

## **FINAL TRANSCRIPT**

### **Agnico Eagle Mines Limited**

#### **First Quarter Results 2017 Conference Call**

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## PRESENTATION

### Operator

Good morning. My name is Sharon, and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle First 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. Thank you.

Mr. Sean Boyd, you may begin your conference.

### Sean Boyd — Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator, and good morning, everyone, and thank you for joining our first quarter of 2017 conference call. Before we get into the details of the presentation, just wanted to point to a couple of forward-looking statements in our slide deck because there will be some projections and forecasts in here, and please read the detailed language.

Just touching on some of the highlights, clearly it was a great start to 2017. Not that surprising to us, given that we actually had a really strong close to 2016 producing about 420,000 ounces or so in the fourth quarter. So the mines continue to perform very well across the board.

As we said, production almost 420,000 ounces in the first quarter of 2017; very good total cash costs at 539; all-in sustaining costs at 741. Now part of that all-in sustaining cost number was

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due to just spending patterns in the year. So we do still expect to spend the entire capital forecast including all of the sustaining, which would see that sustaining number move up over the balance of this year.

As a result of the strong start from a production standpoint, we have now bumped our guidance to 1.57 million ounces. We expect to exceed that number. It was previously at 1.55 million. We simply just added the additional quarter that we're seeing coming out of Lapa.

They've been able to extend the life of the mine. It was originally slated to close in October of last year. So the team there continues to do a good job generating additional cash flow.

That job is made easier because the Canadian dollar gold price continues to be over \$1,700. So they continue to look at ways where they can maximize the asset sort of in the closing days, and they've done an exceptional job there.

At Canadian Malartic, we'll talk a little bit more about that, and we have the full team here that can answer questions. The Quebec government approved the project, the extension into the Barnat area. We expect that to begin in late 2019 or early 2020.

Goldex continues to perform very well, not just from a production and cost standpoint, but also in terms of developing the lower part of the mine and Deep 1, and we're about a quarter ahead of schedule on that project, and we're slightly below budget.

And Nunavut, we continue to move those projects forward. Amaruq, we continue to see good drill results—we'll talk a little bit about that—identifying the ability to extend Whale Tail to the

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west. Also have done some infill drilling on D Zone; we continue to get good results there. And we've got a lot more drilling to do for the balance of the year.

At Meliadine, we've got good performance underground development. And that's a good sign because we switched over from contractors to Agnico personnel last year. So that's working the way we had expected it to do to improve the productivity we were seeing in the underground development.

Construction activities on the surface are proceeding well, targets on track, and I think of note is we're restarting regional exploration on Meliadine, and we haven't really done regional exploration there for several years. So there are number of targets that we will be drilling. And I think that project, given that it's on an 80-kilometre greenstone belt, certainly has a lot of potential beyond the 10 million ounces that's currently in reserve and resource.

And we declared a quarterly dividend of \$0.10 a share, and this is the 35th consecutive year of paying a dividend at Agnico Eagle.

Just in a little bit more detail on the operating results slide. As we said, we had very good performance across the board at all of the mines; good cost performance; good production. We're tracking extremely well, as we said, to our guidance of 1.57 million ounces.

We're also tracking well in terms of our cost guidance, and we feel by the middle of the year we'll have a better sense of how that will sort of come out for the balance of the year. It's a

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little bit premature to adjust the cost guidance now, given that the exchange rate has an impact on those unit costs. But based on the start this year, we're essentially tracking below that guidance.

I think of note on the cash flow, very strong margins, as we said, the contribution across the board. The mines generated \$307 million. That's at a realized gold price of 1,223, and the realized exchange rate on the bulk of the production of the Canadian operations is 1.32. So we're certainly tracking above that, both in terms of gold price and the exchange rate. So that bodes well for the balance of the year.

As a result of that, we have a very strong financial position; a lot of financial flexibility going into this building phase in Nunavut and at the other projects; cash position at the end of the quarter at 804 million; our net debt at 465 million. So a good position to be spending 850 million essentially in 2017 and about 950 million next year to largely get the Nunavut platform up and running. So we can management that by cash on hand and the cash that's being generated from our operations.

