

AGNICO EAGLE MINES LTD
Form 6-K
May 13, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of May, 2008

Agnico-Eagle Mines Limited

(Translation of registrant's name into English)

145 King Street East, Suite 400, Toronto, Ontario M5C 2Y7

(Address of Principal Executive Offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F X

Form 40-F O

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): O

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): O

Edgar Filing: AGNICO EAGLE MINES LTD - Form 6-K

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes

No

(If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82-

EXHIBITS

Exhibit No.	Exhibit Description
1	Press Release dated May 8, 2008 announcing First Quarter 2008 Results and the initial start-up at New Goldex Mine

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGNICO-EAGLE MINES LIMITED

Date: May 9, 2008

By:	/s/ R. Gregory Laing
Name:	R. Gregory Laing
Title:	General Counsel, Sr. Vice President Legal and Corporate Secretary

AGNICO-EAGLE MINES LIMITED

News Release

Stock Symbol: AEM (NYSE and TSX)

**For further information:
David Smith; VP, Investor Relations
(416) 947-1212**

(All amounts expressed in U.S. dollars unless otherwise noted)

AGNICO-EAGLE REPORTS STRONG FIRST QUARTER 2008 RESULTS;

INITIAL START-UP AT NEW GOLDEX MINE

Toronto (May 8, 2008) Agnico-Eagle Mines Limited (Agnico-Eagle or the Company) today reported quarterly net income of \$28.9 million, or \$0.20 per share for the first quarter of 2008. This result includes a non-cash foreign currency translation gain of \$8.9 million, or \$0.06 per share. Additionally, the non-cash stock option expense totaled \$12.8 million, or \$0.09 per share in the first quarter. In the first quarter of 2007, the Company reported net income of \$24.9 million, or \$0.21 per share.

First quarter cash provided by operating activities decreased slightly to \$53.8 million from \$56.1 million in the first quarter of 2007, as sharply higher gold prices were offset by lower gold production and increased exploration and tax expenditures.

Strong financial results were achieved once again this quarter from our LaRonde operation. With the new Goldex mine starting operations in April and our new Kittila mine expected to open this September, we expect to see improving cash flows over the next several quarters, said Sean Boyd, Vice-Chairman and Chief Executive Officer. In addition, we remain excited about the potential to continue to increase our gold reserves and resources in 2008 and the possibilities this may bring for further production growth at our existing projects, added Mr. Boyd.

First quarter 2008 highlights include:

- **Strong Operating Results** - good metal output and cost control contributed to solid operating earnings and strong cash flow
- **Low Costs** - Low total cash costs per ounce(1) at LaRonde of *minus* \$399

Edgar Filing: AGNICO EAGLE MINES LTD - Form 6-K

- **Progress On Gold Production Growth** new Goldex gold mine now commissioning. Kittila gold mine project on track for 2008 production

- **Significant Exploration Upside** continuing to receive encouraging results outside of currently known reserve/resource envelopes at Pinos Altos and Kittila

The Company's financial position remains strong with cash and cash equivalents of \$294.4 million at March 31, 2008 and a substantially undrawn \$300 million five-year unsecured revolving credit facility. The Company's cash position decreased \$101.6 million in the first quarter largely due to the \$158.0 million invested in the Company's gold growth projects during the quarter.

(1) Total cash costs per ounce is a non-GAAP measure. For reconciliation of total cash costs per ounce to production costs, as reported in the financial statements, see Note 1 to the financial statements at the end of this news release.

Payable gold production(2) in the first quarter of 2008 was 50,892 ounces at total cash costs per ounce of *minus* \$399. This compares with payable gold production of 58,588 ounces, at total cash costs per ounce of *minus* \$332, in the first quarter of 2007. The decrease in production was largely due to lower gold grades mined as a result of the mining of currently economic, but lower grade, parts of the orebody.

For the full year, gold production from LaRonde, Goldex and Kittila is still forecast to total 358,000 ounces.

