms and conditions of the Offer and subject, in particular, to Shares being validly withdrawn by or on behalf of a depositing Shareholder, and except as provided below, by accepting the Offer pursuant to the procedures set out herein, a Shareholder deposits, sells, assigns and transfers to Agnico-Eagle all right, title and interest in and to the Shares covered by the Letter of Transmittal or book-entry transfer (collectively, the "**Deposited Shares**") and in and to all rights and benefits arising from such Deposited Shares including, without limitation, any and all dividends, distributions, payments, securities, property, rights or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Shares or any of them on and after the date of the Offer, including, without limitation, any dividends, distributions or payments on such dividends, distributions, payments, securities, property, rights or other interests (collectively, "**Distributions**").

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If, on or after the date of the Offer, Grayd should declare, set aside or pay any dividend or other Distribution, which is or are payable or distributable to Shareholders on a record date prior to the date of transfer into the name of Agnico-Eagle or its nominee or transferee on the securities register maintained by or on behalf of Grayd in respect of Shares accepted for purchase under the Offer, then (and without prejudice to its rights under Section 4 of the Offer, "Conditions of the Offer"): (a) in the case of any such cash dividends or other Distributions that in an aggregate amount do not exceed the cash consideration per Share, the amount of the dividends or other Distributions will be received and held by the depositing Shareholder for the account of Agnico-Eagle until Agnico-Eagle pays for such Shares and the Purchase Price per Share payable by Agnico-Eagle pursuant to the Offer will be reduced by the amount of any such dividend or other Distribution; and (b) in the case of any such cash dividend or other Distribution that in an aggregate amount exceeds the cash consideration per Share payable by Agnico-Eagle pursuant to the Offer, or in the case of any non-cash dividend or other Distribution, the whole of any such dividend or other Distribution (and not simply the portion that exceeds the Purchase Price payable by Agnico-Eagle under the Offer) will be received and held by the depositing Shareholder for the account of Agnico-Eagle and will be promptly remitted and transferred by the depositing Shareholder to the Depository for the account of Agnico-Eagle, accompanied by appropriate documentation of transfer. Pending such remittance, Agnico-Eagle will be entitled to all rights and privileges as the owner of any such dividend or Distribution and may withhold the entire Purchase Price payable by Agnico-Eagle under the Offer or deduct from the consideration payable by Agnico-Eagle under the Offer the amount or value thereof, as determined by Agnico-Eagle in its sole discretion.

The declaration or payment of any such Distribution may have tax consequences not discussed in Section 20 of the Circular, "Certain Canadian Federal Income Tax Considerations", or Section 21 of the Circular, "Certain United States Federal Income Tax Considerations".

Power of Attorney

The execution of a Letter of Transmittal (or, in the case of Shares deposited by book-entry transfer, the making of a book-entry transfer) irrevocably constitutes and appoints, effective at and after the time (the "**Effective Time**") that Agnico-Eagle takes up the Deposited Shares, Agnico-Eagle, each director and officer of Agnico-Eagle and any other person designated by Agnico-Eagle in writing, as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the Deposited Shares (which Deposited Shares upon being taken up are, together with any Distributions thereon, hereinafter referred to as the "**Purchased Shares**") with respect to such Purchased Shares, with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Shareholder:

- (a) to register or record the transfer and/or cancellation of such Purchased Shares (including any Distributions to the extent consisting of securities) on the appropriate registers maintained by or on behalf of Grayd;
- (b) for so long as any such Purchased Shares are registered or recorded in the name of such Shareholder, to exercise any and all rights of such Shareholder including, without limitation, the right to vote, to execute and deliver (provided the same is not contrary to applicable Laws), as and when requested by Agnico-Eagle, any and all instruments of proxy, authorizations or consents in form and on terms satisfactory to Agnico-Eagle in respect of any or all Purchased Shares, to revoke any such instruments, authorizations or consents given prior to or after the Effective Time, and to designate in any such instruments, authorizations or consents any person or persons as the proxyholder of such Shareholder in respect of such Purchased Shares for all purposes including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournments thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Grayd;
- (c) to execute, endorse and negotiate, for and in the name of and on behalf of such Shareholder, any and all cheques or other instruments representing any Distributions payable to or to the order of, or endorsed in favour of, such Shareholder; and
- (d) to exercise any other rights of a Shareholder with respect to such Purchased Shares (including any Distributions).

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A Shareholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) revokes any and all other authority, whether as agent, attorney, attorney-in-fact, proxy or otherwise, previously conferred or agreed to be conferred by such Shareholder at any time with respect to the Deposited Shares or any Distributions. Such depositing Shareholder agrees that no subsequent authority, whether as agent, attorney, attorney-in-fact, proxy or otherwise will be granted with respect to the Deposited Shares or any Distributions by or on behalf of the depositing Shareholder unless the Deposited Shares are not taken up and paid for in accordance with the terms of the Offer or are withdrawn in accordance with Section 8 of the Offer, "Withdrawal of Deposited Shares".

A Shareholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) also agrees not to vote any of the Purchased Shares at any meeting (whether annual, special or otherwise or any adjournment(s) or postponement(s) thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction, of holders of relevant securities of Grayd and, except as may be agreed to by Agnico-Eagle in writing, not to exercise any of the other rights or privileges attached to the Purchased Shares, and agrees to execute and deliver to Agnico-Eagle any and all instruments of proxy, authorizations, consents and directions in respect of all or any of the Purchased Shares, and agrees to designate or appoint in any such instruments of proxy, authorizations, consents and directions the person or persons specified by Agnico-Eagle as the proxy or the proxy nominee or nominees of the holder of the Purchased Shares. Upon such appointment, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney-in-fact) or consents given by the holder of such Purchased Shares with respect thereto will be revoked and, except as may be agreed to by Agnico-Eagle in writing, no subsequent proxies or other authorizations, consents or directions may be given by such person with respect thereto.

Further Assurances

A Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal (including by book-entry transfer) to execute, upon request of Agnico-Eagle, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Shares to Agnico-Eagle. Each authority therein conferred or agreed to be conferred is, to the extent permitted by applicable Laws, irrevocable and may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by applicable Laws, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Shareholder.

Formation of Agreement; Shareholder's Representations and Warranties

The acceptance of the Offer pursuant to the procedures set out above constitutes a binding agreement between a depositing Shareholder and Agnico-Eagle, effective immediately following the time at which Agnico-Eagle takes up Shares deposited by such Shareholder, in accordance with the terms and conditions of the Offer and the Letter of Transmittal. This agreement includes a representation and warranty by the depositing Shareholder that: (a) the person signing the Letter of Transmittal or on whose behalf a book-entry transfer is made has full power and authority to deposit, sell, assign and transfer the Deposited Shares and all rights and benefits arising from such Deposited Shares including, without limitation, any Distributions; (b) the person signing the Letter of Transmittal or on whose behalf a book-entry transfer is made owns the Deposited Shares and any Distributions deposited under the Offer; (c) the Deposited Shares and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Shares or Distributions, to any other person; (d) the deposit of the Deposited Shares and Distributions complies with applicable Laws; and (e) when the Deposited Shares and Distributions are taken up and paid for by Agnico-Eagle, Agnico-Eagle will acquire good title thereto, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others.