The next slide is just highlights on the cash flow, and the significant improvement over the first quarter of last year almost \$1 per share in operating cash flow. So not just a good earnings result, but also a very strong operating cash flow per share result.

As far as the mines go, we'll start with LaRonde. LaRonde continues to see increasing grade as we move forward and open up the lower mine. We expect our grades to continue to

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improve through the balance of the year. So we expect LaRonde to continue to be a strong contributor not only on the production side, but also on the cost side.

We continue to drill the lower part of LaRonde. And we continue to focus on the western side, and that's to support the studies we're doing at depth to assess the potential to mine below 3.1 kilometres down to a potential depth of 3.7 kilometres.

LaRonde Zone 5 we're on track. That's the old Bousquet Zone. We expect to receive the permits by mid-2018, and we expect to be mining in that area shortly thereafter.

At Canadian Malartic, a strong quarter averaged about 54,000 tonnes per day. So good cost performance; good production performance. Here's an operation as well that we would expect to see improving grades through the balance of the year as we move into the higher-grade areas in the north part of the pit.

The important news was the government approval, as we mentioned at the start, to proceed with the extension of Barnat. So that's an important development for us, and allows us to move that project forward and extend the mine life of that project.

Continue to see a lot of exploration upside here; getting good results at Odyssey. Also focused on interpreting old drill holes at East Malartic below the pit, and our guys are feeling pretty good about the potential to add additional ounces in an underground context at that operation.

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At Goldex, as we said, strong production quarter from the mine and production, 33,000 ounces; cash costs at 532. I think for us it's about opening up that deeper part of the mine in the Deep 1 Zone. And as we said, we're ahead of schedule and slightly below budget on that.

So that bodes well for Goldex over the next several years. We're also drilling the South Zone and also focused on studies on the Deep 2 Zone.

So again, just going back to the decision a few years ago to restart the Goldex mine, clearly the right decision. We've resurfaced a lot of value there. The team's done an exceptional job of carefully putting that mine back together and operating it below their feasibility targets, both from a production standpoint and also from a unit cost standpoint, so good performance there.

And we continue to move forward on the process to get the Akasaba opportunity permitted. And we would expect to see first production in 2019 from Akasaba.

Lapa, we referred to it. They continue to squeeze out additional cash flow. Our expectation is we work on it sort of quarter by quarter, and we assess it as we move along and take, certainly, the gold price into consideration.

So the current plan is end of June. It wouldn't surprise us if we got a couple more months out of it. But we'll see how that goes as we move through the balance of the quarter.

At Meadowbank, again, another strong result in the quarter. A little bit less tonnage than we had budgeted; a little bit more of a challenging winter from sort of blizzard conditions there, but continue to see good grade there as a result of strong production; good cost performance.

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Our permitting remains on schedule for Amaruq. We expect to receive the permits in the third quarter of 2018. We made very good progress in the quarter on the road. We're currently about 40 kilometres or so along of the planned 64-kilometre road.

Drilling, we touched on that a bit. We see good drilling to the west of Whale Tail. We believe we can extend that pit further to the west. We're spending about 22 million on exploration this year. We're also doing infill drilling on the V Zone.

We've traced Whale Tail now. It's been defined over a strike length of 2.2 kilometres. We've traced it down to about 700 metres below surface. So lots more work to do there, but we do expect that deposit to continue to grow, and we'll also be drilling targets in the vicinity of both the V Zone and the Whale Tail zone as part of the drill program this year.

On Meliadine, on schedule, on budget for a production start-up in the third quarter of 2019. As we've been saying, the project's well-positioned because we were able to get a good jump on it in the second half of last year from a planning perspective and adding some key people and ordering some critical items to get on this year's barge season. So we're well-positioned for a strong season of construction and development this year.

No change in the CapEx estimates or the amount that we expect to spend in 2017, which is about \$360 million. So again, also wanted to emphasize that we are drilling our regional targets on that property, and we'll update the market as we move through the year.

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At Kittila, we had another good start, 52,000 ounces; good cost performance. The focus there now is really on the Sisar Zone. We've got a drill program of \$7.9 million, and the focus there is to define the Sisar Zone a bit better, incorporate the results of that into a study to increase the mining rate, and to increase the production rate there.