Shareholders Meeting Tomorrow

The Company will host its Annual and Special Meeting of Shareholders on Friday, May 9, 2008 at 11:00 a.m. (E.D.T.) at the King Edward Hotel, 37 King St. E., in Toronto, Canada. Management will review the Company's financial results for the first quarter 2008 and provide an update of its exploration and development activities.

Via Webcast:

A live audio webcast of the meeting will be available on the Company's website homepage at www.agnico-eagle.com.

Via Telephone:

For those preferring to listen by telephone, please dial 416-644-3417 or Toll Free 1-800-732-9307. To ensure your participation, please call approximately five minutes prior to the scheduled start of the call.

Replay archive:

Please dial the toll-free access number 1-877-289-8525, passcode 21259717#. The conference call will be replayed from Friday, May 9, 2008 at 1:30 PM (E.D.T.) to Friday, May 16, 2008 11:59 PM (E.D.T.).

The webcast along with presentation slides will be archived for 180 days on the website.

LaRonde Mine - Strong Production and Cost Control Performance Continues

Edgar Filing: AGNICO EAGLE MINES LTD - Form 6-K

The LaRonde mill processed an average of 7,431 tonnes of ore per day in the first quarter of 2008, compared with an average of 7,461 tonnes per day in the first quarter of 2007. LaRonde has now been operating at an average of more than 7,300 tonnes per day for more than four years, continuing to demonstrate the reliability of this world class mine.

Minesite costs per tonne⁽³⁾ were approximately C\$65 in the first quarter. These costs are slightly higher than the C\$64 per tonne experienced in the first quarter of 2007, largely due to the general increase in costs in the industry. The forecast for minesite costs per tonne at LaRonde continue to be C\$66 for the full year, again largely due to industry-wide cost pressures.

(2) Payable gold production means the quantity of a mineral produced during a period contained in products that are sold by the Company, whether such products are sold during the period or held as inventory at the end of the period.

(3) Minesite costs per tonne is a non-GAAP measure. For reconciliation of this measure to production costs, as reported in the financial statements, see Note 1 to the financial statements at the end of this news release.

On a per ounce basis, net of byproduct credits, LaRonde's total cash costs per ounce remained very low by industry standards, at *minus* \$399 in the first quarter. This compares with the results of the first quarter of 2007 when total cash costs per ounce were *minus* \$332. The decrease in total cash costs is due to higher byproduct revenues resulting from higher realized prices for silver and copper and increased zinc production, offset slightly by lower zinc prices.

Cash Position Remains Strong, Despite Large Investments in Gold Growth

Cash and cash equivalents decreased to \$294.4 million at March 31, 2008 from the December 31, 2007 balance of \$396.0 million. As expected, all of the Company's operating cash flow and a portion of its existing cash balances were reinvested in its gold growth projects. During the quarter, Agnico-Eagle added \$53.8 million of cash provided by operating activities. Capital expenditures in the quarter totaled \$158.0 million, including \$40.3 million on the construction of Meadowbank, \$25.4 million on Goldex, \$38.1 million at Kittila, \$9.4 million on the LaRonde Extension, \$22.4 million at Pinos Altos and \$14.4 million at Lapa.

The Company's cash position is anticipated to decrease further in 2008 as the Company expects to spend more than \$550 million on capital expenditures related to its development projects, as previously disclosed in Agnico-Eagle's press release of December 10, 2007. This capital expenditure estimate was based upon foreign currency exchange rates of \$1.146 C\$/US\$ and 1.288 US\$/Euro. At current exchange rates, and considering industry-wide cost escalation, this capital expenditure estimate is likely to increase.

However, with large cash balances, strong cash flows, no long term debt, and substantially undrawn bank lines of \$300 million, Agnico-Eagle is fully funded for the development and exploration of its existing pipeline of gold projects in Canada, Finland and Mexico.

New Goldex Mine Commissioning; Four More New Gold Mines Under Construction

At the 100% owned **Goldex** mine in northwestern Quebec, proven and probable reserves are 1.6 million ounces of gold (23.1 million tonnes grading 2.2 grams per tonne). Current reserves are estimated to be sufficient for a nine year mine life with expected annual production averaging 175,000 ounces. With a large additional resource, the mine remains open for expansion. Please see the table titled "Detailed Mineral Reserve and Resource Data - December 31, 2007" later in this press release for further detail.

