Agnico Eagle Mines Limited

Third Quarter 2020 Results Conference Call

Event Date/Time October 29, 2020 — 11:00 a.m. E.T.

Length: 69 minutes

CORPORATE PARTICIPANTS

Sean Boyd
Agnico Eagle Mines Ltd. — Vice-Chairman and Chief Executive Officer

Dominique Girard
Agnico Eagle Mines Ltd. — Senior Vice President, Operations, Canada and Europe

Guy Gosselin
Agnico Eagle Mines Ltd. — Senior Vice President, Exploration

CONFERENCE CALL PARTICIPANTS

Fahad Tariq
Credit Suisse — Analyst

Josh Wolfson
RBC Capital Markets — Analyst

Puneet Singh
Industrial Alliance — Analyst

Jackie Przybylowski
BMO Capital Markets — Analyst

Greg Barnes
TD Securities — Analyst

John Tumazos
John Tumazos Very Independent Research — Analyst

Anita Soni
CIBC — Analyst

Carey MacRury
Canaccord Genuity — Analyst

Tanya Jakusconek
Scotiabank — Analyst

PRESENTATION

Operator

At this time, I would like to welcome everyone to the Agnico Eagle Third Quarter 2020 Results 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 star, then the number one on your telephone keypad. If you would like to withdraw your question, please press the pound key. Thank you.

Mr. Sean Boyd, you may begin your conference.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Thank you, Operator, and good morning, everyone. Thank you for joining us this morning for our 2020 third quarter operating results.

Before we begin, I just want to refer you to our cautionary statement on forward-looking statements because this presentation will have forward-looking statements in it.

Before we get into the numbers, I just wanted to put it in context and connect what we've been working on into our strategic focus on how we see things moving forward. Certainly, when you look at the press release, you can see the impact of rising production into these gold price environments and what that has on earnings, impact on earnings and cash flow and free cash flow. So that's certainly a major highlight for us as we get our production back into the 480,000 to 500,000 ounce per quarter range. It's from this base that we'll be able to steadily grow the production over the next several years.

That's clearly important. That's what we're here to do is generate those returns for our shareholders. But also in this release, which is just as important from a value creation standpoint, is the unfolding exploration story, which we've been talking about for several quarters as we're seeing a lot of life left in some of our mature mining camps. At many of our existing mines we're showing that these deposits will likely to continue to grow and continue to add high quality ounces at these operations, and this has important implications for our longer-term production profile as we start to begin to look out over the next 10 years with a view to growing above the 2 million ounce mark and sustaining that production level above 2 million ounces for an extended period of time.

In this presentation, we’ll talk about some of the key projects, and I think it's important to note that because of these results, we’ll also be increasing our—we have increased our drill program, and we're going to have a more significant increase in our exploration budgets and drill programs as we move into next year because we're still in the process—as we get into slide presentation, you'll see we're still in the process of ranking our projects on a relative basis so that we can effectively allocate capital to those projects.

The important thing for us is to continue to steadily grow and do it in a way where we're regenerating net free cash flow. That's why it's critical for us to rank them and stage them and invest in them over time and not increase the risk level by piling projects on top of projects and eating up all the net free cash flow. That's an important part of our story, and we will connect some of those dots in the presentation.

The other aspect here is the dividend. We’ve seen a 75 percent increase in the dividend; it’s now $0.35 a quarter, $1.40 on an annual basis. That’s approximately in total dollars about $340 million per year. The dividend increase is not solely based on higher gold prices, but also, we factored in our ability to continue to grow the output from the current levels. If you look at—assume an average of production over the next several years between 2.1 million and 2.2 million ounces that works out to a $160 an ounce in terms of dividend payment on an annual production basis. That's very manageable for us, as we've invested heavily in the business, and now we're at harvesting stage.

One more thing on the dividend and the philosophy there, and I think the industry's positioning itself well. That's certainly been good to see companies that eliminated dividends six or seven years ago reinstating them now and certainly good to see from an industry perspective, companies growing dividends. I think we've as an industry hurt our owners saying we want a return of capital. We've certainly been there for many years; as you know, we started to pay a dividend back in 1983 and we paid one every year since then. But it wasn't just the fact that we were able to pay that dividend over that 37 year period.

By paying that dividend, we didn't pay a dividend, and as a result of paying that dividend and maintaining that track record, it didn't take money away from our ability to invest in our business over time. So if we reflect on why we've been successful, we've been successful because we've identified a high-quality project early, we put money to work early, we drilled those projects, and we realized on that geological potential.

Effectively, what we've done is we've taken geological risks, and we've kept the other risks in our business low, and what we've also done is kept the share count vote. The idea was to ensure that over time when we had the ability to pay a dividend and return cash to our shareholders, we did and we made it a priority. But while we were doing that, that wasn't just good enough. What we were also more focused on is ensuring the business was strong, in a way where we were adding ounces cheaply, using our in-house mine building skills to turn those growing deposits into meaningful parts of our business, and, while we kept our share count low, we were able to put up above-average share price returns to our shareholders.

Really, what we're trying to say is, that's been a very effective strategy for us because it's been well matched to our skills; as we said it's been proven that it works, and it's worked over several decades. So the message here is, we'll continue to follow that plan as we move forward because of how it works and how effective it's been.

The one other point before I get into the details, is just to note that we've had some really prestigious acknowledgments on the safety side here. Our teams have done an excellent job and they've been recognized for that work.

Let’s move into the presentation, and we'll get into some of the details. We talked a little bit about the summary. We always expected that the second half would be much stronger. We can see that in Q3, so we expect a solid second half in terms of our ability to produce gold where we expected to produce it, but also to generate the free cash flow at these gold price levels.

We’ve maintained our production and cost guidance, we've maintained our longer-term guidance, that's unchanged. As we said, we're producing roughly at a run rate of close to 2 million ounces, and we expect, given our pipeline and what we are seeing in our assets, to be able to go above that. We still have to decide how we're going to build those projects in terms of scheduling and relative ranking. As we said, we're working on that, but a big piece to how we're going to make those assessments is really on the exploration side. As we said at the start, there's still more work to do. We've seen some really good results, which is suggesting that we can extend mine life, add ounces in the mine plan, which is important, and we'll get into some of those ideas in this presentation on the back of a higher exploration budget as we move into next year.

