FINAL TRANSCRIPT

Agnico Eagle Mines Limited

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PRESENTATION

Operator

Good morning. My name is Julie, and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle Fourth Quarter Results 2022 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'd like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you'd like to withdraw your question, please press *, followed by 2.

Thank you.

Mr. Ammar Al-Joundi, you may begin your conference.

Ammar Al-Joundi — President and Chief Executive Officer, Agnico Eagle Mines Limited

Thank you very much, and good morning, everyone. It's a pleasure to be here and have the opportunity to talk about 2022, but more importantly about 2023 and beyond, where we are quite excited and we see some exceptional opportunities that by the end of the call, I think, hopefully all of you will see them with us.

Just before we jump in, some forward-looking statements you should take into account, the normal sorts of things.

But why don't we then just jump right in on page 5? So we're going to talk about, again, 2022 and 2023. I would say that 2022 full year can be characterized by two things: number one, solid and strong operational performance; but number two, and this is important, some very strategic consolidations that have led and will lead to some great opportunities that we're going to talk about.

On the operations side for the full year, we had a strong year with regards to production, meeting our guidance, but I would say, more impressively, costs meeting the upper end, slightly above the upper end of our guidance where we had told the market we would come out.

We all know that 2022 was a tough year for inflation. It was a tough year on the workforce side, but the Company delivered quite well overall.

We had continued advancement of some key development projects, Odyssey, Detour Lake, some other key projects that we're going to talk about, and we delivered all of that with the Company's best safety record in 66-year history of the Company. That's impressive.

At the same time, we repaid $225 million of debt with cash as it came due and we paid a dividend of $0.40 per share quarterly dividend continuing, which is at a good level.

At the same time, we increased mineral reserves by 9 percent to almost 50 million ounces. So a very strong year operationally, I think, across the board. And we'll talk about the fourth quarter where there were a few more challenges, but I am very proud of the team for what they delivered this year.

On the strategic consolidation, very successful merger and integration between Agnico Eagle and Kirkland Lake. That went very well. I use the past tense because it's done.

We delivered synergies faster and in greater quantum than we thought we would, which is great. And frankly, the teams are working exceptionally well together and you will see that when I talk about 2023 and beyond.

Secondly, we're looking forward to the pending acquisition of Yamana's Canadian assets, including, most importantly, the second—the other 50 percent of the world-class Malartic mine and all the potential that it has.

Those two strategic deals, the consolidation of Kirkland and Agnico and the acquisition of Yamana's Canadian assets, are core and fundamental to our strategy, which is to consolidate the best operating regions in the world for gold mining.

Next page, please. And I want to take a minute because we talk about this a lot, but sometimes a picture is worth a thousand words. And what we try to show here is what this Abitibi Gold Belt means for us.

It's a region about 160 by 200 kilometres and let's take a look at some of these numbers: mineral reserves, over 30 million ounces; resources, over 30 million ounces; inferred resources, about 20 million ounces.

And these numbers are about the same as the total Nevada gold mine JV, but in this case we own 100 percent of it and we've been operating here for over 50 years. So we think this region has a lot of potential and that's what we're going to be talking about.

We will be producing in excess of 2 million ounces from this region at about $800 cash cost, and this region also is a fundamental part of our ability to operate, we think, with a strong competitive advantage in Nunavut, as this is the basis for a lot of those operations, and Nunavut, again, going to be between 800,000 and 900,000 ounces of production.

So you can see the quantum of this strategy of combining and consolidating what we've done over the last couple of years.

Now when we did the merger with Kirkland and this time last year when we had this call there was a lot of emphasis on synergies, but we said very clearly we didn't do the merger because of synergies. We did the merger because of what we saw was a huge potential to consolidate this region and leverage off our competitive advantage in what we think is one of the best places in the world, as measured by geologic potential and political stability.

So as we look forward—and next page, please—that's what we're going to be talking about in 2023 and going forward. It's really where last year was about integrating the companies, delivering on the production guidance, and consolidating this region, 2023 is all about optimizing what we've got.

There's a lot we're working on, but I'm going to hit three things and I think this is the most important page in the entire presentation. And these are only the three biggest. There are a lot of others.

But Detour Lake, we continue to have exceptional exploration results at depth and moving west. We are continuing to assess and Natasha and the team have done a great job already with the mill expansion. We think we can expand and we're looking at opportunities to go from 28 million tonnes to 30 million tonnes with minimal CapEx investment. And remember, the permitting is up to 32 million tonnes.

And importantly, we are continuing to work. We promised that we would do this by the end of this year. We're making good progress towards the potential for this mine to be producing over 1 million ounces a year for decades. And we're looking forward to continuing to work on that and seeing where we are at the end of the year and talking more about it then.

The Canadian Malartic Complex, we're now calling it a complex because that's what it is going to be. We paid a fair price for the second half of Malartic based on its current life of mine, but the reason we did the deal is because we think there's a lot more potential, and we're going to talk about that a little bit.

We think that there is—we have already approved an increase in exploration as soon as the deal is completed because there is a lot of exploration potential, and we'll talk about that a little later.

We are going to be initiating initial production in March. We are sinking the shaft, and we are assessing the potential for additional ore source at Malartic. We think that the Malartic Complex, between the ore available at the mine site and opportunities to bring in ore nearby, this could be another plus 1 million ounce a year producer for decades to come.

So this is what we're trying to do in the best place, arguably, in the world to mine. You can see that between Detour and the Malartic Complex, potential each to be in excess of 1 million ounces a year for decades.

And then the third item to hit briefly is using excess capacity of existing infrastructure throughout the region and leveraging that infrastructure. This is what we mean by getting the full potential and leveraging off our competitive advantage.

We're going to talk about this later, but to hit the highlight. From the assets we will already own and that are near where existing mill capacity is, we think there's the potential for up to 500,000 ounces of additional production by 2030, starting slowly in 2024, but really picking up sort of '28, '29, '30, when this mill capacity comes in place.