4. Conditions of the Offer

Notwithstanding any other provision of the Offer and subject to applicable Laws, and in addition to (and not in limitation of) Agnico-Eagle's right to vary or change the Offer at any time prior to the Expiry Time

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pursuant to Section 5 of the Offer, "Extension, Variation or Change in the Offer", Agnico-Eagle will have the right to withdraw or terminate the Offer and not take up and pay for any Shares deposited under the Offer, and will have the right to extend the period of time during which the Offer is open for acceptance and postpone taking up and paying for, any Shares deposited under the Offer if any of the following conditions are not satisfied or waived by Agnico-Eagle at or prior to the Expiry Time:

- (a) there shall have been validly deposited under the Offer and not withdrawn at the Expiry Time such number of Shares which constitutes at least 66²/₃% of the outstanding Shares at the Expiry Time on a fully-diluted basis (the "**Minimum Tender Condition**");
- (b) the Acquisition Agreement shall not have been terminated in accordance with its terms;
- (c) Agnico-Eagle shall have determined, acting reasonably, that:
 - (i) no act, action, suit or proceeding shall have been threatened in writing or taken before or by any Governmental Entity or by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity) in Canada or elsewhere, whether or not having the force of law; and
 - (ii) no Law shall have been proposed, enacted, promulgated or applied:
 - (A) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to Agnico-Eagle of Shares, the right of Agnico-Eagle to own or exercise full rights of ownership of Shares or the consummation of a Compulsory Acquisition or a Subsequent Acquisition Transaction;
 - (B) which, if the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction were consummated, could in Agnico-Eagle's reasonable judgment constitute a Material Adverse Effect in respect of Grayd; or
 - (C) which would materially and adversely affect (i) the value of Shares to Agnico-Eagle, or (ii) the ability of Agnico-Eagle to proceed with the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction and/or taking up and paying for any Shares deposited under the Offer;
- (d) there shall not exist any prohibition at Law against Agnico-Eagle making or maintaining the Offer or taking up and paying for any Shares deposited under the Offer or completing any Compulsory Acquisition or any Subsequent Acquisition Transaction;
- (e) all government and regulatory approvals, waiting or suspensory periods, waivers, permits, consents, reviews, investigations, orders, rulings, decisions, statements of no objection and exemptions, which Agnico-Eagle shall have determined, acting reasonably, are necessary or desirable to complete the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction, shall have been obtained or concluded or, in the case of waiting or suspensory periods, expired or been terminated, each on terms and conditions satisfactory to Agnico-Eagle acting reasonably;
- (f) Agnico-Eagle shall have determined, acting reasonably, that there shall not exist or have occurred (or, if there does exist or shall have occurred prior to the commencement of the Offer, there shall not have been disclosed generally or to Agnico-Eagle in writing) any change (or any condition, event or development involving a prospective change) in the business, operations, assets, capitalization, properties, financial condition, prospects, licences, permits, rights, privileges or liabilities of Grayd or any of its subsidiaries that, when considered either individually or in the aggregate, constitutes a Material Adverse Effect in respect of Grayd;

(g)

Grayd shall have complied in all material respects with its covenants and obligations under the Acquisition Agreement to be complied with at or prior to the Expiry Time and all representations and warranties made by Grayd in the Acquisition Agreement shall be true and correct at and as of the Expiry Time in all material respects as if made at such time except for those expressly stated to speak as of an earlier time;

- (h) Agnico-Eagle shall not have become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings) in any document filed or released by or on behalf of Grayd with any securities regulatory authority in Canada or elsewhere, including any annual report, financial statements, material change report, press release and management information circular, which Agnico-Eagle shall have determined in its reasonable judgment constitutes a Material Adverse Effect in respect of Grayd;
- (i) there shall have not occurred, developed or come into effect or existence any effect, action, state, condition or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which, in the opinion of Agnico-Eagle, acting reasonably, materially adversely affects and will continue to materially adversely affect the financial markets in Canada or the United States; and
- (j) the Grayd Mexico Share Transfer Agreement shall not have been terminated.

The foregoing conditions are for the exclusive benefit of Agnico-Eagle and may be asserted by Agnico-Eagle regardless of the circumstances giving rise to any such assertion, including any action or inaction by Agnico-Eagle. Agnico-Eagle may, in its sole discretion, modify the Minimum Tender Condition or modify or waive any other term or condition of the Offer, provided that Agnico-Eagle shall not, without the prior consent of Grayd: (a) increase the Minimum Tender Condition; (b) reduce the Minimum Tender Condition to below 50% of the Shares outstanding at the Expiry Time on a fully-diluted basis; (c) waive the Minimum Tender Condition; (d) impose additional conditions to the Offer; (e) decrease the consideration per Share (except if Grayd declares a dividend or other Distribution); (f) decrease the number of Shares in respect of which the Offer is made; (g) change the amount or form of consideration payable under the Offer (except if Grayd declares a dividend or other Distribution) and/or to increase the total consideration per Share and/or add additional consideration; or (h) otherwise vary the Offer or any terms or conditions thereof (other than a waiver of a condition other than the Minimum Tender Condition), in any case in a manner that is materially adverse to the Shareholders.

Any waiver of a condition or the termination or withdrawal of the Offer will be effective upon written notice (or other communication subsequently confirmed in writing, provided that such confirmation is not a condition of the effectiveness of the notice) by Agnico-Eagle to that effect to the Depositary at its principal office in Toronto, Ontario. Forthwith after giving any such notice, Agnico-Eagle will make a public announcement of such waiver, termination or withdrawal and will cause the Depositary, if required by applicable Laws, as soon as practicable thereafter to communicate such notice to all Shareholders in the manner set forth in Section 10 of the Offer, "Notices and Delivery". If the Offer is withdrawn, Agnico-Eagle will not be obligated to take up or pay for any Shares deposited under the Offer and the Depositary will promptly return all Deposited Shares in accordance with Section 7 of the Offer, "Return of Deposited Shares".

5. Extension, Variation or Change in the Offer

The Offer is open for acceptance from the date of the Offer until the Expiry Time, subject to extension or variation in Agnico-Eagle's sole discretion, unless the Offer is withdrawn by Agnico-Eagle.

Subject to the limitations hereafter described, Agnico-Eagle reserves the right, in its sole discretion, at any time and from time to time while the Offer is open for acceptance (or at any other time if permitted by applicable Laws), to extend the Expiry Time or to vary the Offer by giving written notice (or other communication subsequently confirmed in writing, provided that such confirmation is not a condition of the effectiveness of the notice) of such extension or variation to the Depositary at its principal office in Toronto, Ontario, and by causing the Depositary, if required by applicable Laws, as soon as practicable thereafter to communicate such notice in the manner set forth in Section 10 of the Offer, "Notices and Delivery", to all registered Shareholders whose Shares have not been taken up prior to the extension or variation and to all holders of Options and Warrants. Agnico-Eagle shall, as soon as practicable after giving notice of an extension or variation to the Depositary, make a public announcement of the extension or variation to the extent and in the manner required by applicable Laws. Any notice of extension or variation will be deemed to have

been given and to be effective on the day on which it is delivered or otherwise communicated in writing to the Depositary at its principal office in Toronto, Ontario.