The initial ore was fed into the Goldex mill in the third week of April and commissioning is underway. The mill is currently operating at approximately 4,400 tonnes per day and the initial gold pour was performed on May 7, 2008. Commercial production (70% capacity for 30 consecutive days) is expected to be declared in mid-2008. The full production rate of 6,900 tonnes per day is expected by September 2008. Current production is sourced from the surface stockpile of approximately 254,000 tonnes (grading 2.02 grams per tonne).

Construction commenced at the 100% owned **Kittila** mine project in northern Finland in the second quarter of 2006. The project is expected to produce an average of 150,000 ounces of gold per year over its estimated mine life of 13 years. Kittila has probable gold reserves of 3.0 million ounces (18.2 million tonnes grading 5.1 grams per tonne).

Most of the major components of the semi-autogenous, or SAG, mill have been delivered to site and mechanical installation has begun. The interior brick work on the autoclave is nearing completion and piping has started. The plant is on schedule for an August 2008 start up of the grinding and flotation circuits, while the pressure oxidation circuit is expected to begin operation this September. Overall, pit stripping, infrastructure construction and equipment delivery at Kittila are on schedule for the September 2008 mine start up.

Drilling from surface is ongoing to convert resources to reserves and to extend the overall envelope. Currently four surface drills and one underground drill are in operation. A fifth surface drill will be added later this month. Three drills have been working on the resource to reserve conversion program while two have been focusing on the deep exploration program.

Some results from the deep exploration program have been previously released but these results have not been included in the current reserves or resources (see press releases on February 15, 2008 and May 9, 2007). It is expected that the assays of more recent drill holes will be received by mid-year 2008, when a further exploration and resource update is planned. Considering the growth in reserves and resources to date, the Company has begun to contemplate future increases to the production rate and also methods to access the deeper mineralization at Kittila.

At the 100% owned **Lapa** mine project in northwestern Quebec, the final phase of construction commenced in the second quarter of 2006. Proven and probable gold reserves of 1.1 million ounces (3.8 million tonnes grading 8.9 grams per tonne) are expected to support estimated annual production of 125,000 ounces per year over an anticipated mine life of seven years.

Lateral and vertical raise development is well underway with a lateral advance of more than 1,600 metres completed by the end of the first quarter. Construction of the surface service facilities is proceeding well. Initial production from Lapa is expected to begin in mid-2009.

At the 100% owned **LaRonde** mine in northwestern Quebec, construction commenced in the second quarter of 2006 on the infrastructure extension at depth. Proven and probable reserves of 5.0 million ounces (34.9 million tonnes grading 4.4 grams per tonne) are expected to support a mine life through 2021. Annual gold production is anticipated to average 340,000 ounces over the remaining 14 year mine life.

During the first quarter, the winze excavation reached the Level 215 station (2150 metres below surface) where ground support and concrete work was completed at the brow. The first bench in the shaft was blasted in March 2008. The blasting of the waste silo collar and the installation of the steel, including liners of the silo, were completed in March 2008. The construction of the cooling facility and electrical substation on Level 170 are ongoing.

At the 100% owned **Pinos Altos** mine project in northern Mexico, the property has probable gold reserves of 2.5 million ounces (24.7 million tonnes grading 3.2 grams per tonne). Additionally, the property contains a large silver reserve of over 73.1 million ounces (from the same 24.7 million tonnes grading 92.2 grams per tonne). The project was approved for construction in August 2007. Average annual production is expected to be approximately 190,000 ounces of gold over an estimated 12 year mine life with start-up expected in mid-2009.

All the necessary land agreements with the four local ejidos have been established and in April 2008 the Company received official recognition as a socially responsible company from the State of Chihuahua for its community efforts.