Now in and of itself, I think that's impressive. And people talk about the best growth is organic growth. This is the best of the organic growth because it's not just growth in areas where we exist. It is potentially growth with minimal additional capital expenditure. If you can bring a mine into production and not have to build a mill and not have to build tailings facilities, you've probably cut the capital cost of that mine in half.

And you've done it in a region where you know it's safe to operate, where you have the best reputation in town, where there is minimal environmental impact, minimal permitting impact. This really is the best organic growth. It generates the most money for our shareholders, it does it with the least risk, and it does it with the smallest environmental footprint. That, we believe, is the future of mining, not just gold mining, but any mining.

Just quickly hitting on 2024 and the fourth quarter. The first three quarters, I would say, were exceptional quarters from an operational perspective. We delivered above budget on production and very good cost control. The fourth quarter, I would classify as a solid quarter. We did have some challenges, but the teams still delivered pretty well.

If you think we're going to come in about the middle of our production guidance of 3.2 million to 3.4 million, so the bottom end of any quarter would have been 800,000 ounces, and that's where we came in this fourth quarter, at costs of $863.

What I will say is, yes, the costs were a little bit—were higher, more than a little bit. The costs were higher in the fourth quarter, and that is a function of two things.

One, it is a function of the full inflationary pressures affecting us. Our team did a great job in 2022 of getting ahead of some of what we thought were going to be inflationary pressures. We did some—we had bought more inventory. We put on some hedges early. We did a lot of very good things that controlled costs, but we're not immune from inflation forever. And what you're seeing in the fourth quarter is some of that affecting us, including, in particular, as we had the sealift at Nunavut.

So the fourth quarter included those full inflationary pressures, but the costs were also impacted somewhat by some operating challenges. I'll hit Kittila and Fosterville first.

Kittila, we have a restriction right now, a permitting restriction on the mill throughput. We applied for the permit to go from 1.6 million to 2 million tonnes a year. That permit was approved. It was appealed. And right now, we are dealing with that appeal, so we're limited to 1.6 million tonnes a year.

We have put in our guidance an assumption of 1.6 million tonnes a year. We are optimistic it actually gets resolved in the next couple of months, but we don't know that it will. So our budget is, I don't want to say conservative, but it does assume the 1.6 million.

And if things go the way that we hope they go, and that we're optimistic they go, we will have an ability to produce more at Kittila and probably another 30,000 to 40,000 ounces there and going forward, by the way, because we have that restriction in place in our forward-year guidance as well.

And then at Fosterville, we have a noise restriction. We were in Australia. I was in Australia with the team a couple of weeks ago. We are optimistic that that restriction, the noise restriction, which is limiting about 25 percent of the production at Fosterville, we are optimistic that will be lifted. We can't guarantee it. So we have not included the full production at Fosterville. But if that restriction is lifted, it would be about another 50,000 ounces a year. So I just wanted to point that out.

Maybe some people say we're being a little bit too conservative on that. But this is I'm speaking to the owners of the Company, and our job is to identify all of these issues, and that's what we're doing.

LaRonde, we talked about LaRonde last quarter. I'll talk about it again. LaRonde has been in production for 35 years. It's a fantastic mine. It's a fantastic ore body. We're hitting some of the best reserve, some of the best grades we've ever hit there.

But the real word about LaRonde is sustainability. This is a mine that's been expanded five times. It has a huge amount of potential. But the reason we've operated safely—and I'm going to emphasize that word safely—for 35 years and hopefully operate safely for decades more, is because we've operated sustainably.

And sustainably includes, in this case, having a team of world-class rock mechanics and internal and external advisors who guide us on the best way to sustainably mine this multi-decade asset. And they have advised that we go to a slower mining rate. The gold is still there. We are just mining at a slower rate at depth.

And so the opportunity at LaRonde is—and frankly, this is a good thing—we are going to start exploring more laterally. You always follow the highest-grade gold, which is going down, and we know the gold continues to go down. But as we reduce the rate at depth, we are going to explore laterally. And it might take a couple of years, but we are confident that we will be able to find additional operating faces and increase the production rate again.

And then just before I flip, it was a good year. I want to call out to Detour, which had a record year, Amaruq that had a record year, and Goldex that had a record year since the restart.

Next page, please. Just very quickly is some of the operating and financial highlights. Operating margin of about $720 million in the quarter, about $3.1 billion through the year. You’ve got all this data. We don’t need to go into it in detail.

Next slide, please. This is impressive as well. Not only did we increase reserves by 9 percent but, equally important, we increased mineral resources by 12 percent. The mineral resources of today set the basis for the mineral reserves of tomorrow. And so we’re very proud that we not only increased reserves, but increased resources. And frankly, we think we’re going to be able to continue to do this over the next several years going forward.

And so at this stage, we talked about 2022. We really are excited about 2023 going forward. We identified Detour, and Natasha is now going to talk about that. We identified Malartic. Dominique’s going to talk about that. And then I’ll talk a little bit about the potential for that additional 500,000 ounces towards the end of the decade.

Natasha?

Natasha Vaz — Executive Vice President, Chief Operating Officer – Ontario, Australia & Mexico, Agnico Eagle Mines Limited

Thank you, Ammar, and good morning, everyone. I'll provide a quick update on Detour and our vision to get to a million ounces per year.

And I'll start with the mill expansion project. We continue to advance multiple initiatives to increase our mill throughput from 23 million to 28 million tonnes a year by 2025. And the last major initiative in our plan to achieve 28 million tonnes was successfully completed in 2022 with the installation of our secondary crusher screens.

The installation was completed in the second half of the year with the first line completed in Q3 and the second line completed in Q4. The initial results were very encouraging. We saw a daily average throughput equivalent to 28 million tonnes per year, but these rates are not sustained consistently over time yet.