As we said, on the gold production side, we've produced over 490,000 ounces at a cash cost of $764 per ounce. There's still more work to do on the cost side. We believe we can do better next year so we're expecting to see some improvements on that side. As we said, there is no change to our 2020 guidance or our longer-term production guidance, that remains the same. We did decide to spend a bit more in the closing months here in 2020 to position the business going forward, adding about $40 million, if you take the midpoint of that range, and that's being spent at Kittila to accelerate that expansion program.

At Amaruq, we had stopped the underground program. We're restarting the underground program. We've stopped that in the first half, largely around COVID and the fact that we had to go to minimum activities there; and we're actually purchasing pipe for the waterline that we expect to have permitted next year at Meliadine. We thought that was smart to do in terms of being able to position the business forward. And we've talked about the dividend.

COVID, clearly important. Our teams responded - you know, we've talked about this before - responded well in Q2, principally getting testing up and running early, an effective testing system, in addition to the other protocols. So that certainly helped us position the business and make the case to the authorities that we could operate safely and as a result, as you know, we were able to get our mines up and running in Quebec and Mexico earlier than it had been suggested by the government to shut down. I think the real question is, how is the business and how is the industry positioned now where we're seeing rise in case counts in some of the areas where we're operating.

What we're doing, is we're expanding testing. We have two labs going. Now, we're adding another lab in Quebec in the Val-d'Or area. So testing has been effective. We're looking at changing when we test to test for a period before workers show up for their transportation to site. We think that's important because sometimes, they are asymptomatic, may not test positive, may test positive a day later when they're at the site, which has happened. But we've been successfully able to isolate employees in those instances and avoid spread within the workforce, which is important.

I think the other thing that's important for a second wave is the way that the business is positioned, not just Agnico, but the industry. I think the industry has made a strong case to the authorities that not only can we operate safely, but we're clearly economic engine in those regions where we operate, and you can just see based on the profitability on the third-quarter results from our peers and ourselves that these companies bring a lot of benefits to the region. Given the profitability, in most instances we'll be paying lots of taxes, which the governments are looking for.

So there's a strong case to be made. One other point here is that everybody knows that in Nunavut, the communities are particularly susceptible to the virus, and back in March, we were—one of the approaches we took was to ensure that we separated our business from the community, so that there would be no transmission as we were bringing people up from the south to the north; even though we were testing, we wanted to be extra careful. Unfortunately, the Inuit workforce is still at home. They are very important to us.

We're focused on getting everybody back, but only when we can ensure the safety of the communities. Right now we can't do that. We are in continuing dialogue with the Government of Nunavut, with the Public Health Authorities in Nunavut to understand best way to bringing them all back to work. That will happen. We're just not sure when. We're bearing the cost of that for the quarter up to $3.7 million. We'll be patient because it's the right thing to do. Also on COVID, which is in our cost per ounce is about $6 an ounce, largely due to additional testing and the additional protocols.

I just want to mention one more point on the Nunavut workforce. What we've done to keep them engaged and to assist the communities who are in need of help is we've actually brought many employees back to work, not at the mine. They're actually working in the communities for community agencies. They're doing things like cleaning up waste filled sites. They're working in daycares. They're working in community centers. When they do that, we pay them 100 percent.

Right now, if one of our Intuit workers is at home, they get 75 percent of their pay. If we can find a way that we can get them engaged in the community, we'll pay them 100 percent to keep them active and engaged, but also to give back to the communities that we partner with and operate in.

As far as gold production, looking forward, we're forecasting about a 24 percent increase through 2022. Our focus is not only on executing that but understanding what comes in and beyond that, and as we said, we're still doing the relative ranking on which projects we're focused on. We'll talk a little bit about them.

We know about the Kittila expansion. We've made major progress there. It's going to cost us a little bit more because we got delayed there with COVID. We had to send all the shaft sinkers back home to Canada, so it cost us four months or so there, which is increasing some of the costs. Meliadine Phase 2 is underway. Amaruq underground. We talked about the restart of that. Odyssey, East Malartic, I'll talk about that in a minute. But there's an opportunity there in the early stages as we begun the ramp to bring up some development up in the ramp.

We're also focused in this context as we look at the production profile in the out years 2027 to 2032, and part of that is increased drill program to help us convert resource at existing mines into reserves so we can put those ounces in the mining plan, which is really focused around how we can not only go above 2 million ounces, but sustain it for a longer period of time. That's where our team is focused on.

Just talking a little bit more in detail about exploration. I talked about Kittila. From an expansion point of view, we've got the permits to be at 2 million tonnes a year or moving to 2 million tonnes a year. We've commissioned the plant. Things have gone well there, but what we've also seen recently is an extension of the Sisar Zone. The Sisar Zone is the zone that's parallel to our main zone. We continue to intersect that zone outside of the known outline. That could be important as we move forward because it's an additional source of ore for us, and it's growing in size.

We're focused on what is the next level above 2 million tonnes per year. Is it 2.4? Is it 2.5? A lot of this drilling on the Sisar Zone will tell us whether we have additional sources of ore to increase the mining rate. That's how we are focused on adding value at the Kittila mine in Finland. I'll skip over Canadian Malartic on the slide for a minute and talk about LaRonde.

LaRonde, the focus there we can see a depth as we mine the West zone: we're getting an upgrading in that West zone. The LaRonde mine has been in production for over 30 years. We're seeing some of the best grades in terms of volume we've seen in that 30 year history. We also have had a lot of exploration success. We see the reappearance of the zinc zone. The recent drilling has been deeper on that zinc zone. The gold grades have got better. The NSR values are very high here. What we're trying to do is figure out how big it is. But it's close to infrastructure. That will be part of the increase in exploration budget to understand the size. It would certainly open up a lot of flexibility in the lower mine and extend the mine life.

