



AGNICO EAGLE

AGNICO EAGLE MINES LIMITED

COMPENSATION COMMITTEE CHARTER

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

I. PURPOSE OF THE COMPENSATION COMMITTEE

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

The Compensation Committee shall have the authority to delegate to one or more of its members, responsibility for developing recommendations for consideration by the Compensation Committee with respect to any of the matters referred to in this Charter.

II. COMPOSITION

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

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

III. MEETINGS

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

IV. RESPONSIBILITIES AND DUTIES

The Compensation Committee's primary responsibilities are to:

1. review and assess the adequacy of this Charter at least annually and, where necessary or desirable, recommend changes to the Board of Directors;
2. review the adequacy and form of compensation of senior management and ensure that the compensation realistically reflects the risks and responsibilities of such positions;
3. review and recommend to the Board of Directors for approval policies relating to compensation of the Corporation's senior management and directors;
4. review the performance of the Corporation's senior management and recommend annually to the Board of Directors for approval the amount and composition of compensation to be paid to the Corporation's senior management;
5. review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of these goals and objectives and set the CEO compensation based on this evaluation;
6. review the compensation sections of the management information circular distributed to the Corporation's shareholders;
7. review and make recommendations to the Board of Directors with respect to pension, stock option, restricted share unit, performance share unit and other incentive plans for the benefit of senior management;
8. administer the Corporation's employee stock option plan for the benefit of officers and employees of and services providers to the Corporation and its subsidiaries;
9. administer the Corporation's incentive share purchase plan ("Purchase Plan") for the benefit of participating officers and full-time employees of the Corporation and its subsidiaries, including the adoption, amendment or rescission of any rules and regulations that in the Compensation Committee's opinion may be advisable or required in the administration or operation of the Purchase Plan or any rule, regulation or documentation used thereunder;
10. administer the Corporation's restricted share unit plan for directors, senior management and employees (the "RSU Plan") for the benefit of directors, senior management and employees of the Corporation and its subsidiaries including the adoption, amendment or rescission of any rules and regulations that in the Compensation Committee's opinion may be advisable or required in the administration or operation of the RSU Plan or any rule, regulation or documentation used thereunder;
11. administer the Corporation's performance share unit plan for senior management (the "PSU Plan") for the benefit of senior management of the Corporation, including the adoption, amendment or rescission of any rules and regulations that in the Compensation

Committee's opinion may be advisable or required in the administration or operation of the PSU Plan or any rule, regulation or documentation used thereunder;

12. review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of such positions and fix the amount and composition of compensation to be paid to members of the Board of Directors and the committees thereof;
13. review and assess the design and competitiveness of the Corporation's compensation and benefit programs generally;
14. report to the Board of Directors on all other matters and recommendations made by the Compensation Committee;
15. report to the Board of Directors following each meeting of the Compensation Committee and at such other times as the Board of Directors may consider appropriate; and
16. exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Compensation Committee by the Board of Directors.

SCHEDULE A

Unrelated Director

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

- (a) is not a member of management and is free from any interest and any business or other relationship which in the opinion of the Exchange could reasonably be perceived to materially interfere with the director's ability to act in the best interest of the company; and
- (b) is a beneficial holder, directly or indirectly, or is a nominee or associate of a beneficial holder, collectively of 10% or less of the votes attaching to all issued and outstanding securities of the applicant.

The Exchange will consider all relevant factors in assessing the independence of the director. As a general rule, the following persons would not be considered an independent director:

- i) a person who is currently, or has been within the past three years, an officer, employee of or service provider to the company or any of its subsidiaries or affiliates; or
- ii) a person who is an officer, employee or controlling shareholder of a company that has a material business relationship with the applicant.

Independent Director

National Instrument – 52-110

A director is "independent" if he or she has no direct or indirect material relationship with the issuer. The following summarizes the major aspects of National Instrument 52-110 – *Audit Committees* ("NI52-110") relating to the independence of a director.

Certain Relationships Automatically Exclude a Director From Serving on the Audit Committee

If a director (or a member of the director's immediate family) has a specified type of relationship with the issuer (which includes the issuer's parent and subsidiary entities), then that director will not be considered independent. NI52-110 assumes that the following persons have a material relationship with the issuer (and are therefore precluded from sitting on the audit committee):

Employment Relationships

- an individual who is, or has been within the last three years, employee or executive officer of the issuer or an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- an individual who, or whose immediate family member, is, or has been within the last three years, an executive officer of another entity if any of the issuer's current

executive officers serves or served at that same time on the compensation committee of that entity;

- an individual who received, or whose immediate family member who is employed as an executive officer of the issuer who received, more than C\$75,000 in direct compensation from the issuer during any 12 month period within the last three years (other than remuneration for acting as a member of the board of directors or any board committee of the issuer and fixed amounts received under a retirement plan for prior service with the issuer that is not contingent on continued service);

Relationships with Internal or External Auditors

- an individual who is a partner or employee of the issuer's internal or external auditor or an individual who was within the last three years a partner or employee of the issuer's internal or external auditor and personally worked on the issuer's audit within that time;
- an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual, is (i) a partner of the issuer's internal or external auditor, (ii) an employee of the issuer's internal or external auditor and participates in its audit, assurance or tax compliance (but not tax planning) practice, (iii) or an individual who was within the last three years a partner or employee of the issuer's internal or external auditor and personally worked on the issuer's audit within that time;

Advisory or Consulting Relationships

- an individual who accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than remuneration for acting as a member of the board or any board committee or as a part-time chair or vice-chair of the board or any board committee, including the indirect acceptance of a fee by an individual's spouse, minor child or stepchild, or child or stepchild who shares the individual's home or by an entity in which such individual is a partner, member, officer such as a managing director or executive officer and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer; and

Relationships with Affiliated Entities

- an individual who is an affiliated entity of the issuer or any of its subsidiary entities, where affiliated entity means a person that has the direct or indirect power to direct or cause the direction of management and the policies of the issuer or any of its subsidiary entities, whether through ownership of voting securities or otherwise (other than an individual who owns, directly or indirectly, ten percent or less of any class of voting securities of the issuer and is not an executive officer of the issuer) or an individual who is both a director and an employee of an affiliated entity or an executive officer, general partner or managing member of an affiliated entity.

The Materiality of Other Relationships is for the Board to Determine

If a director has a direct or indirect relationship with the issuer, then it will be material if, in the view of the issuer's board of directors, the relationship could reasonably interfere with the exercise of the director's independent judgement. These relationships may include commercial, charitable, industrial, banking, consulting, legal, accounting or familial relationships or any other relationship that the board considers to be material.

New York Stock Exchange Rules

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

- (a) no director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must disclose these determinations;
- (b) in addition, the following persons are not independent:
 - any director who is (or who has an immediate family member who is) an executive officer, other than on an interim basis, of the listed company;
 - any director who receives (or who has an immediate family member who receives) more than \$120,000 per year in direct compensation from the listed company;
 - any director who is (or who has an immediate family member who is, in a professional capacity) a partner or employee of the listed company's internal or external auditor;
 - any director who is (or who has an immediate family member who is) employed as an executive officer of another company where any of the executives of the listed company also serves or served on that other company's compensation committee; and
 - any director who is an employee (or who has an immediate family member who is an executive officer) of another company that has made payments to, or received payments from, the listed company for property or services which exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

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