So now, the focus at the mill has shifted to optimizing the mill processes, analyzing the wear and tear from the higher throughput to optimize our maintenance practices, and basically just improving the mill runtime so that the higher throughput becomes more and more consistent over time. And based on the work that needs to be done, we see potential for a faster timeline that, originally—that was expected to be achieved in 2025.

And in addition to a faster timeline of getting to 28 million tonnes a year, as Ammar mentioned, we're also evaluating a pathway to increase the mill throughput beyond that with further optimization and fine-tuning of our mill processes and our maintenance strategy as we adapt them to higher milling rates.

The mill optimization includes improved process controls. We're also including the implementation of an expert system like we have at some of our other mills. So these initiatives have the potential to achieve a range of somewhere between 29 million to 30 million tonnes a year with limited capital. And other ongoing initiatives include the screening and sorting of low-grade ore with the potential to bring the throughput even higher.

And then just on the update for the underground study. An initial underground mineral resource associated with the mineralization, outside of the planned final pit limits at depth and to the west, is expected to be completed in the first half of 2023, and then this will be used as the basis for the potential underground mining scenarios that will be worked on in the second half of the year. But we expect to complete an initial technical evaluation by year-end 2023.

Moving to the next slide, I'll briefly touch on the exploration highlights at Detour in the last quarter, and I'll start with the infill drilling program. This was a program completed in the Saddle Zone and just below the west portion of the pit, the area that you see that's highlighted in blue. The results shown on the right side of the slide in the first bullet continues to indicate a wide envelope of gold mineralization.

And then just west of the infill drilling, just outside of that mineral resource shell, as part of the expansion drilling program, you'll see that we continued to show a similar trend where we had a hole that intersected a wide zone with pretty high-grade inclusions. This one included 10.2 grams per tonne of gold over 28.9 metres.

And finally, the regional drilling program also showed promise. This was a program that was conducted approximately 2.4 kilometres west of the west pit mineral resource, and it showed signs that these pockets of gold mineralization along the Sunday Lake Deformation Zone still continues. So all in all, very encouraging results in the quarter for Detour.

One other thing I wanted to mention is that the good exploration results discussed in prior quarters has led to the significant increase in the mineral resource-mineral reserve update at year-end. But the exploration highlights that I'm talking about today and in the news release only became available after the MRMR year-end update. So it just shows the potential to continue the growth at Detour from both the open pit resources and advancing the understanding of the underground upside.

And with that, I'll pass the presentation on to Dominique Girard, our COO for Quebec, Nunavut, and Europe.

Dominique Girard — Executive Vice President, Chief Operating Officer – Nunavut, Quebec & Europe, Agnico Eagle Mines Limited

Good morning. Thank you, Natasha. Okay. In the next couple of slides, I will give you an update on the Odyssey project, as well as on exploration with the infill drilling, what we see, and how we're going to see the developing that complex to feed the mill that we have.

On the production or let's say the development ramp, we are on target with the development, and we foresee to do the first blast in March, so on time. And we're going to have approximately 50,000 ounces this year coming from the Odyssey South.

On the construction project, everything is going well, despite not the easiest time to build with the logistics and the workforce challenges. But we have very A team at site, and we're proud with the advancement.

A bit of challenges with the wind and the crane, that you could see on the top right of the picture, in the last quarter. But this quarter, we are back on track with installing the steel into the shaft, and we're going to be ready to do shaft sinking starting at the end of this quarter.

Maybe to give you a perspective about where we're going to be at midyear with the construction of the project, which is going to be to feed, also, the updated study that we're going to do this year. We're going to update our PEA study, but we're going to be at the middle of the year, where 80 percent of the surface construction's going to be completed.

So the electrical line, the shaft, or let's say the head frame, the garage, the warehouse, the paste plant Phase 1's going to be all completed. So all those costs going to be secured as well as the schedule, and we're going to have, also, an idea or a better idea, our mining rate into the Odyssey South, as well as the sinking rate that we're going to do into the shaft.

So all of that is going to be updated through the year to see, let's say, a very good vision on where we're going to end with the project. But everything is positive.

And on top of that, we see—I'm going to talk a bit about that in the next section, but we see very positive results from the infill drilling. We did the first conversion with the Odyssey South at 100 percent, the equivalent of close to 200,000 ounces at the Odyssey South.

But we also see very positive infill drilling in the East Gouldie right now. If we go to the next slide, there is some holes that we could see here. The middle of the East Gouldie Zone, which is the dark blue, that—let's say a year ago, that was more patchy. But now with the better infill, this is taking place. And we're expecting to do some conversion of that zone at the year-end.

And just to highlight some interesting holes at the 1 kilometre below surfaces, approximately, or it is 7.6 grams on 43 metres. And if you go down 300 metres, we're 4.2 grams per tonne, 61 metres. And if you go a bit lower of that zone, we're 93 metres of 2.6 grams per tonne. So the infill drilling is confirming what we have into our study.

And we also see the reddish zone increasing with the inferred resources, which is going to be all included into our updated PEA. So this is, let's say, the first place where it's going to be easier to bring more ounces to that mill, is within that 5.6 kilometre-long, 1.5-wide, and 2 kilometre-deep area. So we're going to continue to work and to focus onto drilling and a better understanding of that zone.

If we zoom out at the next slide, page 15, on the entire area, there is also other potential satellite deposits, like Camflo, LTA property, where we're going to focus on more drilling and doing more study that eventually to bring that into the Canadian Malartic Mill.

Just the LTA property, which means le terrain aurifère in French or goldfield in English, 2 million tonnes have been processed there—no. Two million ounces have been processed there, which was 10 million tonnes at 6 grams per tonne. And that was done—or only the first 800 metres have been drilled. So we're looking for, eventually, to focus there.

This year, we'll focus more on the Camflo deposit. There's already a drill running, and we're going to need to better understand, could we mine an open pit crown pillar there? But this is the vision that we have around the Odyssey project.