And also at LaRonde, we're focused on the old Bousquet property, now known as LZ5, and there's a whole package of felsic rocks that the previous owners, Barrick and Lack, never drilled. The mine was shut down due to gold prices ahead of that, and that opens up an entirely new exploration front for us and for LaRonde. So we need to understand what that opportunity is.

At Kirkland Lake, I think we know and have concluded it's a buildable project. The question is when? When does it fit in? There is still more work to do. We continue to get good drill results. It's got low cash costs because it's got a copper credit there, so unique deposit for that part of Ontario. But it's well situated. We like it because it's a 45 minute drive from Rouyn (phon), which is where we have a good part of our workforce live. There's a natural fit there, and we're working on the study and hope to have it completed by the end of 2021.

Canadian Malartic is getting a lot of attention, as it should. It's really moved up the depth chart in terms of potential over the last two years, largely on the back of East Gouldie. Because what East Gouldie does is it gives us another fairly large source of ore which is thicker and much better grades than what we see in other parts of the underground, in the Odyssey and East Malartic area. So it's changed the complexion of that opportunity, largely because we can now look at it as a much larger underground mining scenario. What it has the potential to do is significantly extend the mine life.

There's work to do, it's still early. It's not a slam dunk by any means, but I think our confidence level is high there because of our experience of almost 50 years in that region. Fifty years of successfully building an operating underground mine. We know what these things look like, we know what they feel like, we know what to do with them. And when we see them—back in 2014, when we stepped into the hostile takeover, part of our thesis was that there was a pretty good chance that there was an underground opportunity here, and it looks like there is. We put our best people to help and work with the Canadian Malartic team and with our partners in Yamana to sort it all up.

The news flow will be an updated resource in February, as well as a preliminary economic assessment which will outline our thinking on a shaft. It needs a shaft. I think you can take from our decision to advance the ramp, we're confident that we have an underground scenario here. We just need to continue to drill it, we need to improve the confidence level around the resource, we need to understand how big it is.

We also, given where East Gouldie is located in a package of rocks which previously didn't really—it wasn't really known to have a lot of potential. We've got over 20 kilometers of coverage now of that favorable rock package. Clearly it's a regional play now, as well as a play around the immediate vicinity of the mine.

When you add all those things up, these are telling us that these traditional camps have a lot more life left in them, and I think what it means to us is, as we look at external opportunities, we continue up because we're always focused on the pipeline as we look on out beyond five-years. That's how we built this business. That's where Kittila came from, that's where Pinos Altos came from, that's where Meadowbank and Meliadine came from, that's where La India came from, with that type of theory.

We talked about the strategy at the top, that's what we're going to continue to do - look for those. We also need to be able to understand what we already own as existing mines to make those relative comparisons, that's the important part.

I'm not going to go through each individual mine slide. They're in the deck. I won't get that far because we want to open it up for questions. I know a Newmont’s (phon) coming up at the top of the hour. But I'll just use the slide on the operating results to touch on some of the mines, and then I'll talk about some of the financial results, and then we'll open it up for questions.

I will start with LaRonde. In LaRonde, although it's been in production for 30 years, it just keeps going. It's not an easy mine. I think we have to give our team credit for… I listened to a presentation a couple of weeks ago from the LaRonde team, and when you add in everything they are dealing with there, that’s a really complex business onto itself and it's more complex because they're dealing at depth.

But they're also dealing with exploration opportunities and how that fits in the site located in the community. There's lots of things to worry about, but here they are continuing to open up the lower part of the mine. We’re getting an upgrade in the West mine. We're getting tonnage from the other parts of the deposit. We have opportunities at LZ5. We're using more automation which is going to be extremely important as we go forward. The end result of all that is a quarter where they produced about 100,000 ounces at cash cost of $476 an ounce. So it still, after all these years, is an important contributor to our operation.

Part of that success is the vision that the team had several years ago to take the old Bousquet property, which we paid Barrick CAD$7 million cash for almost 15 years ago and used it as a test case for automation, but also used it as a way that we can extract some of the resources that were left there. And part of the strategy going forward, there is a lot more ounces there. There's several hundreds of thousands of ounces more. But they're not in our mine plan, and there's exploration opportunities in that felsic package of rocks if you need to understand. That will continue to be a focus going forward.

Exploration is key, although the mine continues to generate extremely strong cash flows, and not only do we have opportunities to the west as we look at the old neighboring ground that we now own but also to the east of our deposit when we see the potential in the base metal zone.

Goldex. We talked about safety awards. Goldex was awarded the F.J. O'Connell trophy by the Quebec Mining Association for excellence in health and safety. So congratulations to the Goldex team. Also in September, they had the highest throughput since the mine restarted back in 2013. They continue to get good drill results at depth in the south zone, so still an important contributor to the Company.

Canadian Malartic, also awarded an F.J. O'Connell award in the open pit category by the Quebec Mining Association for excellence in health and safety. That's a big mine. Now that's a big mine that requires regular overhaul of the plant, where you have 800 to 1,000 contractors running around in a week. And so a lot of people in a confined space and they are clearly doing it safely. I think that's a good example of how effective that team there is. They had record monthly tonnage milled in August. So coming back from the shutdown in Q2 with COVID, they've done an extremely good job.

Barnat reached commercial production at the end of September, so slightly ahead of schedule with our mining activities there. The projects we mentioned, the underground, we started the ramp. So I think that's a really good sign. And we talked about the expanded drilling and the potential for East Gouldie.

At Kittila, as we said, we're commissioning the expanded mill, that's ongoing now. We completed the tie-in from September or late September to the third week in October. So that's a good thing. As we said, the shaft project was delayed as we had to send of the contract workers back home to Canada. So we had delay in the construction; not a delay on the other side of the expansion in the plant because we kept working on that, because we used our employees in Finland and our local contractors that could actually operate and move in the country. So still producing over 50,000 ounces, but with the ability to expand and go higher with exploration potential as we continue to look at depth.

