

Agnico-Eagle loses \$600M in fourth-quarter

Decision to stop mining poorer grades of ore will reduce Meadowbank Mine's life by three years

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Agnico-Eagle, the company that owns the Meadowbank gold mine near Baker Lake, Nunavut, is restructuring and creating new plans in an effort to stop losing money.

The company posted its fourth-quarter results Wednesday. In the final three months of 2011 it lost more than \$600 million.



Gold miners work in the open pit mine at Agnico-Eagle's Meadowbank site in 2011. The mine is situated north of Baker Lake. (Sean Kilpatrick/The Canadian Press)

"There's no question 2011 was very difficult," said Sean Boyd, the company's CEO, during a public conference call.

He said one of the main challenges the company faced in 2011 was the high cost of its operations at Meadowbank, which is 110 kilometres from Baker Lake.

According to the company's website, it costs Agnico-Eagle \$700 to produce an ounce of gold at Meadowbank but, during the conference call, Boyd confirmed that cost is actually closer to \$1,000 per ounce. That compares to \$54 per ounce at the company's LaRonde mine in Quebec.

Because of those higher costs, the company will no longer mine some of what was previously considered ore at Meadowbank. That decision will reduce the life of the mine by three years, meaning it is now scheduled to close in 2017 rather than 2020.

"Although Meadowbank has been a tougher situation than we had expected, it certainly doesn't diminish our enthusiasm for doing business in Nunavut," Boyd said.



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