Agnico-Eagle may extend the Expiry Time (a) in order to contest or appeal any injunction or order made by a Governmental Entity against the take-up and/or payment for the Shares tendered to the Offer or to seek any regulatory waiver, consent or approval which is necessary to permit Agnico-Eagle to take up and pay for the Shares tendered to the Offer, by an aggregate maximum of 60 days, or (b) after having taken up all of the Shares tendered to the Offer, in order to permit other Shareholders to tender their Shares to the Offer. Agnico-Eagle shall not terminate or withdraw the Offer prior to any scheduled Expiry Time without the prior written consent of Grayd, except if the Acquisition Agreement is terminated in accordance with its terms.

Where the terms of the Offer are varied, the Offer will not expire before ten days after the notice of such variation has been given to the Shareholders, unless otherwise permitted by applicable Laws and subject to abridgement or elimination of that period pursuant to such orders or other forms of relief as may be granted by any Governmental Entity.

If, prior to the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of Agnico-Eagle or of an affiliate of Agnico-Eagle), Agnico-Eagle will promptly: (a) make a public announcement of the change in information to the extent and in the manner required by applicable Laws; and (b) give written notice of such change to the Depositary at its principal office in Toronto, Ontario, and will cause the Depositary, if required by applicable Laws, as soon as practicable thereafter, to provide notice of such change in the manner set forth in Section 10 of the Offer, "Notices and Delivery", to all Shareholders whose Shares have not been taken up under the Offer at the date of the occurrence of the change and to all holders of Options and Warrants. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Notwithstanding the foregoing, but subject to applicable Laws, the Offer may not be extended by Agnico-Eagle if all of the terms and conditions of the Offer, except those waived by Agnico-Eagle, have been fulfilled or complied with, unless Agnico-Eagle first takes up all Shares deposited under the Offer and not withdrawn.

During any extension or in the event of any variation of the Offer or change in information, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be taken up by Agnico-Eagle in accordance with the terms hereof, subject to Section 8 of the Offer, "Withdrawal of Deposited Shares". An extension of the Expiry Time, a variation of the Offer or a change in information does not, unless otherwise expressly stated, constitute a waiver by Agnico-Eagle of its rights under Section 4 of the Offer, "Conditions of the Offer".

If, prior to the Expiry Time, the consideration being offered for the Shares under the Offer is increased, such increased consideration will be paid to all depositing Shareholders whose Shares are taken up under the Offer, whether or not such Shares were taken up before the increase.

6. Take-Up of and Payment for Deposited Shares

If all of the conditions described in Section 4 of the Offer, "Conditions of the Offer", have been fulfilled or waived by Agnico-Eagle at or prior to the Expiry Time, Agnico-Eagle will take up and pay for Shares validly deposited under the Offer and not properly withdrawn as soon as reasonable practicable, and in any event not later than three business days following the time at which it becomes entitled to take up Shares under the Offer and pursuant to applicable Laws.

Agnico-Eagle will be deemed to have taken up and accepted for payment Shares validly deposited and not properly withdrawn under the Offer if, as and when Agnico-Eagle gives written notice (or other communication subsequently confirmed in writing, provided that such confirmation is not a condition to the effectiveness of the notice) to the Depositary at its principal office in Toronto, Ontario to that effect. Subject to applicable Laws, Agnico-Eagle expressly reserves the right, in its sole discretion, to delay taking up and paying for any Shares or to, on or after the initial Expiry Time, withdraw or terminate the Offer and not take up or pay for any Shares, if

any condition specified in Section 4 of the Offer, "Conditions of the Offer", is not fulfilled or waived by giving written notice thereof, or other communication confirmed in writing, to the Depositary at its principal office in Toronto, Ontario. Agnico-Eagle also expressly reserves the right, in its sole discretion, to delay taking up and paying for Shares in order to comply, in whole or in part, with any applicable Laws or governmental regulatory approval. Agnico-Eagle will not, however, take up and pay for any Shares deposited under the Offer unless it simultaneously takes up and pays for all Shares then validly deposited under the Offer and not withdrawn.

Agnico-Eagle will pay for Shares validly deposited under the Offer and not withdrawn by providing the Depositary with sufficient share certificates representing the Agnico-Eagle Shares and sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal to depositing Shareholders, subject to the maximum amounts described in Section 1 of the Offer, "The Offer Election of Cash Option or Share Option". Under no circumstances will interest accrue, or be paid by Agnico-Eagle or the Depositary to persons depositing Shares, on the Purchase Price of Shares purchased by Agnico-Eagle, regardless of any delay in making payments for Shares.

The Depositary will act as the agent of persons who have deposited Shares in acceptance of the Offer for the purposes of receiving payment from Agnico-Eagle and transmitting such payment to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Shares under the Offer.

All cash payments under the Offer will be made in Canadian dollars.

Settlement with each Shareholder who has deposited (and not withdrawn) Shares under the Offer will be made by the Depositary issuing, or causing to be issued, a cheque (except for payments in excess of \$25 million, which will be made by wire transfer, as set out in the Letter of Transmittal) payable in Canadian funds in the amount to which the person depositing Shares is entitled and, if the depositing Shareholder selects the Share Option, forwarding a share certificate representing the Agnico-Eagle Shares (or, in the case of Shares deposited by book-entry transfer, crediting the Agnico-Eagle Shares to the account at CDS or DTC, as applicable, from which such book-entry transfer was made).

Unless otherwise directed in the Letter of Transmittal, the cheque and, if applicable, the share certificate (or, in the case of Shares deposited by book-entry transfer, the credit of Agnico-Eagle Shares) will be issued in the name of the registered holder of the Shares so deposited. Unless the person depositing the Shares instructs the Depositary to hold the cheque and, if applicable, the share certificate for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque and, if applicable, the share certificate (except in the case of Shares deposited by book-entry transfer) will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal. If no such address is specified, the cheque and, if applicable, the share certificate will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of Grayd. Cheques and share certificates mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Pursuant to applicable Laws, Agnico-Eagle may, in certain circumstances, be required to make withholdings from the amount otherwise payable to a Shareholder.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depositary.

7. Return of Deposited Shares

Any Deposited Shares that are not taken up and paid for by Agnico-Eagle pursuant to the terms and conditions of the Offer for any reason will be returned, at Agnico-Eagle's expense, to the depositing Shareholder as soon as practicable after the Expiry Time or withdrawal or termination of the Offer by either: (a) sending certificates representing the Shares not purchased by first class insured mail to the address of the depositing Shareholder specified in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the securities register maintained by or on behalf of Grayd; or (b) in the case of Shares deposited by book-entry transfer, pursuant to the procedures set out in Section 3 of the Offer, "Manner of Acceptance Acceptance by Book-Entry Transfer", crediting such Shares to the account at CDS or DTC, as applicable, from which such book-entry transfer was made.

8. Withdrawal of Deposited Shares

Except as otherwise stated in this Section 8 or as otherwise required by applicable Laws, all deposits of Shares under the Offer are irrevocable. Unless otherwise required or permitted by applicable Laws, any Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Shareholder:

- (a) at any time before such Shares have been taken up by Agnico-Eagle under the Offer;
- (b) if such Shares have not been paid for by Agnico-Eagle within three business days after having been taken up; or
- (c) at any time before the expiration of ten days from the date upon which either:
 - (i) a notice of change relating to a change which has occurred in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of Agnico-Eagle or of an affiliate of Agnico-Eagle), in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer; or
 - (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for Shares where the Expiry Time is not extended for more than ten days),is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders or other forms of relief as may be granted by applicable Governmental Entities) and only if such deposited Shares have not been taken up by Agnico-Eagle at the date of the notice.