At Meadowbank. Meadowbank was important from the perspective that we achieved our planned target of over 100,000 tonnes a day or ore and waste. So that was critical. We struggled to get there, as you know. We struggled to get there because of backlog in maintenance which affected equipment availability. So we're able to achieve that tonnage in Q3. We're also focused on the long haul trucking. We've added more vehicles. We received on the barge, three in the third quarter. So that will give us some flexibility in that aspect of the business, which is important for us.

The IVR pit development has been accelerated. We mentioned, we've restarted the underground ramp for the underground program, I think which is also important for the future of that deposit. As we go forward over the next several quarters, we should see an improvement in the strip ratio there at the deposit because the early part of the production there was near surface, lower-grade, higher strip ratio. The mining conditions should improve as we go forward there.

At Meliadine, we had record production there of 96,000 ounces. Good cost performance. So they've had also a successful ramp-up from Q2 and being reduced down to minimum activities. So the focus there going forward is to continue to steadily ramp up our throughput and production rate over the next several quarters as we move into 2021 and take advantage of the better grades that we're seeing as we open up the new mining horizons that started in Q3 of 2020. We’ve begun overburden stripping at Tiriganiaq, so a lot of that expansion work and adding additional reserves into the mine plan is ongoing. We continue the conversion drilling at the Discovery satellite deposit, which should add to the reserve position there at the end of the year.

In Mexico, we continue to move and develop the center deposit to help out at Pinos Altos. We also see some good drill results at the Cubiro deposit, which we think is going to be important for Pinos Altos in terms of accessing good grade material in the vicinity of the existing infrastructure. So it's important for them there.

The next slide is Creston Mascota. Really a thank you to Creston Mascota, an open pit that added some really good quality production for our business in Mexico, very close to the Pinos Altos mine. It's now winding down. It's just in the leach position now where we're just getting the residues off the heap leaches going into next year. So just a thank you to the team there for doing an exceptional job over a number of years and adding value to our business in Mexico.

At La India, another safety award. La India for the third year in a row, was recognized by the Mexican Chamber of Commerce for their health and safety awards. So they won The Silver Helmet Award. What we're looking at, at La India, we're drilling, infill drilling and extending the Chipriona deposit that will allow us, we feel, to extend the mine life at La India. So the focus really in Mexico continues to be on taking advantage of near vicinity deposits to the infrastructure and also working on Santa Gertrudis and some other opportunities that we see in Mexico.

Moving off the site quickly to the financial highlights, we can see that our earnings were strong, but we're focused really on the operating cash flow for share, which was a $1.90. So we can see the impact that increasing production, being able to maintain costs and delivering into this high-goal price environment has on our ability to generate cash; not only cash from operations, but also free cash flow as we look forward to keep a lid on our capital spent, by staging out projects and building them out over time and not being in a hurry. There's a real focus.

Moving to financial position. As we entered the quarter, we had about $250 million drawn under our credit line, that's been now paid, as we expected it would be. Nothing drawn on the credit line and we ended the quarter with $322 million in cash. So strong cash position coming out of the quarter.

I'll just end with the dividend slide. I think what we see there is the progression since 2014. We were confident in our business even when gold was $1,200, we didn't eliminate a dividend; some others were having to, based on their positioning. We were in a better position, so we didn't. But we were confident that we could increase it every year after that reduction and that was largely in a period where gold wasn't doing much. It was between $1,050 and $1,250 and we were spending a lot in 2017 and 2018 in Nunavut and we were still increasing the dividend. As we said, it's been a big part of our history, and we're comfortable increasing it again to the level of $0.35 a quarter.

One of the things for us, it's really about balance. So we've highlighted the dividend, but I think more importantly, we've highlighted the fact that we can pay that dividend and still invest and continue to invest in our quality projects to improve the value in the business while we keep the share count down.

On that, Operator, I'd like to open the line up for questions.

Q & A

Operator

Certainly at this time, I would like to remind everyone in order to ask a question, please press star, then the number one on your telephone keypad. We will pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Fahad Tariq from Credit Suisse. Your line is open.

Fahad Tariq – Analyst, Credit Suisse

Good morning. Thanks for taking my questions. Just first, as you think about the upcoming reserve update, is it fair to say that this will be year of depletion, reserve replacement, reserve growth? It sounds like next year is really when you're going to be higher exploration spend and maybe more reserve growth. So I'm just trying to get a sense of what this year is shaping up to be.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes, we haven't finalized that number. We do an internal mid-year run. There's still some projects we're updating studies on. There's still some drilling that we're doing. I think we're hopeful we can maintain where we were. Maybe a little bit of growth, but we still haven't done the numbers. We're still working on that.

Fahad Tariq – Analyst, Credit Suisse

Okay, no problem. The only other question I had was, I was looking at the COVID case data and it looks like the vast majority of the cases, I think 75 percent are in Mexico: are there any specific health and safety protocols that you have in place there to try to mitigate that? And from a financial perspective, is there a higher cost that we should expect there? Thanks.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

I'll just give you a general response and then Marc Legault is here, and he can provide some color. Unfortunately, the situation in Northern Mexico where we operate are there are a lot of cases in the big population centers, and we're drawing on our workforce in some of those big population centers. So we've had to adjust the protocol because, although we do testing, sometimes the testing isn't 100 percent accurate. We're sometimes we're finding that we do have someone that appears on site that doesn't have it, and a day or two later may report symptoms and then show a positive test.

What we've been able to do is isolate very effectively when that does happen. We limit the spread, and we haven't seen extensive spread; but we've had to change some things in the big population centers. What we were finding is that some of the employees to get to the pick-up point, were taking public transit. So now we pick them up. It seems simple, we probably should have been doing that before. There's lots to manage here, so that's one of things we're doing.

We're looking and getting a better testing system there as well. We don't have the testing to the level we have it in Canada, unfortunately. We certainly like to bring what we have in Canada down there, but it's a different country, so it's not as easy as you'd hope it would be, but we're trying to mobilize testing resources in Mexico that can improve the accuracy of the testing. Those are the additional protocols.

