

FINAL TRANSCRIPT

Agnico Eagle Mines Limited

Third Quarter Results 2017

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PRESENTATION

Operator

Good morning. My name is Carol, and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle Third Quarter Results 2017 Conference Call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the # key.

At this time, I would now like to turn the conference over to Mr. Sean Boyd. Sir, you may begin your conference.

Sean Boyd — Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator, and good morning, everyone, and thanks for joining us on what is a busy day for all of you.

Before we get into the slides, I'd just like to point out that there will be forward-looking statements in the presentation, so please read the cautionary language that's contained in the slide deck.

We'll jump right in as far as the third quarter highlights. A very, very strong quarter, both from a production standpoint and from a cost standpoint. We set a record quarterly production

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number of a little over 450,000 ounces at a total cash cost of \$546 an ounce, and our all-in sustaining costs continue to be below \$800 an ounce.

That quarterly production was driven by good solid performance across all of the mines, but particularly at our LaRonde mine—which has been producing gold since 1988—it had a quarterly record of production of 105,000 ounces, and it also set a quarterly production record in September. And that's essentially based on the higher gold grades that we have in the lower part of the mine which we've been developing in for a number of years to get prepared to extract those higher-grade mining blocks.

As a result of the strong quarter, we have again increased our production guidance for the full year; now expected to exceed 1.68 million ounces compared to the previous target of last quarter, which was 1.62 million ounces. And we've slightly lowered our cost per ounce numbers, both our total cash costs and our all-in sustaining costs by about \$10 an ounce.

On the project side we continue to get very good performance in Nunavut, which is our large expansion of that platform, particularly at Meliadine, and we'll talk about the progress we've made at Meliadine with our cladding as we get into the body of the presentation.

Again, we continue to get good drill results at a number of our projects, including at Amaruq. And we expect to be able to provide a full update in February, which should involve an increase in our reserve base based on the results that we continue to get across the portfolio. And

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as a result of the continued strong operating performance and cash-generating performance, we have increased our dividend in the quarter by 10 percent.

Looking a little bit more in detail at the operating results. As we said, record production. Strong production coming out of LaRonde, producing gold for a little over \$300 an ounce of total cash costs. Our Canadian operations, our average total cash cost was \$557 an ounce, which is exceptional performance. Also getting good performance at Canadian Malartic with increasing tonnage and slightly better grades. Our Southern business has always been a strong producer and cash flow generator, and good cost performance coming out of that operation as well.

Of importance is our operating margin, which for the quarter was in excess of \$300 million at almost \$318 million for the quarter.

Looking at our earnings and cash flow. Our normalized earnings for the quarter was \$0.29. Our cash provided by operating activities for the quarter, almost \$200 million, which puts us for nine months at \$600 million, so good cash being generated at the operations. When you combine that with our strong cash position, we've got the financial resources to continue the building of our platform which drives the growth in our production, which we'll begin to see in 2019.

Moving on to the operations in a little bit more detail. We talked about LaRonde having a strong quarter. As you know, we've been mining well below reserve grade for a number of years just following the normal mining sequence. We find ourselves now with the lower part of the mine opened up that we've got access to mining blocks that are running 8 to 10 grams per tonne.

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In the quarter, our average grade was above the reserve grade, and in September we produced over 46,000 ounces at a grade of 6.88 grams per tonne. So you can see the potential that we have at LaRonde to drive production over the next several years.

A LaRonde 3 project is an important project for us, as we look at mining below 3.1 kilometres underground. Of note for that project is that our drilling on the western side of the lower mine is showing very high-grade gold, which bodes well for mining below 3.1 kilometres at LaRonde.

We've also made very good progress at the Zone 5 project at LaRonde, which is the old Bousquet project. We're expected to begin production next year from that operation and that ... essentially the way we've approached that is we've been very patient with that over the years. We made a decision almost 15 years ago to pick it up for a small amount of money from our neighbours at the time, Barrick, and essentially we've been waiting for a place to process it. We have that now as the Lapa project is winding down.

But in terms of how we've gone about making an investment decision, it's got some similarities to the restart at Goldex, where we've developed a few cases. We've decided to push forward with the base case, which meets our internal hurdle rate, but we've also got opportunities, we think, once we get things up and running to bring some more resource into the mine plan, ultimately, and hopefully extend that operation for a few years.

When you look at the combined LaRonde complex with the improving grades at depth at LaRonde and opening up the old Bousquet property, we would expect to see the LaRonde complex

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producing over 400,000 ounces as we move forward. So a good solid base of operations for a mine that began in 1988.