Withdrawals of Shares deposited under the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Shareholder and must be actually received by the Depositary at the place of deposit of the applicable Shares (or Notice of Guaranteed Delivery in respect thereof) within the time limits indicated above. Notices of withdrawal must (a) be made by a method, including facsimile transmission, that provides the Depositary with a written or printed copy, (b) be signed by or on behalf of the person who signed the Letter of Transmittal accompanying (or Notice of Guaranteed Delivery in respect of) the Shares which are to be withdrawn, and (c) specify such person's name, the number of Shares to be withdrawn, the name of the registered holder and the certificate number shown on each certificate representing the Shares to be withdrawn. Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions set out therein), except in the case of Shares deposited for the account of an Eligible Institution.

Alternatively, if Shares have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 3 of the Offer, "Manner of Acceptance – Acceptance by Book-Entry Transfer", any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable, to be credited with the withdrawn Shares and otherwise comply with the procedures of CDS or DTC, as applicable.

A withdrawal of Shares deposited under the Offer can only be accomplished in accordance with the foregoing procedures. The withdrawal will take effect only upon actual receipt by the Depositary of a properly completed and executed written notice of withdrawal.

Investment advisors, stockbrokers, banks, trust companies or other nominees may set deadlines for the withdrawal of Shares deposited under the Offer that are earlier than those specified above. Shareholders whose Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should contact such nominee for assistance.

All questions as to the validity (including, without limitation, timely receipt) and form of notices of withdrawal will be determined by Agnico-Eagle, in its sole discretion, and such determination will be final and binding. None of Agnico-Eagle, the Depositary or the Information Agent or any other person shall be under any duty or obligation to give notice of any defect or irregularity in any notice of withdrawal and no liability shall be incurred or suffered by any of them for failure to give such notice.

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If Agnico-Eagle extends the period of time during which the Offer is open, is delayed in taking up or paying for Shares or is unable to take up or pay for Shares for any reason, then, without prejudice to Agnico-Eagle's other rights, Shares deposited under the Offer may, subject to applicable Laws, be retained by the Depositary on behalf of Agnico-Eagle and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as set forth in this Section 8 or pursuant to applicable Laws.

Withdrawals cannot be rescinded and any Shares withdrawn will be deemed not validly deposited for the purposes of the Offer, but may be re-deposited at any subsequent time prior to the Expiry Time by following any of the procedures described in Section 3 of the Offer, "Manner of Acceptance".

In addition to the foregoing rights of withdrawal, Shareholders in the provinces and territories of Canada are entitled to one or more statutory rights of rescission, price revision or to damages in certain circumstances. See Section 26 of the Circular, "Statutory Rights".

9. Changes in Capitalization; Adjustments; Liens

If, on or after the date of the Offer, Grayd should divide, combine, reclassify, consolidate, convert or otherwise change any of the Shares or its capitalization, issue any Shares, issue, grant or sell any Options, Warrants or other securities convertible into Shares, or disclose that it has taken or intends to take any such action, then Agnico-Eagle may, in its sole discretion and without prejudice to its rights under Section 4 of the Offer, "Conditions of the Offer", make such adjustments as it considers appropriate to the Purchase Price and other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amount payable therefor) to reflect such division, combination, reclassification, consolidation, conversion, issuance, grant, sale or other change. See Section 5 of the Offer, "Extension, Variation or Change in the Offer".

Shares acquired under the Offer will be transferred by the Shareholder and acquired by Agnico-Eagle free and clear of all liens, restrictions, charges, encumbrances, claims and equities, whether or not separated from Shares.

10. Notices and Delivery

Without limiting any other lawful means of giving notice, and unless otherwise specified by applicable Laws, any notice to be given by Agnico-Eagle or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to registered Shareholders (and to registered holders of Options and Warrants) at their respective addresses as shown on the securities registers maintained by or on behalf of Grayd in respect of the Shares (or Options or Warrants, as applicable) and, unless otherwise specified by applicable Laws, will be deemed to have been received on the first business day following the date of mailing. For this purpose, "**business day**" means any day other than a Saturday, Sunday or statutory holiday in the jurisdiction to which the notice is mailed. These provisions apply notwithstanding any accidental omission to give notice to any one or more Shareholders and notwithstanding any interruption of mail services following mailing. Except as otherwise required or permitted by applicable Laws, if mail service is interrupted or delayed following mailing, Agnico-Eagle intends to make reasonable efforts to disseminate the notice by other means, such as news wire services or publication. Except as otherwise required or permitted by applicable Laws, if post offices in Canada are not open for the deposit of mail, any notice which Agnico-Eagle or the Depositary may give or cause to be given to Shareholders under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is given to the TSX-V for dissemination through its facilities or it is published once in the national edition of *The Globe and Mail* or *The National Post*, or it is given to the Canada News Wire Service for dissemination through its facilities.

The Offer and Circular and the accompanying Letter of Transmittal and Notice of Guaranteed Delivery will be mailed to registered Shareholders (and to registered holders of Options and Warrants) by first class mail, postage prepaid, or made available in such other manner as is permitted by applicable Laws and Agnico-Eagle will use its reasonable efforts to furnish such documents to investment advisors, stockbrokers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the securities registers maintained by or on behalf of Grayd in respect of the Shares or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of Shares where such listings are received.

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These securityholder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner and Agnico-Eagle or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable regulatory requirements from the intermediary holding such securities on your behalf.

Wherever the Offer calls for documents to be delivered to the Depository, such documents will not be considered delivered unless and until they have been physically received at the address of the Depository specified in the Letter of Transmittal or the Notice of Guaranteed Delivery, as applicable.

11. Mail Service Interruption

Notwithstanding the provisions of the Offer, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, share certificates, cheques and any other relevant documents will not be mailed if Agnico-Eagle determines that delivery thereof by mail may be delayed. Persons entitled to share certificates, cheques and/or any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depository to which the deposited certificate(s) representing Shares were delivered until such time as Agnico-Eagle has determined that delivery by mail will no longer be delayed. Agnico-Eagle shall provide notice of any such determination not to mail made under this Section 11 as soon as reasonably practicable after the making of such determination and such notice will be deemed to have been properly given and to have been received by Shareholders if it is given in accordance with Section 10 of the Offer, "Notices and Delivery". Notwithstanding Section 6 of the Offer, "Take-Up of and Payment for Deposited Shares", share certificates, cheques and/or any other relevant documents not mailed for the reason set forth in the first sentence of this Section 11 will be conclusively deemed to have been delivered to Shareholders on the first day upon which they are available for delivery to the depositing Shareholder at the Toronto, Ontario office of the Depository.

12. Market Purchases

Agnico-Eagle reserves the right to, and may, acquire or cause an affiliate to acquire beneficial ownership of Shares by making purchases through the facilities of the TSX-V at any time, and from time to time, prior to the Expiry Time subject to and in accordance with applicable Laws. In no event, however, will Agnico-Eagle or its affiliates make any such purchases of Shares until the third business day following the date of the Offer and Agnico-Eagle shall comply with the following requirements under Section 2.2(3) of MI 62-104 and Section 2.1 of OSC Rule 62-504 in the event it decides to make any such purchases:

- (a) such intention shall be stated in a news release issued and filed at least one business day prior to making such purchases;
- (b) the aggregate number of Shares beneficially acquired shall not exceed 5% of the outstanding Shares as of the date of the Offer, calculated in accordance with applicable Laws;
- (c) the purchases shall be made in the normal course through the facilities of the TSX-V;
- (d) Agnico-Eagle shall issue and file a news release containing the information required under applicable Laws immediately after the close of business of the TSX-V on each day on which Shares have been purchased; and
- (e) the broker involved in such trades shall provide only customary broker services and receive only customary fees or commissions, and no solicitation shall be made by Agnico-Eagle, the seller or their agents.