It doesn't add a lot to the cost structure. I think what's important is to ensure that the mine isn't contributing to spread. The other side of that equation is the mine is actually in those regions in the best position to provide logistics and support to the communities because of our own medical facilities and medical personnel that are there, that aren't there from the community.

Our team has done a lot of work there providing that, and the government's really appreciative of those efforts. That's what we've been doing there. Marc is signaling that I've covered it pretty well. So that's why I listened to those calls. I actually pick some of that stuff up. Thank you.

Fahad Tariq – Analyst, Credit Suisse

That's clear. Thank you.

Operator

Your next question comes from the line of Josh Wolfson from RBC Capital Markets. Your line is open.

Josh Wolfson – Analyst, RBC Capital Markets

Thank you very much. With regard to the Odyssey PEA, I guess the phrasing in the release does make it focuses on that asset and the comment about synergies in the other deposits. I'm just trying to understand what is going to be the focus of this study. Will it include? What the—I guess full expectations East Gouldie? Will it include some of the open pit extensions? Just kind of what are the high levels ideas for this?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Dominique's got some detail on that.

I think we know that we're going to have to make a call on this project on resource. And we're not going to have it all buttoned down on a reserve. And that's why we're tightening up the drill spacing to improve the confidence level of the resource. So we know that's a given. So as we move forward, I think the focus now is to understand the next stage outside of the ramp, which is the shaft. So that will be the big part of that, and then how does that tie into the existing processing facility.

Dominique is going to provide a bit more color and detail on the expectations for what's in that study.

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Yes, this study is going include and integrate different ore body including East Malartic, Odyssey and the new one, East Gouldie. We're seeing those ones since a while, but now with the addition of East Gouldie, it's a game changer with the project and that's going to be all included, as well as what else really is remaining into the pit. The team is looking for example at Barnat, how could we extend the pit there, so that might add reserve at the end of the year. But this is also part of the—part of the equation. We have the mill, we have the pit and now we have a new project. How could we close or fill more to gap between both of them?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

I think that's important, Josh, because it's still not clear to us how that potential production gap gets filled in. But we've experienced that before in Nunavut. And we didn't panic and rush Meliadine; we actually slowed it down a year. So we've got to really put all of our collective experience together with the Malartic team, both (inaudible) on what can be done at the Malartic pit side. Also what can we do in terms of the project side? What we don't want to do is we don't want to cut corners and rush it. Because this is probably 15 to 20 years of high-quality production that's sitting there. We're just trying to sort it out now. The worst thing we could do is try to jam it, just to fill in six to 12 months, whatever it could be. The focus will be on the quality of the projects.

Josh Wolfson – Analyst, RBC Capital Markets

Just so I understand, it doesn't sound like the production will go to zero, I think because their ramp production would come earlier. Is that correct?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes, that's correct. But it depends on—the question will be what is the quantities of what we can access from the ramp. The challenge with the ramp is it's only going to give us access to the lower-grade parts at that whole underground scenario. But the gravy, the really good stuff, the thick stuff, the much better grade stuff, is deeper in East Gouldie.

Josh Wolfson – Analyst, RBC Capital Markets

Got it. Then second question. In terms of the dividend level going forward, we saw a major increase this quarter. Where do you see that dividend being, going forward? Given obviously the uncertainty with the gold prices and what capital needs are for the business.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Well, we'll just consider that as we move forward as we gather more information on the project pipeline. That will give us a direction on how do we split the pie. And the pie is really, projects, dividend, and financial flexibility on the balance sheet. We don't want to sit with a lot of cash. So then it principally comes down to return to shareholders and project pipeline. On the project pipeline, we don't want to pile up capital to drive CAPEX up to a $1 billion again. The focus is to keep it at $700 million to $800 million while we still build the project. So there's still gold price will depend on that. How we move our production to 2.2 million ounces and maybe better will also dictate some of those decisions around the dividend as well.

Josh Wolfson – Analyst, RBC Capital Markets

Great. Thank you very much.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Thank you.

Operator

Your next question comes from the line of Puneet Singh from Industrial Alliance. Your line is open.

Puneet Singh – Analyst, Industrial Alliance

Thanks. I've spoken on some of your Nunavut assets. So at Meliadine, you've got some higher grades this quarter. I just want to know, has throughput stepped up? And Tiriganiaq growth, what should we expect in terms of average grades going forward at the mine?

My other question would be on Meadowbank. You’re saying the strip ratio is going to drop in the next year. What impact would that have on your cost per tonne there? Thanks.

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Yes, i's Dominique speaking.

At Meliadine, we're going to increase the throughput at 4,600 tonnes per day, as you mentioned. With more ore coming from the pit. Let's say the site's going to produce in between 90,000 and 100,000 ounces per quarter. It's going to be—I think if you do the math, we're going to arrive at between around 6.5 gram per tonne overall.

For the Meadowbank assets, they're really the driver—one of them is the stripping ratio. Since the beginning of the year, we're mining at around 11:1, the fourth quarter is going to be at 10:1, and next year we're going to be between 7:1 and 8:1.

That's going to be very helpful for the cost as well as the ounces. We're going to see the next quarter is going to be in the same area, 70,000, 75,000 ounces per quarter, but we're going to go first housing 85,000 ounces per quarter and up to the 100,000 ounces per quarter. The same area, the Meliadine and change in Malartic and LaRonde, and that's going to be also very helpful as for the cost per ounces by increasing those units. This is going to come from with higher-grade, the more we go deep into the Whale Tail and IVR pit, the grade is going to improve. So next year is going to be starting the year at 3.4 and we're going to finish the year around 4 into midway.

Puneet Singh – Analyst, Industrial Alliance

Great. That's really helpful. Thank you.

Operator

Your next question comes from the line of Jackie Przybylowski from BMO Capital Markets. Your line is open.

Jackie Przbylowski – Analyst, BMO Capital Markets.

Thank you so much. I just want to circle back quick on Josh's question about the Malartic underground project. You mentioned in the MD&A that you're doing some geotechnical drilling at a potential shaft location. But just can you give us some color, is that like the final step? Have you more or less settled on the shaft location, or is there still multiple sites that you are investigating? How much more work do you think there is to be done in terms of determining the overall layout?