The construction of a 2,800 metre underground exploration ramp commenced in March 2007 and has advanced approximately 1,200 metres. Additionally, the development of the production decline has advanced approximately 450 metres and site preparation for the start of surface construction is underway. The first pieces of the surface mining fleet have been delivered and pre-production stripping of the Santo Nino pit has commenced.

Surface and underground drilling on the main Pinos Altos property also continued during the first quarter with early results continuing to support the effort to convert resources to reserves and to extend the known mineralized boundaries, particularly at Cerro Colorado.

Exploration drilling also continues on the Creston/Mascota area. This region, approximately 10 kilometres northwest of Santo Nino, currently has an inferred gold resource of 7.7 million tonnes grading 1.4 grams per tonne gold and 16.2 grams per tonne silver. The resource could possibly be processed via heap leach although a milling option is also being contemplated. An initial scoping study, on what could be a stand-alone mining operation, is expected to be completed by the end of 2008.

Negotiations for additional surface rights with the underlying royalty holder are ongoing. If these negotiations are not successful, modifications to the proposed mining sequence in the base case feasibility study may be implemented and the construction schedule may be delayed as a result.

Agnico-Eagle's 100% owned **Meadowbank** project in Nunavut has probable gold reserves of 3.5 million ounces (29.3 million tonnes grading 3.7 grams per tonne). With a large additional gold resource, the project remains open for expansion. Initial gold production is anticipated by January 2010. Annual gold production is currently estimated to average 360,000 ounces over the estimated nine year life of the mine.

The all-weather road from the deep-water port at Baker Lake to the Meadowbank project site was substantially completed in the first quarter of 2008. Construction of the permanent camp facilities is underway with approximately 64 beds available at the end of the first quarter 2008. Detailed engineering, sourcing and acquisition of the major capital equipment are ongoing. The first pieces of the major capital equipment have already been delivered to the site.

Surface diamond drilling has resumed with four rigs in operation. The immediate focus is to confirm the gold mineralization between the Goose Island and Portage Zones. Additionally, targets include resource conversion at Goose Island and Goose South. Total exploration drilling in 2008 is expected to total approximately 25,000 metres. Surface prospecting is also planned for the large 49,000 hectare property position to follow up on approximately 40 other known gold occurrences recorded by the previous owner of the property, as well as anomalous base metal showings discovered late last year. To this end, a new exploration camp with 82 beds is expected to be constructed this May, approximately 10 kilometres south of the mine site.

About Agnico-Eagle

Agnico-Eagle is a long established Canadian gold producer with operations located in Quebec and exploration and development activities in Canada, Finland, Mexico and the United States. Agnico-Eagle's LaRonde Mine is Canada's largest gold deposit in terms of reserves. The Company has full exposure to higher gold prices consistent with its policy of no forward gold sales. It has paid a cash dividend for 26 consecutive years.

AGNICO-EAGLE MINES LIMITED

SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted, US GAAP basis)

(Unaudited)

	Three months ended March 31,	
	2008	2007
Income and cash flows		
Revenues from mining operations	\$ 119,134	\$ 100,730
Production costs	43,651	36,178
Gross profit (exclusive of amortization shown below)	\$ 75,483	\$ 64,552
Amortization	7,030	6,928
Gross profit	\$ 68,453	\$ 57,624
Net income for the period	\$ 28,908	\$ 24,922
Net income per share (basic)	\$ 0.20	\$ 0.21
Net income per share (diluted)	\$ 0.20	\$ 0.20
Cash provided by operating activities	\$ 53,824	\$ 56,066
Cash used in investing activities	\$ (160,771)	\$ (79,294)
Cash provided by (used in) financing activities	\$ 6,484	\$ (10,663)
Weighted average number of common shares outstanding basic (in thousands)	143,372	121,159
Tonnes of ore milled	676,182	671,484
Head grades:		
Gold (grams per tonne)	2.60	3.00
Silver (grams per tonne)	64.62	84.40
Zinc	3.83%	3.71%
Copper	0.28%	0.39%
Recovery rates:		
Gold	90.04%	90.66%
Silver	85.97%	87.40%
Zinc	88.80%	85.30%
Copper	85.18%	84.80%
Payable production:		
Gold (ounces)	50,892	58,588
Silver (ounces in thousands)	1,026	1,397
Zinc (tonnes)	19,467	17,944
Copper (tonnes)	1,453	1,990
Payable metal sold:		
Gold (ounces)	51,596	56,758
Silver (ounces in thousands)	1,018	1,624
Zinc (tonnes)	18,710	17,767
Copper (tonnes)	1,421	1,978
Realized prices (US\$):		
Gold (per ounce)	\$ 1,089	\$ 669
Silver (per ounce)	\$ 19.91	\$ 13.82
Zinc (per tonne)	\$ 2,530	\$ 2,798
Copper (per tonne)	\$ 10,559	\$ 6,090
Total cash costs (per ounce) (US\$):		
Production costs	\$ 858	\$ 617
Less: Net byproduct revenues	(1,237)	(1,071)
Inventory adjustments	(14)	126
Accretion expense and other	(6)	(4)