We would expect the results of that study before the end of this year. And the team is suggesting that there's potential to see the output at Kittila grow by 40 percent or so. So they're working through those numbers, and that's largely because the Sisar Zone presents a third source of ore from underground. So that will give them the flexibility to increase the mining rate.

Moving on to the southern business. Again, all three operations performed extremely well; not just from a production standpoint, but also from a cost standpoint.

Pinos Altos at 45,000 ounces; cash costs at 358. So we continue to do some construction work on Phase III heap leach pads. So that's normal capital expenditures to extend that mine life. And we're nearing completion of the silver flotation circuit, which will allow us to recover a lot more silver, which will certainly help the economics and the return at that project.

Creston Mascota, we're looking to extend the mine life there. We've had good drill results in the Bravo Zone, which is right next to the Creston Mascota pit. We also have in the vicinity the Madrono claim, which also has had some good results. So there's certainly a lot of potential there to keep producing gold at the Creston Mascota area for a number of years.

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And La India also very good production and cost performance and also really good opportunity. As you recall, we extended and added to the reserve base there at the end of the year. There's still a lot of targets in the vicinity of the mine that will be the focus of some drilling work. And that's a mine that we would also expect to extend and add mine life based on the drilling activity.

So that's a quick rundown of the quarter. We've got a much bigger-than-normal team here in our boardroom due to our Annual Meeting, so there's lots of expertise around the table.

So, Operator, we'd be happy to answer some questions.

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## Q&A

### Operator

At this time, I would like to remind everyone in order to ask a question, press \*, then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from David Haughton from CIBC. Your line is open.

### David Haughton — CIBC

Good morning, Sean and team.

### Sean Boyd

Good morning.

### David Haughton

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Thank you for taking the call. Just got a few questions; looking at Amaruq, if given a little bit more detail about the timing of the various pits, Whale Tail and then into the V Zone, is that kind of a slight revision to your thinking about the sequencing of the mining there?

**Sean Boyd**

Yvon will take that.

**David Haughton**

Thank you.

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

Yeah. Hi, David. No, the sequence is basically dictated by the permitting and EIA process, and the schedule has yet to change. And as we advance the exploration program in the E Zone, we're also in parallel doing the first EIA on the Whale Tail, we're putting in the Phase II of Whale Tail pit, and then the V Zone EIA.

So it's just a sequencing issue, but no change in schedule at this stage.

**David Haughton**

Okay. And the permit to do the exploration ramp, I take it that's going to be of a production quality, so it gives you flexibility to move to an underground mining scenario. We'd currently been assuming potential for underground mining in 2021. Is there potential for that timing to sort of change?

**Yvon Sylvestre**

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I wouldn't say that at this stage. And you're correct on the ramp being not just an exploration, but with the mining of production going forward. But at this stage as we get underground and we start drilling, we'll better define the exact timing of the underground opportunity.

But the rough timing is probably plus or minus less a year from maybe what you're seeing at this stage.

**David Haughton**

Okay. Over to Malartic, it's good that you've got the permit now for the highway diversion. Is that going to be a spend in 2017? Or is it more 2018? And if it is in '17, is that captured in your guidance for CapEx?

**Christian Provencher** — Vice-President, Canada, Agnico Eagle Mines Limited

Yeah. It's Christian Provencher. Yeah. For Malartic for sure there's a part of it that is included in our current forecast. But as you know, we got the decree that triggered the authorization of a C (phon) update, so no construction should start before end of summer.

And we'll start with the deforestation, so it's not big spending. But the road construction is a two-year project, so it will be spread over the next two years.

**David Haughton**

Okay. And are there any additional permits to access that Barnat ore body once the diversion has taken place?

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**Christian Provencher**

No. We received two decrees, so the first one was mainly for the road deviation, and the second one is a modification of the operation decree that will include all the extension, including those Barnat sections. So then after we have to go to CA—when we're going to have all the CA, so 23 of them. So we will have all our—all the permits in hand for the operation.