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Well, the shaft, the study is very well advanced. In fact, I think we're at over 90 percent advanced, and that includes to have more information with the due technical to understand where we're going to put it. We're going to ride with the PA, which is going to be PA level on the resources. But we're going to be more advanced into infrastructure. The team is looking out that we do it as fast as we can as we mentioned, to minimize the gap between (inaudible). But we don't have the full picture yet. We're going to have the first vision on the economics end of December.

Jackie Przbylowski – Analyst, BMO Capital Markets.

Okay, sounds good. If I could just maybe make a jump over to the LaRonde Zone 5 mine. You've noted that you've had some real automation successes and that might open up some new opportunities, whether it's deepening the mine or otherwise finding new efficiencies. Can you give us a little bit more color on how you're able to roll out those successes that you've achieved? And is there opportunity to kind of move that into other mines as well, or is this something that is more isolated I guess to the LZ5 area?

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

No, that's really what we're looking for. When we, let's say, start more of the aggressive on automation. The team said, let's do it at LZ5 which is going to be our mining school to do more automation, and they are able to do their part of the tonnage, around 15 percent to 20 percent of the tonnage are fully-automated. From the loading, the hauling up to the surface, without any driver at distance. We're not there yet at LaRonde because of the infrastructure and also the equipment that we have. But what we're focusing right now is to really where we have the highest risk in environment, we use remote mucking. We did over 50 percent of the mucking done in the West mine, in last quarter has been done automatically.

But in six months from now we're going to have now a new design where we're going to be able also to load the truck automatically because we need to design the area appropriately to do it safe. Right now it was not necessarily the case, the mining plan was not according to that, but more and more we're going to that direction. The vision is maybe doing 2023 to be able then to do more at LaRonde being because you need to have a dedicated ramp to do hauling. This is what we're looking.

Right now, on the automation part where the teams who did the commissioning at LZ5 are now all at Meadow or Meliadine. People working with the suppliers, the same people are there where we're starting the implementation. Yes, the idea is to replicate that everywhere.

Jackie Przbylowski – Analyst, BMO Capital Markets.

That's great. It'll to be exciting to see. If I can just ask one final question. Can you provide us maybe with some thoughts on the equity investments that you've made recently, specifically against Maple Gold Mine in Rupert? How are you thinking about those assets? Do you see those moving into full Agnico ownership at some point? Maybe where they stack up in your pipeline, if it's possible to talk about. I guess just finally on that point, are you looking to add other equity investments? Or where else would you be looking at other equity investments to fill out your portfolio? Thanks.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

In terms of the general question on equity investments, as you know we've used that successfully since the 70s; that's where Goldex and LaRonde came from. It's an important part of the strategy, and it doesn't necessarily mean if we buy something that it ends up wholly owned by Agnico. Some do, some don't. We trade that portfolio. I don't see the overall size of that portfolio going up much, because the way we are managing that now, if the team comes with something they really like, we tend to take the lowest ranked situation within the portfolio and try to move it out in a graceful way where we're not putting pressure on stock of that junior. We're managing it that way.

As for specifics, we tend not to get into specifics. The more recent ones, though we can just talk about the rationale for getting involved with them. One, the most recent was Maple. That kind of makes sense for us because of the large land package, the favorable geology, the fact that we were able to vent in our old (Inaudible) property, which wasn't explored that deep. Given what we know about some of our mines, which have shown that they've got tremendous life as we drill deeper, kind of sense to have a revisit of that one. And it makes sense to tie up a lot of ground in that region, because we've seen some of the success that other companies have had in those regions, the old Fenelon on project, etc. There's a lot of all projects that tend to—are showing well these days as they get more focused exploration done on them.

They Douay project we've known about it for years. We knew about it when we are operating in Shore Tel. The way we've approached it is that we look at it by stepping back and say, we're really acquiring or getting involved with a large land package that is very perspective and has a lot of potential.

How do we use our skills and the skills of the company that owns the Douay project to put forward a high-quality exploration program? We will see how things unfold. There's no plans to start building anything there.

In the case of Rupert, it's 50 km from Kittila. One of the things that we always told ourselves, or thought, back in 2005 when we made a bit for Ritterhitten (phon), which was Kittila, is we thought that as we built Kittila, any junior exploration success in Scandinavia would have to come and talk to us, because we would be a pretty important player given the size of the Kittila deposit, and the infrastructure we were going to have to build, and the team that we were going to have to put in place.

Not much materialized for a number of years except for the most recent two or three years. There's a number of things there that are going on. Our team came to us several months back and said, the one we liked the best out of all the things that are going on in Finland and Sweden is Rupert. And so given the proximity to our operation, given our successful experience in building a high-quality business in Finland, and what goes with that, which is relationships, and a track record of doing things properly, and an exploration budget and team there as well, we thought it make good sense to engage the Rupert team providing capital on working with them on thoughts on how the project can grow.

We never can say where these things ultimately end up. We've done well on that one, we've done well on Orla, which we had for quite a while because it was part of Fercinco (phon) way back when, when it was just the Panama. So the portfolio is doing well, but we're not here to turn a quick buck. We're here to see if there's anything that could fit in our pipeline looking out five to 10 years. That's how we view these things.

Jackie Przbylowski – Analyst, BMO Capital Markets.

That's super helpful. Thanks so much, Sean.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Thank you.

Operator

Your next question comes from the line of Greg Barnes from TD Securities. Your line is open.

Greg Barnes – Analyst, TD Securities

Thank you, Sean. It sounds like locking down your production or your project pipeline is pretty important in terms of deciding where you go from here. It sounds like that's 12 to 18 months away still. Is that right in terms of how you rank Malartic underground of the beaver and whatever else is in the pipeline?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

We've got a good feel. What we're doing, I would describe this is dotting the I's and crossing the T's, I would say now, and then looking at how we're going to deploy the capital. We know that we got projects to build. The question now is which ones will have the biggest impact relative to risk and then fit them in. We could build them quicker, but that doesn't really make sense to us in this market. Because our focus is to just keep risk down and provide quality. I think we all know that in order for these shares to go up, we need new investors. Those investors tend to be generally new to the space, and they are looking for different things, and as we've said before, we spend a lot of our time when we talk to these new potential investors talking about risks.