Purchases pursuant to Section 2.2(3) of MI 62-104 or Section 2.1 of OSC Rule 62-504 will be counted in any determination as to whether the Minimum Tender Condition has been fulfilled.

Although Agnico-Eagle has no present intention to sell Shares taken up under the Offer, Agnico-Eagle reserves the right to make or enter into arrangements, commitments or understandings at or prior to the Expiry Time to sell any of such Shares after the Expiry Time, subject to compliance with applicable Laws and to Section 2.7(2) of MI 62-104 or Section 93.4(2) of the OSA, as applicable.

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For the purposes of this Section 12, "Agnico-Eagle" includes any person acting jointly or in concert with Agnico-Eagle.

13. Other Terms of the Offer

- (a) The Offer and all contracts resulting from acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party to any agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.
- (b) Agnico-Eagle reserves the right to transfer to one or more affiliates of Agnico-Eagle the right to purchase all or any portion of the Shares deposited under the Offer, but any such transfer will not relieve Agnico-Eagle of its obligations under the Offer and will in no way prejudice the rights of persons depositing Shares to receive payment for Shares validly deposited and accepted for payment under the Offer.
- (c) No broker, dealer or other person has been authorized to give any information or make any representation other than those contained herein or in the accompanying Circular, and, if given or made, such information or representation must not be relied upon as having been authorized by Agnico-Eagle, the Depositary or the Information Agent. No broker, dealer or other person shall be deemed to be the agent of Agnico-Eagle, the Depositary or the Information Agent for the purposes of the Offer.
- (d) The provisions of the Glossary, the Summary, the Circular and the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer, including the instructions and rules contained therein, as applicable, form part of the terms and conditions of the Offer.
- (e) Agnico-Eagle, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer (including, without limitation, the satisfaction of the conditions of the Offer), the Glossary, the Summary, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares.
- (f) The Offer and Circular do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making or the acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, Agnico-Eagle may, in Agnico-Eagle's sole discretion, take such action as Agnico-Eagle may deem necessary to make the Offer in any jurisdiction and extend the Offer to Shareholders in any such jurisdiction. In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of Agnico-Eagle by brokers or dealers licensed under the Laws of such jurisdiction.

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The Offer and the accompanying Circular together constitute the take-over bid circular required under Canadian securities legislation with respect to the Offer. Shareholders are urged to refer to the accompanying Circular for additional information relating to the Offer.

Dated: October 13, 2011

AGNICO-EAGLE MINES LIMITED

by (signed) *Sean Boyd*

Sean Boyd
Vice-Chairman and Chief Executive Officer
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CIRCULAR

The following information is supplied by Agnico-Eagle with respect to the accompanying Offer dated October 13, 2011 to purchase all of the issued and outstanding Shares. The terms and conditions of the Offer, the Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Shareholders should refer to the Offer for details of the terms and conditions of the Offer, including details as to payment and withdrawal rights. Capitalized terms used in the Circular, but not otherwise defined herein, have the meanings set out in the accompanying Glossary unless the context otherwise requires.

1. Agnico-Eagle

Company Overview

Agnico-Eagle is an established Canadian-based international gold producer with mining operations in northwestern Quebec, northern Mexico, northern Finland and Nunavut and exploration activities in Canada, Europe, Latin America and the United States. Agnico-Eagle's operating history includes over three decades of continuous gold production primarily from underground operations. Since its formation on June 1, 1972, Agnico-Eagle has produced nearly 7.2 million ounces of gold.

In 2010, Agnico-Eagle produced 987,609 ounces of gold at total cash costs per ounce of US\$451 net of revenues from byproduct metals. During the nine-month period ended September 30, 2011, Agnico-Eagle produced 757,668 ounces of gold. Cash cost per ounce data for the quarter ended September 30, 2011 are not currently available; however, for the six-month period ended June 30, 2011, total cash costs per ounce were US\$548 on gold production of 491,690 ounces. As at December 31, 2010, Agnico-Eagle had proven and probable mineral reserves of approximately 21.3 million ounces, of which nearly 19.5 million ounces were probable mineral reserves.

Agnico-Eagle's strategy is to focus on the continued exploration, development and expansion of its properties, all of which are located in politically stable jurisdictions. Agnico-Eagle has spent approximately \$2.6 billion on the development of five new mines over the last four years. Through this development program, Agnico-Eagle transformed itself from a regionally focused, single mine producer to a multi-mine international gold producer with six operating, 100% owned mines. Agnico-Eagle also plans to pursue opportunities for growth in gold production and gold reserves through the acquisition or development of exploration properties, development properties, producing properties and other mining businesses in the Americas and Europe.

Agnico-Eagle operates through four segments: Canada, Europe, Latin America and Exploration.

The Canadian segment is comprised of the Quebec region and the Nunavut region. The Quebec region includes the LaRonde Mine, the LaRonde Mine extension project, the Goldex Mine and the Lapa Mine, each of which is held directly by Agnico-Eagle. In 2010, the Quebec region accounted for 47% of Agnico-Eagle's gold production, comprised of 16% from the LaRonde Mine, 19% from the Goldex Mine and 12% from the Lapa Mine. Agnico-Eagle anticipates that in 2011 the Quebec region will account for approximately 40% of Agnico-Eagle's gold production, of which approximately 13%, 16% and 11% of Agnico-Eagle's gold production will come from the LaRonde Mine, the Goldex Mine and the Lapa Mine, respectively.

The Nunavut region is comprised of the Meadowbank Mine, which is held directly by Agnico-Eagle. In 2010, the Meadowbank Mine accounted for 27% of Agnico-Eagle's gold production (after achieving commercial production in March 2010) and Agnico-Eagle anticipates that it will account for approximately 31% of Agnico-Eagle's 2011 gold production.

Agnico-Eagle's operations in Europe are conducted through its indirect subsidiary, Agnico Eagle Finland Oy, which owns the Kittila Mine in Finland. In 2010, the Kittila Mine accounted for 13% of Agnico-Eagle's gold production and Agnico-Eagle anticipates that in 2011 the Kittila Mine will account for approximately 13% of Agnico-Eagle's gold production.

Agnico-Eagle's operations in Latin America are conducted through its subsidiary, Agnico Eagle Mexico S.A. de C.V., which owns the Pinos Altos Mine, which includes the Creston Mascota deposit. In 2010, the

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Pinos Altos Mine accounted for 13% of Agnico-Eagle's gold production and Agnico-Eagle anticipates that in 2011 the Pinos Altos Mine will account for approximately 16% of Agnico-Eagle's gold production.

The Exploration segment includes Agnico-Eagle's grassroots exploration operations in the United States, the European exploration office, the Canadian exploration offices, the Meliadine project and the Latin American exploration office. In addition, Agnico-Eagle has an international exploration office in Reno, Nevada.