Canadian Malartic, we made reference to it at the start. What we've seen there, Yamana and Agnico have had that project since Q2 2014. And the team in place there has done an exceptional job quarter after quarter fine-tuning operations, optimizing operations, increasing mining rate, increasing the throughput in the plant. And you can see that reflected not only in increasing production over the last three years, but also improving unit costs. And we've made good progress starting the road deviation at the Barnat Extension, so we remain on track to bring that extension online to continue the strong production and cost performance at that operation.

We've also got some upside there, we feel, and that was one of the things that attracted us to it. Three years ago it was the potential at depth in the old underground mine workings and also further to the east in the Odyssey area. We continue to drill there. We continue to work with our partner Yamana on ways that we can increase the resource, and we're looking at ways that we can ultimately bring that into a mining plan at Malartic, given that it has better grades than the large Malartic pit.

At Goldex, another steady quarter; rail there up and running. We had the benefit of going to Goldex, Malartic, and LaRonde with our board this week on Monday and Tuesday and got to see the rail there in operation. It's very impressive what the team has done in terms of the vision and employing what is essentially old technology, but doing it in a very innovative way. And that helps

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us to manage costs in the lower mine, become much more efficient, and safer in the lower mine; fewer trucks, less congestion, less diesel, lower ventilation required. So nice job there by the Goldex team.

And on Akasaba side, we're looking to start that project now in 2020. Some slight permitting delays, but that's a good little project that will tuck in to what we're doing at Goldex as we go deeper at that project.

At Lapa, they've done an extraordinary job. And I should say that I think what's amazing is—we talked to the Lapa people when our board was up in the Abitibi this week—is they've essentially had an outstanding safety record over the last three years. And that's something you don't usually see when a mine has a relatively short life ahead of it. People tend to lose focus. Not here. They've won safety awards over the last two years, so they're recognized for their excellent safety performance.

And they've continued to add value. I think the number was almost 100,000 ounces that they've added over and above what the expectation was when we did the plan about three years ago. And they've done it in an extremely safe manner, so our hats off to the team at Lapa.

And as it turns out, we're going to continue to mine in the fourth quarter, we're going to stockpile that material, and we're going to produce that material or process that material in 2018 when we get material starting to come from the old Bousquet Zone, which is the LaRonde LZ5 Zone, we call it.

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Meadowbank, moving on to Meadowbank. A good quarter in terms of production. Also a very good quarter from a cost perspective, and they've also done some very good thinking there in terms of how do they extend the mine life, similar to what our team's been able to do at Lapa. And right now, we see visibility through the end of 2018 at Lapa. And we're also looking at ways to potentially extend production into 2019 for a nice dovetail on the start-up of Amaruq.

At Amaruq, our road's finished—64-kilometre road—so we've now fully connected year-round the Amaruq satellite deposit to our large processing facility and team at the Meadowbank mine.

Talking a little bit more about Amaruq. We've completed the public hearings. We expect to receive our permits in the third quarter of 2018. We continue to drill that deposit; the deposit continues to grow. We can look at what we're seeing at Whale Tail and the V Zone on the next series of slides. I think what's important with our drilling at Amaruq is we've extended at depth both the Whale Tail deposit and the V Zone deposit.

And I think that's important ultimately, we think, for longevity of that satellite deposit. One of our challenges at Meadowbank is although we had gold below the bottom of the pit, we just didn't have enough continuity to justify an investment in ramp to go down below the pit. Here, we've traced the Whale Tail deposit now down below 700 metres. I think we've got a whole V Zone almost of 700 metres.

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So our focus now, as we move forward on both of those deposits is to understand what happens at depth, but also to continue our drilling more regionally on those projects. At the Whale Tail project 4 kilometres to the west we've got the Tugak showing and mineralization on surface. So part of our theory is that we can see additional potential satellite deposits in that area. And in fact, the geological team is changing its thinking a bit now, thinking maybe the centre of that district is actually Amaruq and not Meadowbank. So we'll see what happens as we drill going forward.

The Meliadine project. Some of you had the opportunity to see that project this year when we had a couple of site visits up, most recently in August. And I think you know that our goal was to get our three main buildings enclosed before the winter so that we could carry on and do a lot of work inside the buildings. We would expect that the power plant is fully enclosed this weekend, and the other two important buildings should be fully enclosed within about two weeks. So we've made good progress since we had our visitors up in late August, so that bodes well.

And as a result of the good performance we've had, not just in the barge season but in the construction season, we have pulled in a little bit of CapEx from 2018 into 2017, just because of the pace of work has been accelerated as well in Nunavut. And we would expect to also have a very good—given the preplanning that we've done for the barge season in 2018—there certainly is a possibility that we could be pulling CapEx from 2019 into 2018, given how we've done a lot of preplanning and are very strongly positioned for construction on our Nunavut platform in 2018.