Our pipeline and how we manage it is really about risk. One of the reasons that we've always tended to want to own 100 percent of our projects was so we could dictate the pace of when we spend. Not just on what we spend and how we spend it, but when we spend it. Given that we have control of them all except for our partner on Canadian Malartic (inaudible), and we're both aligned there, we've got the ability to stage it properly. So that will be the focus.

I think that, plus it's also in some of the recent exploration, it looks like it's going to impact 2027 to 2032. Certainty East Gouldie would do that. Certainly LaRonde at depth would do that as well. Kittila has the potential to maybe boost production, but we already have a long-life mine there. We need to just understand how that would fit as they give us a multiple and other source of ore to go to 2.5 million tonnes. Each of them has the specific thing we're trying to figure out, but given our experience, we're quite a long ways away. I wouldn't say 18 months; I'd say six to 12 months is probably more like it.

Greg Barnes – Analyst, TD Securities

By this time next year we will have a progression laid out of how these things will fold into the pipeline.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes, and I think we'll have better visibility on ’27 to ’32. We can say now we're pretty comfortable that 2 million ounces is good for 10 years, but is that number 2.2 million? We don't know. We're trying to—that's what we're trying to sort out as we look to add high-quality resources at existing mines, because in some cases that extends the mine life. If you look at Malartic, the pit is ending in ’26, maybe ’27, we're still trying to sort that out. That's the way everybody perceived that project. We were starting to get results that was changing our view 18 months ago but really early, and luckily we have people that have been through that phase and how things unfold there. But now it's pretty clear that you could see something that goes from ’27 to 2040 there, or maybe beyond. It's early. We don't know, but those are the types of things we're trying to get more clarity on right now.

Greg Barnes – Analyst, TD Securities

Thanks, Sean.

Operator

Our next question comes from the line of John Tumazos from John Tumazos Very Independent Research. Your line is open.

John Tumazos – Analyst, John Tumazos Very Independent Research.

Congratulations on all the success.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Thank you, John.

John Tumazos – Analyst, John Tumazos Very Independent Research.

Could you explain the 37,860 ounces of pre-production underground at Malartic, year to date mostly in the third quarter? I think it's the biggest pre-production I can recall. Was it something like a 5 meter stringer that was multi, multi-ounce?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

I think that would be the Barnat pre-production ounces.

John Tumazos – Analyst, John Tumazos Very Independent Research.

Is it or more like 200 meters were 100,000 tonnes, grades four-tenths of an ounce? Can you talk about the configuration of the development muck?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes. I'm just checking.

Dominique do you—I think that's from Barnat. So I don't think it was Malartic underground. (Multiple speakers).

John Tumazos – Analyst, John Tumazos Very Independent Research.

I might have the names wrong, excuse me.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes. So that was the development of the open pit and Barnat. We were producing development tonnes ahead of hitting commercial production, which we achieved at the end of September.

John Tumazos – Analyst, John Tumazos Very Independent Research.

So it was waste stripping?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes.

John Tumazos – Analyst, John Tumazos Very Independent Research.

As you go underground, are you hitting any surprises where there's mineral where you don't expect it.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Well, I think it's too early now, but I think the expectation, and this is really around East Gouldie, we know the development ramp has just started. We know that we'll be having development month from the zones and the upper part of that opportunity. That lower grade material, that's the 2 gram range, whereas Odyssey has areas in it which are 4 grams, 5 grams and 6 grams. So our expectation is, when we get into that zone, we'll see the much higher grades.

But what we're still trying to figure out, and that's going to one of the previous questions is, there will be underground development muck coming out of the development ramp that's going underground at Malartic. We're just trying to quantify all that as part of the studies. So that could have an impact much before 2027. So there is a potential bump that we'll see there. And as for grades, we're just not there yet. We have drill holes but we don't have development muck from there yet.

John Tumazos – Analyst, John Tumazos Very Independent Research.

Thank you.

Operator

Your next question comes from the line of Anita Soni from CIBC World Markets. Your line is open.

Anita Soni – Analyst, CIBC.

Hi. Just snuck in under the wire there. So most questions have been answered. So I just was curious. Can you talk about exploration budgets? I think you've talked about them increasing next year. Give us an idea of broadly of just the magnitude of what you're looking at for budget?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

As we go through the budgeting process—and we haven't landed anywhere. But what we said to (inaudible), as we said, as we go through the budgeting process, based on the return results that were coming in during Q3, why don't you look in the neighborhood of a 50 percent bump, which will be roughly $50 million, and allocate that to some of these projects where we've got wide open intersections that could have a meaningful impact on the value of the deposit. And you need to tell us one other thing: you need to tell us, if we invest x of that 50 million, what is your expectation in terms of what we'll see at the end of the year in terms of additional resource ounces, and where will they be? So that's the way we are going to make those decisions.

I'd say max is 50 percent. It may come out to be less than that because we're not just going to spend it, to spend it. We need to spend it to make sure that it's going to add the ounces.

Anita Soni – Analyst, CIBC.

Okay. Thank you very much, that's all I wanted to ask you.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Thank you.

Operator

Your next question comes from the line of Carey MacRury from Canaccord Genuity. Your line is open.

Carey MacRury – Analyst, Canaccord Genuity

Hi. Good afternoon. Sean, you mentioned that the Malartic underground isn’t a slam dunk. And other than making a call on resources, as you mentioned, was there anything that stands out from a risk perspective?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Well, I say that because it's a big project and it's early, so we've been around long enough to know that we're dealing with nature at the end of the day. Although we're confident because of the skills that we have living and working in that region, and we've done it before and you've seen it before, from that aspect, we know the skills are all there, we know that the Canadian Malartic team has exceptional skills, (Inaudible) will build or just bring addition skills to the table. But right now we're working off of 150 meter drill spacing.