**David Haughton**

Okay. And switching to another asset to Kittila, the Sisar Zone looks like it's shaping up rather nicely. Can you give us a bit of a picture as to what it looks like? Is it similar kind of grade to the reserves that we see at Kittila? Would we expect any additional enhancements to the mill to be able to handle 2 million tonnes per annum? And what sort of timing might be in your mind here?

**Alain Blackburn** — Senior Vice-President, Exploration, Agnico Eagle Mines Limited

It's Alain, David. When looking Sisar, Sisar is a parallel structure that the main structure is Suuri, and what they did in the first quarter, they infilled the deposit and to be more confident about the quality of the resources. But when looking the grade is looking a little bit higher than the guide mine (phon) right now.

**David Haughton**

And the mill can handle that kind of throughput?

**Yvon Sylvestre**

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No, at this stage we'll have to do slight modifications to the plant, and we're in basic engineering at this stage. And I think on the concept around this 2 million tonnes per year concept, we'd be mining roughly 500,000 tonnes from the—or a little more from the Rimpi area, about 1 million tonnes from Suuri, Roura, and roughly 500,000 tonnes from the Sisar area that come up with the 2 million tonnes per year.

**David Haughton**

And if everything works for this concept study, what sort of timing could we be thinking about there?

**Yvon Sylvestre**

Ramping up to 2 million tonnes past probably '19 and 2020.

**David Haughton**

Okay. Lots of things happening between now and 2020 for you guys.

**Yvon Sylvestre**

Correct, yes.

**David Haughton**

And last question, if you don't mind. Sorry, I'm taking so long here. Pinos Altos, looking at the silver float, what sort of cost is expected in that? And what kind of recoveries would you expect from the better capture of the silver?

**Unknown Speaker**

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David, I can't—I don't have that information on hand right now to be able to answer that.

**David Haughton**

Yeah. No problem, Tim (phon).

**Unknown Speaker**

Yeah. We can get it to you, but right now we just see that it'll be an enhanced. We'll see how it goes. We'll give you more—

**Sean Boyd**

Yeah. I think the expectation is about 0.5 million ounces more of silver a year.

**Unknown Speaker**

Yeah.

**David Haughton**

Mm-hmm.

**Sean Boyd**

And it's not a lot of capital.

**David Haughton**

All right. Yeah. It's not really a big project, I appreciate that.

**Sean Boyd**

No, no.

**David Haughton**

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But it's just at the margin. So thank you very much, guys, for all of that.

**Sean Boyd**

Okay.

**Operator**

Your next question comes from Steven Butler from GMP Securities. Your line is open.

**Steven Butler — GMP Securities**

Oh, good morning, guys and everybody.

**Sean Boyd**

Good morning.

**Steven Butler**

Sean. Amaruq with an indicated resource in two open pit and underground at around 3.3 million ounces, do you guys plan to initially declare reserve at the end of this year? Or you're going to wait into 2018 to declare a reserve, initial reserve? Thanks.

**Alain Blackburn**

Yeah. We're planning to declare a reserve at the end of this year. As you can see in the first quarter, we infilled V Zone to bring inferred to indicated. The program is completed now, and we did the same thing for Whale Tail; we infilled the inferred resource, and we extend a little bit the deposit to the west of Whale Tail. But the plan is to bring to the reserve at the end of this year.

**Steven Butler**

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Okay. Thanks, Alain. Merci.

**Operator**

Your next question comes from Mike Parkin from Desjardins. Your line is open.

**Mike Parkin — Desjardins**

Hi, guys. Thanks for taking my questions. On Meadowbank, can you just give a bit of colour on the grade being higher? Was that expected? And what was the planned grade that caused the grade reconciliation?

**Yvon Sylvestre**

Well, I think there was a combination of factors. We did some mining back into the Portage E pit, which has generally been known for higher grades. A little more tonnage or high grade from the—from Pit A in Portage as well.

We've had positive grade reconciliation in some of these two pits, and we've also been mining a higher grade than reserve grade at Vault in the quarter, so it's just a basically a mining sequence for the quarter.

**Mike Parkin**

And is that—for the remaining reserves are you going to be in zones where you could have that potential still going forward?