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At Kittila, a 50,000 ounce quarter, so it's tracking its sort of run rate for the next few years at roughly 200,000 ounces. We continue to drill that deposit, and have encountered good thicknesses and very good grades as we move to the north. We're also—have been working, as you know, on our shaft and expansion scenario. We would expect to be able to increase our throughput there by about 25 percent to 2 million tonnes a year, and we'll be able to provide more details on that plan in February of 2018 with our year-end numbers.

We've also got a long section in our slide deck which shows a focus of drilling now is on Rimpi, where we seem to be getting a bit better thickness with better grades. And also on the Sisar Zone, which is the third source of underground ore. So that's what's allowing us to plan and study the ability to go to 2 million tonnes a day in terms of mining and processing rate.

Moving quickly to our Southern business. Again, Southern business has had consistent steady performance over a number of quarters; good solid production coming out of Pinos Altos. The focus in our Southern business is to bring in—to leverage off of existing infrastructure, to leverage off of existing skill set, and work on bringing satellite deposits into our mining plan. At the Pinos Altos, we're focused on the centre and the Cubiro Zone and bringing those in to augment production at Pinos Altos.

At Creston Mascota, we're focused on Madrono and on the Bravo Zones, which are very close to the Creston Mascota pit. And we've been able to get into the Bravo area based on tying up some land very close to the Creston Mascota pit.

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And La India, we've had some very good success over the last few years as we've consolidated our land position in the area, and that's allowed us to expand reserves. So that's allowed us, essentially, to extend the mine life. So good solid performance out of the Southern business.

Just wrapping up, before we take questions. Good quarterly performance across the board; strong cost performance as well generating a very good cash flow keeping our balance sheet strong to fund the CapEx program as we move towards expanding production in Nunavut. Those projects are on schedule; those projects are on budget.

We continue to expand the deposits at Whale Tail. That should result in increasing reserves in our update in February. And as we said, we're proud of our dividend track record. We've paid one now for 35 years or so, and we've been able to boost it last year and increase it this year based on the strength of our operating results.

So, Operator, we'd be happy to open up the line for questions.

Q&A

Operator

Certainly. And if you'd like to ask a question at this time, please press *, followed by the number 1 on your telephone keypad.

And your first question today comes from David Haughton from CIBC. Please go ahead.

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David Haughton — CIBC

Good morning, Sean. Thank you very much for the update.

Sean Boyd

Good morning.

David Haughton

You were talking at LaRonde about the unexpectedly high grade, and obviously we saw that in the quarter. It's likely to come down again in the fourth quarter. How does that compare to your block model? Did it exceed your expectations as to what you'd encounter?

Yvon Sylvestre — Senior Vice-President, Operations - Canada & Europe, Agnico Eagle Mines Limited

Well, I think we had a mine sequence period where we mined three high grade stopes mostly in September. Grade for September was close to 7 grams per tonne. We've had some slight upgrade in some of the stopes, but mostly for these stopes we certainly had more tonnage than planned originally before delineation.

So the main impact was on the western side, tonnes and grade; in the other two stopes, it was mostly tonnes.

David Haughton

Okay. So I guess where I was going at, is there sort of a read-through expectation of perhaps an overcall that could improve your reserve calc next time you revisit it?

Yvon Sylvestre

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Well, we've been mining in the area for the past year, year and a half, and the reconciliation so far has been quite good. So at this stage, I wouldn't conclude that for now.

David Haughton

All right. And just moving—thinking now about Lapa, obviously coming to the end of the life; going to transition over, effectively, over to LaRonde 5 for that capacity. How should we be thinking about that? Because you've got Lapa mining and stockpiling right now. Does it just then feed in as though it's coming from Zone 5?

Yvon Sylvestre

Well, the whole year we've approached Lapa production on a quarter-by-quarter basis. And I think as we get into October, we've gone to a four-day mining schedule. If this four-day mining schedule is successful as we plan it, we're potentially looking at mining at a reduced rate also for two quarters next year. And we would process these tonnes in the first and second quarter, and then just continue onwards after that with the production from Bousquet Zone 5.

David Haughton

Okay. And just thinking about the reshuffle of the CapEx at your development projects, just to give us a bit of an idea as to what we might be encountering, say, at Meadowbank. How much should we be thinking about being spent in 2018? Is it like 150 million and the balance in '19? And I've got a similar question like that for guidance on Amaruq—on Meliadine and Amaruq.

Sean Boyd

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It's too early to say now, David. We're going through the budgeting and planning process in detail right now for 2018, and also the more detailed life-of-mine plan. And a lot of that has to do with the schedule as well.

And so I think what we'd like to do is take the time with our management team and our board to really run through those numbers and decide what makes sense, given the preplanning for the schedule. But that would also, at the same time, reflect on our guidance for 2019 based on whether the start dates change.

David Haughton

Mm-hmm. Yes. Okay. That's it for me. Thank you very much.