Although the project and the deposit, particularly East Gouldie, looks good in terms of continuity, but we still have to do the infill drilling. So we're just cautious in that regard and if you see results coming out from us we're using cap grades. The grades are higher if you don't cap them, which I think is important, but it's just the way we approach it and think about things. I don't want to—maybe I used the word slam dunk wrong. It wasn't that we view the project as being a very challenging project filled with a lot of risk. We just view it as there's a lot of work still to do. We have done a lot of that work before on other mines. We know we can do the work, but we still have to do the work, and that's why we don't want to get too far ahead of ourselves. But I think we are excited.

Carey MacRury – Analyst, Canaccord Genuity

In terms of just general timing post the PEA, when would the shaft even be breaking ground and doors? Is there going to be a PFS to follow?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes. Dominique's going to jump in here.

I think that really drives the timing. If you have to talk about a production gap or how you could manage that, part of managing that will be decisions around shaft sinking and timing of making that decision, so we'll be mindful of that. But we're considering that, but it all has to fit, and it all has to be done in a way that we're not cutting corners.

Dominique's got some thoughts on the shaft.

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Yes. What we said, we agreed with the team is to push as much as you can on the engineering to be ready when we're going to have the economic and to take a decision that engineering is well and advanced. We are in good position for that. So when we're going to see—the step, the economic and everything we work, that the procurement work and stuff like that would start next year.

Carey MacRury – Analyst, Canaccord Genuity

Great. Thank you guys.

Operator

Your next question comes from a line of Tanya Jakusconek from Scotiabank. Your line is open.

Tanya Jakusconek – Analyst, Scotiabank

Thanks. Good morning, everybody.

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Morning.

Tanya Jakusconek – Analyst, Scotiabank

Good morning. Maybe just, Dominique, that I have you on, if you can just continue on Canadian Malartic. Would it be fair to see this opportunity starting mining from the decline for a few years in that lower grade, or of that 2 grams to 2.5 grams per ton, then moving up to an East Gouldie, which is in the 3 grams per ton, three, four years out after that.

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Yes, that's what will happen, and this is what the team is looking for, as early as we can to start to have some development or—and at some point I'm stoping from the ramp. During that time also to extend the pit. The Barnat dip, could we do it bigger? Could we do a push-back? We have low grade stockpiles; also, with the current good price, those stockpiles might make sense. We're going to put everything together to extend the pit. Start to beef up with the ramp or material, and at some point we're going to have the shaft more later, I don't know, ’27-ish, that could be the shaft ready, and then we were back to the same—close, maybe to the same production we're doing right now.

Tanya Jakusconek – Analyst, Scotiabank

I know the venture that your partner talked about a scenario of ramping up to 20,000 tonnes per day from the underground of the complex. Is that something that you see as reasonable over time?

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

I don't have the details to speak about that.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes. We're not there yet, Tanya, and that's why we're not—we don't want to get too far ahead of ourselves here, there's still some work to do. But I think maybe that's driven off of their excitement for East Gouldie when you see thickness and you see grade, and you see multiple sources of ore. I know about 18 months ago, Yvon Sylvestre, his office was next to mine and he came in and he said this has the potential to be a sizeable underground mine with multiple sources of ore. So you can pick a number. We're not going to put a number out. We'll wait for the study.

Tanya Jakusconek – Analyst, Scotiabank

So just what Dominique mentioned is that we could get in 2027, when we have the East Gouldie there, something to a similar rate that we are today producing?

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

Yes. Again, that needs to be looked in detail with ours when we're going to add all the deposits together. But that's the objective to reach back to keep that asset as it is right now.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

I think, Tanya, those are important questions and we don't have the answers to those questions. I think the important question is, is there a gap? How long is the potential gap? What can we do to maybe minimize the gap? What does the production fall to during the potential gap, I think is important.

Also, what's important is this idea that we could have a mine that's producing the same as it's producing today. We haven't made that call, because you're going to have a mine that’s significantly lower tonnage but better grade. What is that tonnage? What is that grade? It's still a few years away. So that's why we don't want to get too far ahead here. But we like it, yes.

Tanya Jakusconek – Analyst, Scotiabank

I appreciate that. Maybe just for the resource estimate that we're expecting with year-end numbers, would it be safe to assume, Dominique, that that's mainly coming from the East Gouldie, and we shouldn't expect so much from the rest of the deposits?

Dominique Girard — Senior Vice President, Operations, Canada and Europe, Agnico Eagle Mines Ltd.

I will pass the question to Guy on that.

Guy Gosselin — Senior Vice President, Exploration, Agnico Eagle Mines Ltd.

You're right, Tanya, the growth will come from East Gouldie mostly.

Tanya Jakusconek – Analyst, Scotiabank

Okay. And if I could put one more question in to Sean. I know you have a lot going in the Northern business. I just wonder about the Southern business strategy. It looks like we have a few little things at the mine site, but is there something more beyond that in terms of opportunities that are public or private that you could grow that business in Mexico?

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Yes, there's a few things that the team is working on; order of magnitude in terms of financial dollars, it's small, but they like the geology. They're relatively new in terms of our engagement with them. So it's unfortunate: in Mexico, we've got a fabulous team that have done an exceptional job. It's almost like the business currently is relegated to working satellite deposits, waiting for that next opportunity. So there's a few things we're working on. As I said, not significant, anywhere near significant relative to our overall size that the team down there likes. So we'll see how that unfolds. Order of magnitudes are tens of millions of dollars and not hundreds of millions of dollars.

Tanya Jakusconek – Analyst, Scotiabank

Okay good. It'll be good to see some opportunities down there. Thank you.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Very good. Thank you.

Operator

There are no further questions. I'll turn the call back to you for closing comments.

Sean Boyd — Vice-Chairman and Chief Executive Officer, Agnico Eagle Mines Ltd.

Thank you, Operator. Thanks, everyone. Sorry. We went a little bit long and cut into lunch, but if there is any follow-up questions, give us a call. Thanks again.

Operator

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