**Yvon Sylvestre**

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Well, we will be—we're expecting to make guidance at Meadowbank for the rest of the year, so we're not—whatever we put out there. And then we've got on paper for now we've got six months of production; also nine months production next year for depletion of the pit.

So we're just going to be essentially mining published reserve grade at this stage going forward.

**Mike Parkin**

Okay. On Canadian Malartic on the Barnat Zone, what's your thoughts towards how you would approach that? Would you be looking to blend it? And if I recall correctly, it's got slightly better grade than the pit you're in now and the ore is softer. Do you feel there's potential that you could push the mill above 55,000 tonnes per day once you access that zone?

**Yvon Sylvestre**

At this stage, we don't feel that there's going to be very big difference in hardness profile with the two ore zones, and we will progressively be blending Barnat with the—and the depletion at Canadian Malartic. But at this stage we're not expecting to surpass the targets.

**Mike Parkin**

Okay. And then with Lapa, Sean mentioned that it's somewhat kind of Canadian gold price dependent how long it goes. Do you see the potential that if the Canadian gold price remained high you could push it further? And would it justify putting a hedge on to ensure that? Or is it marginal kind of ounces and you're not interested in doing that?

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**Yvon Sylvestre**

Well, at this stage we're mining all-in at \$850, so it's pretty good numbers. We're seeing potentially production into Q3, but after that we're not expecting any production out of Lapa officially for this year.

We may be—as we continue to complete the closure of the underground operation, we may be stockpiling in parallel some more for next year. But that will probably be the end of Lapa production potentially at the end of Q2, or maybe sometime into Q3.

**Mike Parkin**

Okay. That's it for me. Thanks, guys.

**Operator**

Your next question comes from Anita Soni from Credit Suisse. Your line is open.

**Anita Soni — Credit Suisse**

Guys, just a couple of quick questions on depreciation and capital; so depreciation, it seems like you guys were running a little bit below the quarterly average run rate, I guess, of 580 to 610 for the entire year, right? And I think you did 130. Will that pick up over the course of the year?

**Unknown Speaker**

Hi, Anita. It's likely that we're going to look at that rate as we go through the rest of the year. It's definitely well below the run rate. We're just not comfortable as of this moment changing

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the guidance, but we have more tonnes at La India and Pinos Altos, and as we refine those mining plans over the next couple of quarters we will come back to you on that.

But I agree, so far it looks like we've been a little conservative on that guidance.

**Anita Soni**

Okay. Thank you. And then capital, as we think about capital everyone sort of understands that Q1's a low run rate for everyone. For you guys is it more bulked up towards Q2 and Q3 with the shipping season up into Nunavut?

**Yvon Sylvestre**

Yeah. You're correct. I think historically, both on the sustaining and the growth side, we tend to be lower in Q1. And as the bulk of the growth spending this year will be towards Meliadine, so a lot of the increase will occur in Q2, Q3.

**Anita Soni**

And probably more weighted towards Q3. When does it thaw there? Like when can you start shipping?

**Yvon Sylvestre**

Well, the first boats are scheduled in July at this stage, so.

**Anita Soni**

Okay. And then last question with regards to Kittila. From the tour, I recall there's a shutdown this year. It's in Q2? And what's the duration of that?

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**Yvon Sylvestre**

Well, we had a shutdown that was on the border of Q1 and Q2, which impacted some production on the quarter because we advanced it one week. And there's a second shutdown scheduled for October, and it's going to be a 10-day planned shutdown at this stage.

**Anita Soni**

Okay.

**Yvon Sylvestre**

This is basically the schedule going forward: two 10-day shutdowns in spring and fall.

**Anita Soni**

Okay. So two 10-day shutdowns, part of that was already in Q1, and some will—some impact into Q2 and then a 10-day shutdown in Q3. Okay. Thank you.

**Operator**

At this time, I will turn the call over to Mr. Sean Boyd.

**Sean Boyd**

Thank you, Operator, and thank you, everyone. And you're all welcome to join us this morning at 11:00 a.m. for our Annual General Meeting at the Sheraton Centre in Toronto.

Thanks again for participating, and look forward to seeing you soon.

Bye now.

**Operator**

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

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