Edgar Filing: AGNICO EAGLE MINES LTD - Form 6-K

Total cash costs (per ounce)(1)	\$	(399)	\$	(332)
Minesite costs per tonne milled (C\$)(1)	\$	65	\$	64

(1) Total cash costs (per ounce) and minesite costs per tonne milled are non-GAAP measures. For a reconciliation of these measures to production costs in the financial statements, see note 1 to these financial statements.

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, US GAAP basis)

(Unaudited)

	As at March 31, 2008	As at December 31, 2007
ASSETS		
<i>Current</i>		
Cash and cash equivalents	\$ 294,419	\$ 396,019
Metals awaiting settlement	93,525	79,419
Inventories:		
Ore stockpiles	4,702	5,647
Concentrates	2,635	1,913
Supplies	15,342	15,637
Other current assets	110,495	107,459
Total current assets	521,118	606,094
Other assets		
Other assets	16,127	16,436
Future income and mining tax assets	24,181	5,905
Property, plant and mine development	2,258,058	2,107,063
	\$ 2,819,484	\$ 2,735,498
LIABILITIES AND SHAREHOLDERS EQUITY		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 125,516	\$ 108,227
Dividends payable	438	26,280
Income taxes payable	4,648	
Total current liabilities	130,602	134,507
Reclamation provision and other liabilities	57,990	57,941
Future income and mining tax liabilities	505,283	484,116
Shareholders equity		
Common shares		
Authorized unlimited		
Issued 143,690,233 (December 31, 2007 142,403,379)	1,972,399	1,931,667
Stock options	29,708	23,573
Contributed surplus	15,166	15,166
Retained earnings	141,148	112,240
Accumulated other comprehensive loss	(32,812)	(23,712)
Total shareholders equity	2,125,609	2,058,934
	\$ 2,819,484	\$ 2,735,498

AGNICO-EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(thousands of United States dollars except share and per share amounts, US GAAP basis)

(Unaudited)

	Three months ended March 31,	
	2008	2007
REVENUES		
Revenues from mining operations	\$ 119,134	\$ 100,730
Interest and sundry income	4,115	5,274
Gain on sale of available-for-sale securities	406	1,865
	123,655	107,869
COSTS AND EXPENSES		
Production	43,651	36,178
Loss on derivative financial instruments		6,128
Exploration and corporate development	8,898	5,829
Amortization	7,030	6,928
General and administrative	19,868	9,053
Provincial capital tax	869	1,062
Interest	1,054	751
Foreign currency loss (gain)	(8,889)	(1,267)
Income before income, mining and federal capital taxes	51,174	43,207
Income and mining tax expense	22,266	18,285
Net income for the period	\$ 28,908	\$ 24,922
Net income per share basic	\$ 0.20	\$ 0.21
Net income per share diluted	\$ 0.20	\$ 0.20
Weighted average number of shares outstanding (in thousands)		
Basic	143,372	121,159
Diluted	144,375	125,649

AGNICO-EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands of United States dollars, US GAAP basis)
(Unaudited)