Maybe to close, I would just like to congratulate the construction team, which did last year, a full year with a zero combined frequency. This is something not easy to achieve, but with the quality—it demonstrates the quality of the team that we have into that region and the good work that they did.

On that, I'm going to pass the mic back to Ammar.

Ammar Al-Joundi

Thank you, Dominique, and thank you, Natasha. So if we go to the next slide, please, and let's zoom in. And so Dominique talked about additional ore that's effectively proximate to the mill. But what this slide shows is we've stepped back a little bit and we said, what is the potential? And again, there's a lot of potential.

Right now, I'm just talking about consolidating and optimizing the mill. There's procurement. There's central control centres. There's a whole bunch of things we're working on. But for 2023, we're focused on the thing that's going to move the needle very quickly, relatively speaking.

And if you look at the position here, what you see in the red line and the black line, that's the road and the railway. And over the last 100 years, where they've been mining, the towns, the road, the railway has followed the Cadillac fault. It makes sense. That's where the economic growth of this part of Quebec and Ontario has been.

And what you can see in the purple are our land positions. So you can see that not only do we have a lot of land positions, we have a lot of land positions right on the Cadillac fault, but also, importantly, where there is existing strong transportation infrastructure.

Now just looking at three simple examples, things we already own, Macassa, near-surface additional production from the AK zone, Upper Beaver and Kirkland Lake satellite deposits, and Wasamac, there's about 11,000 tonnes of ore that can be mined that, conceptually, could be milled at the Malartic or Lapa mill. That's only 11,000 tonnes. That's one-quarter of what we expect the excess capacity to be, and those 11,000 tonnes are roughly, potentially, 500,000 ounces a year.

Now somebody asked us, well, is this a fill the mill to fill the mill? Are you going to—are you focused on IRR? What I would say is, again, I'll repeat and I'm a—you know I was a CFO for a long time, I think this way. Obviously, if you're building production, and you don't have to build a mill, and you don't have to build tailings facility, and you've cut the CapEx in half, your IRR, your return on capital roughly doubles. The math's more complicated, but it roughly doubles.

So this is not just organic growth. This is the best organic growth you can have with the best return on capital, the least risk, and the least environmental footprint.

Now before we move on—and we want to leave time because I'm sure there's going to be a lot of questions—it's not just these three things. As impressive as Detour is, as Malartic is, as optimizing the belt is, we've had excellent exploration results at Hope Bay, excellent exploration results at Malartic, excellent exploration results at Kittila, at Goldex, at Fosterville, and at LaRonde.

So we are firing, I think, on all cylinders, but we are focused on things that are in front of us that were always part—and I go back to where I started—this was always part of why two great companies like Kirkland and Agnico merged. This is why we really wanted the second half of Malartic. And by the way, nobody else could have had the second half of Malartic and delivered all this value into it because nobody else had the land positions and advantages we had.

Just going on to move forward, '23 to '25 production. Moderate growth, frankly, about 7 percent by 2025 from the 2022 production. The numbers are there, roughly about 3.35 million—I'm sorry, about 3.3 million midpoint in 2023; 3.45 million midpoint, 2024; and 3.5 million midpoint, 2025.

I want to repeat that these numbers assume constraints at Kittila and at Fosterville. If we are successful in lifting those, that's another 30,000 to 80,000 ounces, maybe a little bit more, that we can add to that. And none of these numbers include any of the incremental production from filling the mill. Now granted, that'll start pretty slow in 2024 and won't really build up until '28-'29, but I just want people to know that we think we can add potentially more to these.

Maybe just flipping forward to the next page just for time. We are going to continue to do what we do in the most responsible way that we can. It's not just the right thing to do but, again, if your strategy is rather than going anywhere in the world to build mines one at a time where we instead, Agnico, want to focus on regions for decades, you have to be the best at ESG.

You have to be welcome in the community, not just accepted, but welcome and part of the community, and you have to demonstrate environmental responsibility because we don't want to build just one mine. We want to build several mines.

And I think our numbers, as reflected by third party, demonstrate that we are leaders in the industry for greenhouse gas emissions. We're leaders in the industry for fresh water usage. As I mentioned, we had the safest year in our 66-year history. We have great relationships with local businesses, great relationships with local Indigenous groups.

We really believe and we can see that we, working with the communities that we're in, improve the quality of life of the people that work with us, their families, and the community that surrounds it.

We are dedicated to zero carbon by 2050 and a reduction of 30 percent by 2030. We're putting a lot of effort into how to get there and we will get there.

Next slide, please. Strong financial position, about $660 million in cash, $1.2 billion of undrawn credit facility. We paid down $225 million of debt in 2022 as it came due. You can see on the bottom left our debt profile. We expect to continue to pay that down as it comes due with cash.

Next slide, please. We are going to—we've been paying a dividend for 39 years. I don't know that there's any other gold mining company—frankly, I don't know if there's any other mining company that's done that. We are going to continue to pay a dividend, and our dividend yield is competitive with our peers.

Next slide, please. So in conclusion and, again, we want to have time for questions because there's a lot here and there's a lot in our almost 150-page press release. In conclusion, 2022 was a tough year for the industry. It was a tough year for us, but I think the team did a really good job: three exceptional quarters and a solid fourth quarter overall.

Importantly, 2022 was also a year where we successfully integrated two great companies and are going to be acquiring the second half of a world-class asset in our backyard and delivering value that nobody else could.

Just stepping back, it’s not always easy to integrate two companies, but I have to say—I’ve said it before, I’ll say it again—it went really well and that’s only because of the quality of the people involved and the cultures that both companies had.

So while 2022 was a tough year, it was a good year. And 2023, we are very excited about it. Where 2022 was about consolidating, 2023 is about optimizing and we are just starting to scratch the surface of the potential. Again, this time last year we said we didn’t do the merger because of the synergies, even though we’ve delivered very well on that. We did this merger because we see huge potential.

I hope, through this presentation, we are starting to demonstrate that and, again, we’re just scratching the surface.