Agnico-Eagle was formed by articles of amalgamation under the laws of the Province of Ontario. Its registered and head office is located at Suite 400, 145 King Street East, Toronto, Ontario, Canada M5C 2Y7.

The Agnico-Eagle Shares are listed on the TSX and the NYSE under the trading symbol "AEM". On September 16, 2011, the last trading day on the TSX and the NYSE prior to the announcement of Agnico-Eagle's intention to make the Offer, the closing price of the Agnico-Eagle Shares was \$66.98 on the TSX and US\$68.46 on the NYSE. Agnico-Eagle's market capitalization is approximately \$10.3 billion.

Proven and Probable Reserves

Set out below are Agnico-Eagle's proven and probable mineral reserves for each of the Agnico-Eagle's properties as at December 31, 2010, as calculated under NI 43-101.

Property	Tonnes	Gold Grade (g/t)	Contained Gold (oz)
<i>Proven Mineral Reserve</i>			
Goldex	14,804,000	1.87	890,000
Lapa	1,122,000	7.24	261,000
Kittila	403,000	4.23	55,000
Meadowbank	839,000	3.13	85,000
Pinos Altos	2,864,000	1.90	175,000
LaRonde	4,838,000	2.36	366,000
Total Proven Mineral Reserves	24,870,000	2.29	1,832,000
<i>Probable Mineral Reserve</i>			
Goldex	12,990,000	1.62	676,000
Lapa	1,709,000	7.56	416,000
LaRonde	29,892,000	4.63	4,452,000
Kittila	32,329,000	4.64	4,825,000
Meadowbank	33,259,000	3.18	3,402,000
Pinos Altos	41,298,000	2.33	3,096,000
Meliadine	9,467,000	8.54	2,600,000
Total Probable Mineral Reserves	160,944,000	3.76	19,467,000
Total Proven and Probable Mineral Reserves	185,814,000	3.57	21,299,000

Notes:

1. Total contained gold ounces does not include equivalent gold ounces for the byproduct metals contained in the mineral reserve; tonnage and contained gold quantities are rounded to the nearest thousand.
2. Complete information on the verification procedures, the quality assurance program, quality control procedures, operating and capital cost assumptions, parameters and methods and other factors that may materially affect technical information presented herein may be found in Agnico-Eagle's Annual Information Form filed on SEDAR on March 28, 2011 consisting of Agnico-Eagle's Annual Report on Form 20-F for the year ended December 31, 2010 (incorporated by reference herein) under the caption "Item 4 Information on the Company Property, Plant and Equipment Mineral Reserves and Mineral Resources"; the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR

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on March 23, 2005; the Technical Report on the Lapa Gold Project filed with Canadian securities regulatory authorities on SEDAR on June 8, 2006; the Technical Report on the Estimation of Mineral Resource and Reserves for the Goldex Extension Zone filed with Canadian securities regulatory authorities on SEDAR on October 27, 2005; the Technical Report on the December 31, 2009 Mineral Resource and Mineral Reserve Estimate and the Suuri Extension Project, Kittila Mine, Finland filed with the Canadian securities regulatory authorities on SEDAR on

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March 4, 2010; the Technical Report on the Mineral Resources and Mineral Reserves dated September 30, 2008, Meadowbank Gold Project, Nunavut, Canada filed with Canadian securities regulatory authorities on SEDAR on December 15, 2008; Pinos Altos Gold-Silver Project, Chihuahua State, Mexico, Technical Report on Mineral Resources and Reserves as at December 31, 2008 filed with Canadian securities regulatory authorities on SEDAR on March 25, 2009; and the Technical Report on the December 31, 2010 Mineral Resource and Mineral Reserve Estimate, Meliadine Gold Project, Nunavut, Canada filed with Canadian securities regulatory authorities on SEDAR on March 8, 2011.

2. Grayd

Grayd is a Canadian-based natural resource company engaged in the acquisition, exploration and development of mineral resource properties in Mexico. Grayd currently owns a 100% interest in the La India property located in the Mulatos Gold Belt of Sonora, Mexico, approximately 70 kilometres northwest of Agnico-Eagle's Pinos Altos gold mine. In addition, Grayd recently discovered the Tarachi gold porphyry prospect located approximately 10 kilometres north of the La India project.

Grayd is incorporated under laws of the Province of British Columbia. Its registered, records and head office is located at Suite 1620, 1140 West Pender Street, Vancouver, British Columbia, Canada V6E 4G1.

3. Certain Information Concerning Securities of Grayd

Shares

The authorized capital of Grayd consists of an unlimited number of Shares and 20,000,000 Class "A" preferred shares without par value. The holders of Shares are entitled to: (a) vote at all shareholder meetings of Grayd, except meetings at which only holders of a specified class of shares are entitled to vote; (b) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Grayd, any dividends declared by Grayd; and (c) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Grayd, the remaining property of Grayd upon the liquidation, dissolution or winding-up of Grayd, whether voluntary or involuntary. Grayd has represented to Agnico-Eagle in the Acquisition Agreement that as of September 19, 2011, there were issued and outstanding 91,190,510 Shares and, assuming the exercise, exchange or conversion of all outstanding Options and Warrants, 98,178,510 Shares. As of the date of the Offer, no Class "A" preferred shares were issued and outstanding.

The Shares are traded on the TSX-V under the trading symbol "GYD". On September 16, 2011, being the last trading day on the TSX-V prior to the announcement of Agnico-Eagle's intention to make the Offer, the closing price of the Shares was \$1.95 on the TSX-V. The following table sets forth, for the periods indicated, the reported high and low daily closing prices and the aggregate volume of trading of Shares on the TSX-V:

	Trading of Shares on the TSX-V		
	High	Low	Volume
2011			
April	\$ 1.92	\$ 1.53	2,316,439
May	\$ 1.85	\$ 1.50	1,047,585
June	\$ 2.02	\$ 1.55	1,458,776
July	\$ 1.75	\$ 1.58	986,565
August	\$ 1.88	\$ 1.41	2,741,725
September	\$ 2.85	\$ 1.60	43,529,958
October (to October 11)	\$ 2.68	\$ 2.47	4,735,120

Source: TSX Market Data

Options

The Option Plan authorizes Grayd to grant Options to officers, employees, directors, consultants and other personnel of Grayd and to employees of companies providing management services to Grayd. Grayd has represented to Agnico-Eagle in the Acquisition Agreement that as of September 19, 2011, there were issued and outstanding 6,820,000 Options providing for the issuance of an aggregate of 6,820,000 Shares upon the exercise thereof. Based on information provided to Agnico-Eagle by Grayd, all of the issued and outstanding Options

have exercise prices ranging from \$0.30 to \$1.60 and expiry dates ranging from December 19, 2011 to May 4, 2016.

The Option Plan provides that in the event of a *bona fide* offer for Shares, such as the Offer, all Options become immediately exercisable. However, the Option Plan provides that if such *bona fide* offer is not completed within the time specified therein or if the offeror does not take up and pay for all Shares deposited under the Offer, holders of Grayd options may return to Grayd all Shares issued pursuant to exercised Options that have not been taken up and paid for by the offeror, and such Options will be reinstated as if they had not been exercised. Accordingly, if the Offer is not completed or Agnico-Eagle does not take up and pay for all Shares deposited under the Offer, holders of Options may return to Grayd all Shares issued pursuant to exercised Options that have not been taken up and paid for by Agnico-Eagle, and such Options will be reinstated as if they had not been exercised.