Operator

Our next question comes from John Tumazos from John Tumazos Very Independent Research. Please go ahead.

John Tumazos — John Tumazos Very Independent Research

Thank you very much. Sean, I was going back in time looking at the 2007 column of my model since the stock price was about at 2007 levels, and the gold production was 227,000 ounces at 748 gold back then. The gross profit has grown from about \$2 to \$5 a share, but the depreciation and interest expense and exploration and G&A and miscellaneous charges after gross profit have all risen, so the earnings are a little less. The tax rate's higher too.

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Do you think your earnings are understated because you're over-depreciating? Because the—only a third of the Meliadine resources called reserves looking forward a year or two, and Odyssey and some of the zones at Malartic are not in reserves. I don't think you're managing the cash cost and ignoring total cost, but some of these other charges below the line are eating up the profit.

Sean Boyd

Yeah. I don't think that—when you look at the reserve resource base, it's roughly 20 million ounces of reserve and 30 million ounces of resource. And as we get the production base more established in Nunavut and expand it, and are able to open up the underground and get more access to drill it and move our resource into reserve that certainly helps, and also extend the mine life. And that would essentially lower the depreciation charge. So that could potentially help us.

I don't think we're understating earnings because of that. I think that's just our reality, based on our access to drill it, and so we haven't sort of focused on trying to spend more on drilling or tightening up drill spacing. In fact, we went the opposite way at Meliadine, where we thought it was best to invest in ramp rather than definition drilling over the last few years, just to get things prepared for production. But I think that's our view on the balance of depreciation and resource reserve conversion.

John Tumazos

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So, Sean, I'm just going to why the earnings haven't risen, the net income per share. And depreciation over 10 years went from 28 million to 550 million.

Sean Boyd

Yep.

John Tumazos

And interest expense went from 3 to 67—you don't have a lot of debt—and exploration and G&A. Shares went up as the Company got bigger too.

Sean Boyd

Yeah. I—

John Tumazos

(unintelligible) are not proportionate.

Sean Boyd

Yeah. And I think as well when you look at that, we didn't do a lot of big M&A, so we weren't sort of loading up the balance sheet with a lot of capitalized assets through acquisition. And also on the flip side, we didn't on a relative basis—although we had a write-down at Meadowbank—we haven't had the extent of write-downs that we've seen in the industry. So we have this depreciation charge that we have to—that's on the balance sheet that we're just reducing based on life of mine and production rates. So that's our reality for making good solid investments. It's there. We take that charge.

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But I think our approach has been keep the share count down, try to add high-quality ounces to the production base, take a measured approach to M&A, and invest—reinvest it in the business and manage the risks. And I think we've done a pretty good job. As you know, we've—you talk about longevity and looking back. Yesterday, we celebrated our 60th year in business, and I would suggest that we're probably at the strongest position we've been in in 60 years to sort of drive cash flow and production and manage our costs over the next several years.

John Tumazos

Thank you.

Operator

As a reminder, if you'd like to ask a question, please press *, followed by the number 1 on your telephone keypad.

And our next question comes from Steve Butler from GMP Securities. Please go ahead.

Steven Butler — GMP Securities

Oh, good morning, guys, and congratulations on your best in show this morning or last night.

Sean Boyd

Thank you.

Steven Butler

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On Amaruq, guys, do you expect to book reserves at year-end, Sean, at Amaruq? I think the answer might be yes. And/or would that be consistent with your mineable resource estimate that you previously provided to the Street earlier this year?

Sean Boyd

Yeah. We expect to convert, based on the drill results here at Amaruq, and that would be sort of the open pit portion that we're looking to do. I think we'll likely see, based on some of the drillings, maybe a potential increase in resource, but we're still doing that work and filing the results. But that's really been the focus is to understand the depth extent, tighten up some of the drilling in the pit, continue to work and refine the economic models on that, and we'll have that out in February.

Steven Butler

Okay. Thanks, Sean. And then same question for Meliadine. I think when we were at the site tour, I think a lot of the drilling's been focused on delineating the early mine plan of the underground at Meliadine. So is Meliadine looking at any reserve changes as you go into this year? Or has it been mostly drilling's been focused on more infill or mine plan?

Yvon Sylvestre

Well, the delineation program will be repeated year after year. We're planning to convert anywhere between, I guess, 300,000 to 400,000 ounces per year.

Steven Butler

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Okay. Thanks, guys.

Operator

We have no further questions in queue at this time. I'll turn the call back over to the presenters for closing remarks.

Sean Boyd

Thank you, Operator, and thank you, everyone, for participating. We apologize for the sound quality. We've had a little bit of a technical hiccup here, and it's not a function of a big party last night to celebrate our 60th anniversary.

But thanks again, and look forward to seeing you all soon.

Operator

This concludes today's conference call. You may now disconnect.

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