So I will finish with how we always finish because it’s our consistent strategy, which is to be a simple, consistent, disciplined company with a proven approach to value creation based on consolidating assets in premier jurisdictions; businesses that make a lot of money, a lot of cash flow, and importantly are always per share focused; proven leadership with a track record; maintaining a strong financial position to provide strategic flexibility; ESG is important to us and we will continue to endeavour to be a trusted and valued member of the communities in which we operate and which we hope to operate for decades.

The consolidation of the Abitibi Gold Belt is providing growth potential, high-quality growth potential, high margin, high return on capital, low risk. And we want to continue to build on our long history, 39 years, of return of capital to our owners.

And with that—and thank you for your time; I know we took a little bit longer than we usually do, but there was a lot here—Operator, we'll open it up for questions.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

Should you have a question, please press the *, followed by the 1 on your touch-tone phone. If you'd like to withdraw your request, please press the *, followed by the 2.

If you're using a speakerphone, please lift the handset before pressing any keys.

One moment, please, for your first question.

Your first question comes from Fahad Tariq from Credit Suisse. Please go ahead.

Fahad Tariq — Credit Suisse

Hi. Good morning. Thanks for taking my two questions.

Ammar, maybe just first on 2023 costs, which I think maybe surprised some people. It looks like it's about 14 percent higher than the previous 2023 guidance, about 5 percent higher year over year, about 9 percent higher than, I think, what consensus expectations were.

What is the market missing here when it comes to the underlying inflation? What part of the story are we not seeing that's impacting the costs?

Ammar Al-Joundi

Yeah. That's an excellent question, Fahad. And part of what you're not seeing is—and I said this in previous calls—costs are a function of two things. They are a function of inflation, but they're also a function, really, of throughput.

So 2023, I'll give you an example at Meadowbank. The stripping at Meadowbank in 2023, the ratio is 16:1, the strip ratio. In 2024, it's going to be 4:1 or 5:1. That simple change in stripping ratio has an impact on the entire Company of about $37 an ounce in costs, just that one thing. And it's hard for you guys to see that, and I appreciate that, but that's sort of your question.

The other thing is, clearly, with the restrictions, simple things like 80,000 ounces of restrictions, once those are lifted, costs at those operations go down. So you're right. There is inflation, but there's things that's hard for people to see, and those are really the operating things.

And we hope to be able to outperform what we've given, but we've had to give cost guidance where it is because we don't know if those restrictions are going to be lifted. We think they will be, but it would be not good of us to assume they will and then surprise you guys all at the end of the year.

Fahad Tariq

Okay. Fair enough. And then just a quick follow-up. The synergy number that's being baked into the guidance, it looks like it's $12 an ounce. I think the number that was previously communicated, the range, was quite a bit higher, like $30, $40 an ounce. Did something change there when it comes to synergies? And what's being included in the 2023 cost guidance? Thanks.

Ammar Al-Joundi

Yeah. So the synergies get a little more complicated because of inflation, and. But what I would say is we are still ahead of schedule on the synergies. The administrative synergies are easy to track.

I think—and I had these numbers, I apologize—but the procurement synergies are on track. So I'd have to go through, Fahad, and go through the number you just gave me and compare that to our numbers.

Fahad Tariq

Okay. No problem. We can take that offline. That's it for me. Thank you.

Ammar Al-Joundi

Thank you.

Operator

And your next question comes from Emily Chieng from Goldman Sachs. Please go ahead.

Emily Chieng — Goldman Sachs

Good morning, Ammar and team. Thanks for taking my questions. My first is a follow-up on the cost piece and maybe looking ahead beyond '23 into '24 and '25, where you're expecting some sequential cost declines there. Perhaps could you bridge some of the items that you think about that would allow you to achieve this?

I know you mentioned the Meadowbank stripping but, perhaps, can you talk to maybe your diesel procurement strategy? Your labour, fuel, and consumables there as well? Thanks.

Ammar Al-Joundi

Yeah. I think that—good question Emily. Nice to hear your voice. Really, it's just the operations. The operations, as we're going to have more production, as we get into different areas in the mine sequence, the costs are anticipated to go down. So we have not really assumed any relief on consumables or labour or that sort of thing. We will work hard to get there. But mostly, it is increased throughput and mine sequencing.

David Smith — Executive Vice President, Finance & Chief Financial Officer, Agnico Eagle Mines Limited

And I'd just add to that, Emily, that as we said in the press release, no assumption of hedging success on any of these inputs like currency or fuel is included in our guidance because there's no guarantee those things will work out. But we'll continue to attempt to add to those hedging programs during the year if it's beneficial.

Ammar Al-Joundi

And also, there's no assumption on either production or costs of some of the optimization that we're working on, which would further reduce costs.

So we can give a fair level of confidence, absent unusual market moves, that the costs should go down because we see what the life of mine is, and we know what the cost per tonne is, and we know what the throughput is and all of that, and that's going to all improve.

But we haven't included some of the optimization that we're working on and, clearly, as you produce more ounces with the same infrastructure, your cost per ounce goes down.

Emily Chieng

Understood. That's very clear. And maybe my second question just around the progress and your Abitibi Gold Belt strategy there and how you're optimizing mill throughput. How do you think about prioritizing the cadence of when each of those nearby resources start to fill in? And when they should start to contribute the initial ounces that you're talking about?

Ammar Al-Joundi

Well, I mean, that's an excellent, excellent question, and we've really been focused a lot on that over the last few months. The best way to answer that, Emily, is we are doing this at two levels.

We’re doing this at the most senior level, and Jean Robitaille is working on this with Guy and Natasha and Dominique. But also, importantly, and this is the key thing, each of these projects has a project leader and a team and a time frame with milestones. And so it’s one thing to talk about a vision, but what you really actually have to have is a plan.

And we have the teams in place. We have the resources in place. And the cadence, to your point, will be driven by those specific opportunities, both when these projects can come onstream and also, frankly, when the mill capacity comes onstream.