All holders of Options will be permitted to surrender their Options to Grayd for cancellation, conditional upon Agnico-Eagle taking up Shares under the Offer, in exchange for a payment by Grayd per Share issuable upon the exercise of each Option equal to the amount by which \$2.80 exceeds the exercise price of each Option payable in Shares at a value per Share of \$2.80. The Option Plan was amended on September 30, 2011 to provide that all unexercised Options and the Option Plan will terminate at the Expiry Time.

Warrants

Grayd issued the Warrants to Canaccord Genuity Corp., Penson Financial Services in trust for Macquarie Capital Markets Canada Ltd. and Desjardins in connection with a financing completed on November 17, 2010. Each Warrant has an exercise price of \$1.25 per Share and expires on May 17, 2012. Grayd has represented to Agnico-Eagle in the Acquisition Agreement that as of September 19, 2011, there were issued and outstanding 168,000 Warrants providing for the issuance of an aggregate of 168,000 Shares upon the exercise thereof.

Grayd entered into agreements with each holder of outstanding Warrants on September 30, 2011, pursuant to which either: (i) such holder agreed to exercise its Warrants and tender the Shares received on exercise to the Offer; or (ii) the Warrants were amended to provide that such holder may exercise its Warrants and cause the Shares issued on such exercise to be deposited in accordance with the Offer, conditional upon Agnico-Eagle taking up Shares under the Offer, and that all unexercised Warrants will terminate at the Expiry Time.

4. Background to the Offer

The following is a summary of the meetings, negotiations and discussions between Grayd and Agnico-Eagle that preceded the Offer.

On January 26, 2011, Tim Haldane, Senior Vice-President, Latin America of Agnico-Eagle, attended an industry conference in Vancouver, British Columbia where he met Marc Prefontaine, President and Chief Executive Officer of Grayd and Hans Smit, Vice-President Exploration of Grayd.

On February 4, 2011, Grayd and Agnico-Eagle entered into the Confidentiality Agreement to protect the confidentiality of the information of Grayd pertaining to its properties in the State of Sonora, Mexico. The obligations of Agnico-Eagle under the Confidentiality Agreement terminate one year from the date of the Confidentiality Agreement. Agnico-Eagle proceeded with preliminary technical due diligence and representatives of Agnico-Eagle visited Grayd's property in Mexico on April 7, 2011.

At the regular quarterly meeting of the board of directors of Agnico-Eagle on April 28, 2011, management first identified Grayd as one of several possible acquisition targets under review by management. Through May and June 2011, Agnico-Eagle considered internally a possible transaction with Grayd. In May 2011, Agnico-Eagle engaged its counsel, Davies Ward Phillips & Vineberg LLP, in the matter in respect of a possible acquisition transaction with Grayd.

On June 19, 2011, Sean Boyd, Vice-Chairman and Chief Executive Officer of Agnico-Eagle, called Marc Prefontaine to arrange a meeting. On June 21, 2011, Sean Boyd and Don Allan, Senior Vice-President, Corporate Development of Agnico-Eagle, met with Marc Prefontaine and Troy J. Fierro, a director of Grayd, to discuss a possible transaction. Grayd geologist Fletcher Bourke briefly attended the meeting.

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On June 29, 2011, Agnico-Eagle sent to Marc Prefontaine a preliminary expression of interest expressing Agnico-Eagle's interest in discussing a possible transaction whereby Agnico-Eagle would acquire all of the outstanding Shares and proposing a tentative price of \$2.40 per Share payable in a combination of cash and Agnico-Eagle Shares. Marc Prefontaine responded on July 7, 2011 advising that the price was unsatisfactory. Agnico-Eagle sent a revised non-binding expression of interest to Grayd on July 20, 2011 proposing a price of \$2.80 per Share payable in a combination of cash and Agnico-Eagle Shares. On July 26, 2011, the Grayd Board appointed Troy J. Fierro (chair), John E. Robins and Bradley J. Blacketer to the Special Committee to consider the proposed transaction with Agnico-Eagle. On August 2, 2011, Marc Prefontaine responded expressing Grayd's willingness to pursue discussions. He also advised Agnico-Eagle of Grayd's need to raise financing in the following four to six weeks in order to maintain its exploration program. Discussions ensued between Sean Boyd and Marc Prefontaine on the subject of the bid price, form of consideration and the possibility of a loan from Agnico-Eagle to Grayd. Agnico-Eagle sent to Grayd a revised non-binding expression of interest proposing loan terms and requiring a 35-day exclusivity period on August 12, 2011, which, after some discussion, was accepted by Grayd and granted Agnico-Eagle exclusivity to September 19, 2011 during which time it would conduct technical and legal due diligence on Grayd and its properties and negotiate definitive agreements.

On August 15, 2011, Agnico-Eagle advanced to Grayd and Grayd Mexico, as co-borrowers, a bridge loan in the amount of \$600,000 by way of a senior unsecured promissory note with a maturity date of August 12, 2012 and bearing interest at a rate of 7.5% *per annum*.

On the same day, Agnico-Eagle, together with its legal advisors, commenced a financial, legal and business due diligence review of Grayd based on detailed information provided by Grayd. Effective August 17, 2011, Agnico-Eagle engaged TD Securities in respect of the possible acquisition transaction with Grayd. A site visit was conducted in Mexico on August 23, 2011 and a due diligence session with Grayd's management was conducted by Agnico-Eagle on September 13, 2011. Representatives of Davies and Cassels Brock & Blackwell LLP attended the due diligence session together with Agnico-Eagle's financial advisors, TD Securities. On September 14, 2011 at a special meeting of the board of directors of Agnico-Eagle, management presented the possible acquisition to the board. The meeting was informational only and no decision was taken at such time. In early September 2011, Agnico-Eagle and Grayd and their respective legal and financial advisors began negotiating the terms of the Acquisition Agreement, forms of Lock-Up Agreements to be entered into by directors and officers of Grayd, the Credit Agreement governing Agnico-Eagle's \$5 million loan to Grayd (which would include the \$600,000 loan evidenced by the promissory note) and the Grayd Mexico Share Transfer Agreement with Francisco Heiras Mancera, a shareholder of Grayd Mexico, to provide for the transfer of his share of Grayd Mexico to a subsidiary of Agnico-Eagle for nominal consideration upon the first take-up of Shares by Agnico-Eagle under the Offer.

On Sunday, September 18, 2011, the board of directors of Agnico-Eagle met to approve, among other things, the entering into of the Acquisition Agreement and the Credit Agreement. Sean Boyd advised Marc Prefontaine of the outcome of the board meeting. Later that day, the Grayd Board met and, at 11:00 p.m. (Toronto time) that evening, Agnico-Eagle was advised that the Grayd Board had approved the transaction.

On September 19, 2011, Grayd and Agnico-Eagle executed the Acquisition Agreement, the Credit Agreement and the Grayd Mexico Share Transfer Agreement and the directors and officers of Grayd entered into the Lock-Up Agreements with Agnico-Eagle and Francisco Heiras Mancera entered into the Grayd Mexico Share Transfer Agreement with Agnico-Eagle. Prior to markets opening that day, Grayd and Agnico-Eagle jointly announced the entering into of the Acquisition Agreement, the Lock-Up Agreements and the Credit Agreement. Later that day, the conditions to draw down under the Credit Agreement were satisfied and Agnico-Eagle advanced the remaining \$4.4 million to Grayd.