Emily Chieng

Great. Thank you.

Operator

Your next question comes from Greg Barnes from TD. Please go ahead.

Greg Barnes — TD

Yes. Thank you. Ammar, you’re forecasting CapEx around $1.4 billion to $1.6 billion in ‘24 and ’25. With all of the optimization programs and plans you have for the Abitibi, does that number come down beyond 2025? Or is it going to stay in that range as we go forward to the end of the decade?

Ammar Al-Joundi

I would say—hello, Greg—I would say and sorry, just before, Greg, I answer your question, Emily, we will provide more guidance with specific cadence towards the end of the year on some of these projects. I just didn’t want to leave you hanging there.

So, Greg, so we’ve actually completed a lot of big-ticket items on the CapEx side in 2022, things like the filter press at LaRonde, which is going to allow us to do dry stack tailings, which is for environmental purposes, et cetera.

The CapEx forecast beyond ’24-‘25 is forecast to decline based on the current life of mine. Our job continues to be, as you know, to look for opportunities to make profitable investments for our owners. So I’m optimistic that we’re going to continue to find good opportunities to create value on a per share basis. But to answer your specific question, yes, based on the life-of-mine models we have right now, the CapEx is expected to decline beyond ‘24-‘25.

Greg Barnes

Okay. Just at Macassa, it seems like you’ve taken a bit of a reset there in terms of production profile going forward. I think there was talk at one point it would be 350,000 to 400,000 ounces a year, but we’re not seeing that in the three-year forward look, anyway. What’s the view on Macassa now?

Ammar Al-Joundi

Well, I’ll start, and then maybe Natasha can comment a little bit. This time last year—and I remember the call very well because it was my first call—we hit Macassa head-on. We said, look, the previous guidance was 350,000, 400,000 a year. We think it’s a great ore body, there’s a lot of potential, but it’s not going to get to 350,000 to 400,000 in the time frame that was outlined. And we said this based on the due diligence we did. And it’s a great ore body but, as I said then, this is a mine that Kirkland was taking from the 1930s to the 2020s, and they were making good progress.

We’ve made very good progress this year at Macassa. The team is energized, and Natasha can talk about a lot of the accomplishments. I think what I would say, Greg, is Macassa is probably a 300,000 to 350,000, not 350,000 to 400,000-ounce mine. But maybe, Natasha?

Natasha Vaz

No. That's correct. Thank you, Ammar. So, Greg, sorry. In terms of the current guidance, it reflects two main things: the slower ramp-up of mining activities and a lower gold grade when compared to the previous guidance.

So with respect to the lower forecasted grade, it's largely a result of adjustments to our resource model based on additional definition drilling. And then the slower ramp-up in in 2024 is partly due to the reevaluation of the development rate and the mining sequence, following the completion of Shaft 4 and the new ventilation system.

Now we're always looking at opportunities to improve on our productivities but, for now, we feel that these are rates that are achievable. The site has done a lot of work in terms of the optimization efforts, whether it's compliance to the plan, the maintenance program initiatives, but there's always opportunity. And I feel like that there is opportunity with number 4 shaft and the ventilation upgrade coming on to improve on that.

With respect to looking at it in the long run, like Ammar said, I envision the same thing, 300,000 to 350,000. The deeper mine, the South Mine Complex in the Main Break, we envision it to still be approximately around 300,000 to 310,000. And then we foresee an additional, say, 20,000 to 40,000 ounces coming from the near surface deposits, the AK deposits, that could potentially be trucked to another mill.

Ammar Al-Joundi

Yeah. Again, we're very proud of what Macassa's done this year. It was—I'll be perfectly frank—it was a bit of a tough mine, this time last year. It is operating vastly better now, and the confidence we have in it is high.

Greg Barnes

Great. Thanks, Ammar. Thanks, Natasha.

Operator

Your next question comes from Anita Soni from CIBC World Markets. Please go ahead. Anita Soni, your line is now open.

Anita Soni — CIBC World Markets

Sorry. I said I had the—I was on mute there. I had the same question as Greg, so I'm just going to pass it to the next caller. Thanks.

Ammar Al-Joundi

Thank you, Anita.

Operator

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

John Tumazos — John Tumazos Very Independent Research

Thank you. Sort of moving away from the details of today's press release, sort of for the long-term strategy, Ammar, is there a level of depletion that might be too big for annual reserve replacement or threshold you don't want to go to, like 4 million, 5 million, 6 million, 7 million ounces a year? And is there a level of capital spending—$2 billion, $3 billion, $4 billion a year—that's too much?

Ammar Al-Joundi

Yeah. Clearly, you had a couple of issues this quarter, and it's hard to run a company, the more moving pieces, even if they're all in the same neighbourhood in eastern Canada. And there's 5 or 10 companies lined up, wishing they're going to sell out to you, and maybe that's too many projects for you to build at once.

John, you’re absolutely right, I think, on all accounts. So one, I think there is a limit that it does become unwieldy, even if they’re all in areas where we are—and you’re right. There’s a lot of companies that are hoping that someone else will buy them out. So one, I would say, yes, you’re right. There is a size that is probably too big at some point and becomes unwieldy.

But you know us pretty well. We’ve never cared about size. I say that sincerely. We don’t care on absolute size. We only care on per share metrics. And I think—I hope what we’ve shown today, and this is really what I’m trying to do—is this merger that we did with Kirkland and this acquisition of Malartic was not about getting bigger because paying full value for something and just—so that doesn’t create any value per share.

What we are trying to do and, I think, what we are going to do better than people think, better than people expect, I think we’re really going to, over the next few years, show that this combination is going to create a lot of value, through leveraging our competitive advantage in this part of the world. I mean, you’re 100 percent right. You don’t want to get too big. And to be perfectly frank, all of our teams are very busy.

We talked about, to Emily’s question on cadence, we’re allocating resources to all of these to make them happen, and we’re working flat out. So it’s a good question, and I hope I answered it to your satisfaction.

John Tumazos

So if we could be numerical, Ammar, for our planning, should we assume that we stay at 4 million or less ounces, and the CapEx doesn’t get bigger than $2 billion in a year? And even though you own 10 percent or 20 percent of four companies, and another 14 wish they’re going to sell to you, maybe, you need to wait 10 years to worry about building all those mines?

Ammar Al-Joundi

Yeah. Yes.

John Tumazos

Thank you and I'm glad to be a shareholder.

Ammar Al-Joundi

Thank you. We're glad you are a shareholder.

Operator

Your next question comes from Carey MacRury from Canaccord Genuity Inc. Please go ahead.

Carey MacRury — Canaccord Genuity Inc.

Hey. Good morning, everyone. I thought I saw in the press release that you're evaluating increasing capacity at Malartic to 60,000 tonnes a year. Obviously, with the open pit ending and excess capacity there, just wondering sort of what's driving that.

Dominique Girard

Good morning. Dominique speaking. The mill capacity is 60,000 tonnes per year—per day, sorry—and we're going to start to have some capacity available starting in 2028. So this is where we all look to bring more ore to that mill. The mill is there.

Carey MacRury

Okay. And then on Macassa, it mentions some higher dilution. Has that been factored into the updated reserve model there?

Natasha Vaz

Yes, it has.

Carey MacRury

Okay. Great. And then maybe one last one for Ammar. I mean you really emphasize the regional strategy that you guys have. And just wondering how Kittila and Fosterville fit into that? They kind of seem a bit, kind of more things relative to the other regions that you have.

Ammar Al-Joundi

Yeah. Thanks, Carey. So I'll start with Fosterville. Fosterville, a great asset, great people. Doesn't make sense to be in a place like Australia for just one mine, and so we are looking at that. And we're looking at Australia broadly speaking. Australia already has a lot of good miners in it, but there's a lot of opportunity.

So what I would say with Fosterville is a great asset, but we need to make a decision, long term, on can we create value for our shareholders in Australia better than other people can? And we're working on that assessment as we speak.

And I would say it's the same at Kittila, frankly. We are producing close to 3 million ounces now out of Canada. Right? So we're going to be going to 2.1 million in the Abitibi. We're going to be going to 900,000 in Nunavut. So that's a fair question.

And it's a fair question in Mexico as well, although I have to say we are very positive on the work we're doing with Teck at San Nicolás.

Carey MacRury

Got it. Very helpful. Thanks, Ammar.

Ammar Al-Joundi

Thank you.

Operator

Your next question comes from Mike Parkin from National Bank. Please go ahead.

Mike Parkin — National Bank

Hi, guys. Thanks for taking my question. I noticed you'd flagged the big jump in power costs at Kittila in 2022. I think I recall there was a nuclear power plant getting commissioned at the end of the year. Is that online? And are you starting to see energy cost benefit from that coming online yet?

Ammar Al-Joundi

You want to go, Dom?

Dominique Girard

Yeah. I could take it. Yeah. We saw the price getting crazy in December, up to $500, $600 per megawatt hour because of the situation. And in that, I don't know what you refer but, in that case, we've run our—

Ammar Al-Joundi

Generators.

Dominique Girard

—generators just to save cost, and we've also reduced some activities at site.

But we see the future positive because there's a nuclear plant taking place, and they are finalizing the commissioning. So we expect to have a better cost for next year.

Ammar Al-Joundi

Yeah. Mike, I think that's what you were referring, right, is the plant online and commissioned? I don't know. Jani, are you on the phone? Sorry to put you—no. Jani's not on the phone.

So my last update on that, Mike, was they were commissioning it. They had a couple of problems with water pumps, of all things. You'd think water pumps, not that complicated, but my understanding is it is back online now or will be shortly, and we are seeing material reduction in power costs at Kittila.

So again, we are—I will just say it, in the budget, we've assumed higher power costs than we're seeing right now, so there is upside there for us.

Mike Parkin

Okay. Yeah. That's kind of what I was getting at, was where the guidance is kind of based on. And then in terms of the Canadian Malartic Mill, in the past, you kind of talked a bit potentially needing to tweak the front end of it, the grinding segment of it, to better balance the lower tonnage eventually coming through with Odyssey. But now, with this potential to fill the mill or get closer to a filled mill with regional upside, is that something you could potentially avoid having to do?

Dominique Girard

Yeah. Absolutely, Mike. It is an opportunity that we have right now into our PEA study when we have money to decommission a part of the mill. Now we see that as an opportunity to keep it running.

And maybe, if I go back, I think to Carey's question before about the mill's capacity and so currently we're mining with open pit at 55,000 tonnes per day. We're depleting those pits with those pits.

Canadian Malartic's going to end this quarter and we're going to move everything to Barnat pit, but the tonnage is going to decrease from the pit and the underground tonnage is going to increase.

Coming into 2029, we're going to be third time less throughput. We're at 19,000 tonnes per day, but the grade is going to be 2.5, 3 times higher than where we are right now, which is going to bring equivalent ounces, those too.

Mike Parkin

Okay. And then just jumping over to Kittila with this final ruling on the greater tonnage permit. You noted that if it doesn't prove favourable this ruling coming this year, you would resubmit kind of a new permit application. If that were—obviously, hopefully, that's worst case and you can avoid it—but if you have to do it, do you have a sense of what the timeline of getting a new permit through would take?

Ammar Al-Joundi

Yeah. I think it's we're quite hopeful that we will—so remember, we got the permit, and we got the support from all the regulatory bodies. There was an appeal and during the appeal the court has asked us to go back to 1.6 million. So we are hopeful.

If it doesn't—and again, just to emphasize the guidance we've showed, just to be on the conservative side, is at the 1.6 million. If in the unexpected situation where we get denied, or there's a reversal of what was already permitted, we will have to resubmit and that could take a few years.