5. Purpose of the Offer and Plans for Grayd

The purpose of the Offer is to enable Agnico-Eagle to acquire, on the terms and subject to the conditions of the Offer, all of the outstanding Shares. Agnico-Eagle currently intends, if it takes up and pays for the Shares validly deposited under the Offer, to acquire all of the outstanding Shares not deposited under the Offer by way of a Compulsory Acquisition or Subsequent Acquisition Transaction. If Agnico-Eagle is unable or elects not to effect a Compulsory Acquisition or Subsequent Acquisition Transaction, Agnico-Eagle will evaluate other alternatives to acquire all of the Shares not deposited under the Offer. See Section 10 of the Circular, "Acquisition of Shares Not Deposited".

Upon completion of the Offer, Agnico-Eagle intends to conduct a detailed review of Grayd and its affiliates, including an evaluation of their respective exploration and development programs, assets and operations and organizational and capital structure to determine what changes would be desirable in light of such review and the circumstances that then exist with the ultimate goal being the successful integration of the operations of Grayd and Agnico-Eagle.

Except as disclosed elsewhere herein, Agnico-Eagle does not currently have any plan or proposal for material changes in its affairs following completion of the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction.

Agnico-Eagle intends, to the extent permitted by applicable Laws, to cause: (a) Grayd to apply to voluntarily delist the Shares from the TSX-V as soon as practicable after completion of the Offer and, if applicable, any Compulsory Acquisition or Subsequent Acquisition Transaction; and (b) Grayd to cease to be a reporting issuer under the securities laws of each jurisdiction of Canada in which it is a reporting issuer. See Section 16 of the Circular, "Effect of the Offer on the Market for and Listing of Shares and Status as a Reporting Issuer".

6. Acquisition Agreement

Agnico-Eagle and Grayd entered into the Acquisition Agreement dated September 19, 2011 pursuant to which, among other things, Agnico-Eagle has agreed to make the Offer and Grayd has agreed to support the Offer, subject to the conditions set out therein, and not solicit any competing Acquisition Proposals.

The following is a summary of certain provisions of the Acquisition Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Acquisition Agreement. The Acquisition Agreement has been filed by Grayd on SEDAR at www.sedar.com.

Support of the Offer

The Grayd Board, after consultation with its financial and legal advisors and following receipt of a unanimous recommendation of the Special Committee, has unanimously determined that the Offer is in the best interests of Grayd and the Shareholders and, accordingly, has unanimously recommended the entering into of the Acquisition Agreement and the making of a recommendation that Shareholders accept the Offer and tender their Shares to the Offer. For further information, see Section 1 of the Offer, "The Offer - Grayd Board Recommendation", and the accompanying Directors' Circular.

The Offer

Agnico-Eagle has agreed to make the Offer on the terms and conditions set out in the Acquisition Agreement, as fully described in the Offer. The only conditions to which the Offer is subject are those described in Section 4 of the Offer, "Conditions of the Offer".

Agnico-Eagle may, in its sole discretion, modify the Minimum Tender Condition or modify or waive any other term or condition of the Offer, provided that Agnico-Eagle will not, without the prior consent of Grayd: (a) increase the Minimum Tender Condition; (b) reduce the Minimum Tender Condition to below 50% of the Shares outstanding at the Expiry Time on a fully-diluted basis; (c) waive the Minimum Tender Condition; (d) impose additional conditions to the Offer; (e) decrease the consideration per Share (other than in accordance with the Acquisition Agreement if Grayd declares, sets aside or pays any dividend or other

distribution to the Shareholders of record as of a time prior to the Expiry Time); (f) decrease the number of Shares in respect of which the Offer is made; (g) change the amount or form of consideration payable under the Offer (other than in accordance with the Acquisition Agreement if Grayd declares, sets aside or pays any dividend or other distribution to the Shareholders of record as of a time prior to the Expiry Time) and/or to increase the total consideration per Share and/or to add additional consideration; or (h) otherwise vary the Offer or any terms or conditions thereof (other than a waiver of a condition other than the Minimum Tender Condition), in any case in a manner that is materially adverse to the Shareholders.

Agnico-Eagle has agreed to effect the listing of the Agnico-Eagle Shares to be issued pursuant to the Offer on the TSX and use its reasonable best efforts to list the Agnico-Eagle Shares to be issued pursuant to the Offer on the NYSE at the time of issue of such Agnico-Eagle Shares and to register such Agnico-Eagle Shares under the U.S. Securities Act no later than the date of issuance.

Board of Directors Representation

Promptly upon the purchase by Agnico-Eagle of such number of Shares as represents at least 50% of the then outstanding Shares on a fully-diluted basis and from time to time thereafter, Agnico-Eagle will be entitled to designate such number of members of the Grayd Board, and any committees thereof, as is proportionate to the percentage of the outstanding Shares owned by Agnico-Eagle, and Grayd will not frustrate or attempt to frustrate Agnico-Eagle's attempts to do so. Grayd has agreed to cooperate with Agnico-Eagle, subject to applicable Laws, to enable Agnico-Eagle's designees to be elected or appointed to the Grayd Board and to constitute a majority of the Grayd Board, including at the request of Agnico-Eagle by its reasonable best efforts to increase the size of the Grayd Board and/or secure the resignations of such number of directors as is necessary for Agnico-Eagle's designees to be elected or appointed to the Grayd Board.

No Solicitation Covenant

Grayd has agreed that, except as otherwise provided by the Acquisition Agreement, it and its subsidiaries will not, directly or indirectly, through any Representative:

- (a) solicit, assist, initiate, encourage or facilitate (including by way of discussion, negotiation, furnishing information, permitting any visit to any facilities or properties of Grayd or any of its subsidiaries or entering into any form of written or oral agreement, arrangement or understanding) any inquiries, proposals or offers regarding, or that may reasonably be expected to lead to, any Acquisition Proposal;
- (b) engage or participate in any discussions or negotiations regarding, or provide any information with respect to or otherwise cooperate with any person (other than Agnico-Eagle and its Representatives) regarding, any Acquisition Proposal or potential Acquisition Proposal;
- (c) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to Agnico-Eagle, the approval or recommendation of the Acquisition Agreement or the Offer by the Grayd Board or any of its committees;
- (d) approve or recommend, or remain neutral with respect to, or propose publicly to approve or recommend, any Acquisition Proposal, provided that remaining neutral with respect to an Acquisition Proposal and/or failing to reaffirm its recommendation of the Acquisition Agreement and the Offer during the period of five calendar days following the public announcement of such Acquisition Proposal shall not constitute a breach of the non-solicitation covenant or any other provision of the Acquisition Agreement;
- (e) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal; or
- (f) release any person from or waive or otherwise forebear in the enforcement of any confidentiality or standstill agreement or any other agreement with such person that would facilitate the making or implementation of any Acquisition Proposal,

provided that, subject to certain provisions of the Acquisition Agreement, nothing contained in the Acquisition Agreement will prevent Grayd from (a) entering into an agreement (other than a confidentiality agreement that

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Grayd is permitted to enter into by the Acquisition Agreement) with respect to an Acquisition Proposal that is a Superior Proposal and/or (b) withdrawing, modifying or qualifying its approval or recommendation of the O