Mike Parkin

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

Operator

Your next question comes from Ralph Profiti from Eight Capital. Please go ahead.

Ralph Profiti — Eight Capital

Great. Thanks, Operator. And thanks for taking my two questions, Ammar. Firstly, on LaRonde, you talked about moving to a slower mining rate. Would the same virtue be extended to development rates, meaning that if you do slow down the mining rates do you have an opportunity to sort of enhance productivity with, say, perhaps reduced dilution? So does the slower mining rate affect development rates as well?

And maybe, can you touch a little bit upon sort of the lateral exploration prospectivity as opposed to at depth?

Dominique Girard

Yeah. Dominique speaking. Yes. Effectively, we're going to—the mining, the development rate is going to be adjusted, but this is offset also because we need all to do more paste backfill and more rehandling of not—yeah. We cannot bring the waste to use backfill.

So overall, the cuts are kind of offset right now, but we're going to work with the team to really fine-tune the cuts, and we're going to see also this year what's going to be the real pace of mining we could do at La Ronde.

So overall, the La Ronde deposit is going to be 200,000 ounces per year. There are 75,000 coming from LZ5, but we're going to have coming into the second half of this year 30,000 ounces coming from Zone 11-3, which is a thing we're looking for to continue to bring more ore from new zones.

And on that, I will pass the mic to Guy, which could give you some sense of where are we to discovering more answers in the laterally speaking.

Guy Gosselin — Executive Vice President, Exploration, Agnico Eagle Mines Limited

Hi, Ralph. On the lateral prospectivity, well, we already materialized some of that. LZ5 is an example of what we are moving forward and trying to replicate. On the adjacent property, the former Bousquet property that holds the LZ5, it's directly mining stop at about 1.6 kilometres below surface. And those zones were still open at depth.

So in between the current Penna Shaft and the LZ5, there are known zones of mineralization, namely Zone 3-1, Zone 3-4 that remains open at depth. We see also good potential below the LZ5. So this is exactly why we're putting a lot of emphasis at developing that exploration drift on Level 215. And that exploration drift will advance for another kilometre towards the West to be in a better position.

So we are full steam ahead at getting that platform, exploration platform in place to target those known zones that were identified in the past and continue to investigate their extension at depth.

Ammar Al-Joundi

And, Ralph, it's a good question. I'm a glass half-full guy. And I actually see this, in the long run, as a good thing. I mean, it's natural for any mining company to follow the highest grade in the ore development. But at some point, we really did need to go laterally because there's a lot of opportunity around there laterally. And this is something that we should do.

And again, that's kind of why I said it might take a couple of years, but we're confident that we're going to be able to find additional ore face for the LaRonde complex and hopefully recover back to where we were last year.

Ralph Profiti

Gotcha. Okay. Thanks. And maybe as a follow-up, I just want to switch to Fosterville. Does the current technology allow you to get into that 16 to 20 hertz threshold to be sort of within specs on that low-level noise? Is the current technology available? And is this really just sort of an engineering solution that needs to be figured out?

Ammar Al-Joundi

Yeah. So we have put a lot of effort and the best technology in the world to resolve this. To put this into perspective, I was out there and I couldn't hear anything, like nothing. And so we are going to be able to—I mean, we've spent a lot of money. We've brought experts in from all over the world. Sound, as you can imagine, is a bit of a complicated thing.

We are going to be able to reduce it, but it's never going to go to zero. It just isn't. And this is the discussion we're having with the regulators. This is effectively something that the vast majority of people can't even hear. And so the regulators, I think, have asked us to do all we can.

We have; it's gotten better. It is physically impossible to go to zero. And so I think there's some sympathy there that we've—that this is—we've done all we can and that it's not an intolerable situation. But it's regulators, and we do the best we can. But we are genuinely hopeful this gets resolved pretty soon.

Ralph Profiti

Yeah. I understand, Ammar. Thanks very much.

Ammar Al-Joundi

Thank you.

Operator

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

John Tumazos

Thank you. Just continuing the Fosterville discussion. Maybe six years ago, I went out by myself after a Fortescue iron ore trip left-hand-side driving and whatnot. I got lost and went through Bendigo and circled around a little bit. And there aren't too many houses close to the mine.

And there's other mining districts in Australia, like Kalgoorlie, where the town is right there and it's huge. Is there—I don't understand why noise abatement would be a significant issue at Fosterville. Is there some environmental impact on the thousands of green parakeets near the core shed or something?

Ammar Al-Joundi

Well, John, it's—and we're glad we still have you after the left-hand driving—but this stuff is not uncommon in our business. And sometimes, and in this case, it might be a specific individual who is utilizing this as a way to achieve something else.

So I don't really want to get into it, but what's important is we will always do what we are asked to do by the relevant legal authority. We respect people's perspectives. And we are hopeful this gets resolved fairly soon.

John Tumazos

Thank you.

Ammar Al-Joundi

Thank you.

Operator

Presenters, there are no further questions at this time. Please proceed with your closing remarks.

Ammar Al-Joundi

Well, thank you, Operator, and thank you, everyone. This is—I know there's been some initial questions about the production and the adjustments.

I just want to remind everybody, three years ago we had some rehabilitation and a ramp at LaRonde. We had an apron feeder that failed. We had some water we had to pump out of the bottom of a pit at Meadowbank. It was all resolved in the same quarter.

So these types of—the fourth quarter the team did a good job: 800,000 ounces. Yes, there were a few operational challenges. That's the nature of our business.

But big picture, we are a much stronger company than we were a year ago. We are just scratching the surface of delivering, I think, exceptional value.

A lot of this stuff is with minimal capital. Remember, we're in the business not just to produce ounces, but to produce profitable ounces and good return on capital. And we think we're on the right track.

So with that, everyone, thank you again for your time but, more importantly, thank you for supporting us. And we'll be marketing over the next few days and happy to take more questions then.

Thank you.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for joining and ask that you please disconnect your lines. Thank you.