Agnico Eagle Mines Limited

Fourth Quarter and Full Year 2023 Conference Call

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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 and Full Year 2023 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 *, then the number 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, Operator, and good morning, everyone. First, let me say thank you again for joining us this morning. It's always great to have our owners and our friends and analysts joining us.

This morning in particular, my colleagues and I are excited to talk to you about our fourth quarter and full year results. The results, as you will hear, are very strong.

But while these results are strong and we're going to talk about them, we're more excited to talk about our future, not just our guidance for 2024 and '25 and '26, but the next several years.

And importantly, we'll talk a little bit about some of the key projects that will propel Agnico Eagle forward. It'll propel us forward by delivering more value per share at mines that, importantly, we already operate in regions we've been in for decades and with people and teams already in place.

We'll go through a number of slides this morning, and you'll hear from a number of our most senior executives about the business and how it's going. But really, the message we want to leave with you is a simple message.

It's a message of stability, consistency, and of quality; quality of the projects, quality of the assets, and the quality of our people.

It's a message, hopefully, that you'll walk away thinking and appreciating that Agnico has built a unique position in this industry with some of the largest, longest-life gold mines in the world operating in the safest jurisdictions with great exploration potential, continuing great exploration potential, great operating results, and great projects. It's a company with a 66-year history of fiscal prudence, capital discipline, and per share focus.

Before I jump in, I would suggest and note that there are forward-looking statements.

And if I might ask, Operator, if we can jump to Slide 5? Perfect. Thank you.

So in discussing our fourth quarter and full year 2023 highlights, so for 2023 highlights and full year, four important milestones and achievements.

One, record gold production, best ever in the quarter, best ever for a full year. That's impressive for any company. It's especially impressive, I think, for a company that's been around for 66 years.

Two, record cash from operations, best ever in a quarter, best ever in a year.

Three, record mineral reserves, up 10 percent to almost 54 million ounces. So it shows not only are the operations doing well, but the reinvestment into the business and into the future is doing well.

And then four, most proud of all, the best annual safety performance in the Company's history. I've had the pleasure of talking about solid safety performance on a number of these calls. You know we're passionate about it.

I'll say it again. There's nothing more important, nothing more important than keeping our people safe, our communities safe, and the environment safe.

And I want to say a special thank-you to all of our employees who are listening in, not only for taking the responsibility to keep yourself safe, but the responsibility to keep your colleagues and coworkers safe.

And then we'll also talk about the future. We'll talk about our guidance, solid three-year production guidance with industry-leading costs. And we're going to talk about, again, we're most excited about the projects that we have in place that we think will add significant value. And we'll talk about some of the guidance that we're going to give more clarity on that towards the middle of the year.

Next page, please. So these results, which we're very proud of, are clearly a function of the assets we have. But really, none of this could happen without the quality of the people that we have.

We talked about safety. It's impressive enough on its own, a 35 percent reduction versus what were already aggressive targets. But really interesting is that every single operation, every one, met or exceeded their safety targets last year.

It's also about an engaged workforce, a happy workforce. In 2023, we continued to improve the results of internal surveys with regards to employee satisfaction. We had 80 percent of employees fill out the survey. That's exceptional. And almost 80 percent of our employees said Agnico Eagle was a great place to work, not a good place to work, a great place to work.

Agnico Eagle was recognized in Forbes' list of Canada's 50 Best Employers. We're doing more training, we have more Indigenous employees and colleagues, and we have lower turnover.

It's not just the assets. It's not just the regions. It's the people that we think give Agnico Eagle a tangible, competitive example.

And I'll give you one of my favorite real-life examples of Agnico. When you go underground at Agnico and you're talking to a young, capable person, and they tell you that their uncle and father worked at Agnico and they tell you that one of their grandparents worked at Agnico, you don't get that everywhere.

Next page, please. So looking forward, 2024 to 2026 production outlook, really two words: steady, reliable. Our guidance for 2024 is exactly what we said it would be.

Our cost guidance, between $875 to $925, is up a little bit from what we were able to do in 2023, but it's only 4 percent. And we're hoping to, just like we did in 2023, do the best we can, and we have a track record of being able to do that.

Our 2025 guidance remains the same at 3.4 million to 3.6 million ounces, the same guidance that we gave last year, and 2026 shows steady production; again, steady, again, reliable.

Next slide, please. So I've got two more slides. So this page, I want to talk about where we are on the consolidation of our Abitibi platform, including not only 2 of the world's 10 largest—2 of the 10 largest gold mines in the world with Detour and Malartic, but also where we are on consolidating sort of the Cadillac fault and Upper Beaver and Wasamac and Amalgamated Kirkland, et cetera.

At Detour Lake—and Natasha will go through this in more detail—it is already, well, competing, frankly, with Malartic to be the largest gold mine in Canada. It's good we've got both of them competing with each other.

Mine life past 2050. It is a great ore body. Guy will talk about the exploration success we've continued to have. Natasha will talk about how we take advantage of that by increasing the mill by looking at underground. And we are aiming to provide more specific guidance by midyear.

And that guidance, really, is going to be about what's the next step. And the next step, if all goes well—and we're still doing an analysis—would be what you would expect: potentially looking to put in exploration ramps to be able to possibly take some bulk samples, confirm grade continuity, confirm ground conditions, the kind of things that you would expect a professional mine company to do when they have such a great asset as that.

With Canadian Malartic, Dominique will talk about that. Three items there. One, continue the focus on building and optimizing the underground, putting in the shaft, how the mining is going. Dominique will talk about we're ahead of schedule on development. We're getting positive tonnage reconciliation with the internal zones. Everything is going well.

But Dominique will also talk a little bit about where we are, early, but where we are on looking at the second shaft and, three, the work that we're doing to look at filling the mill as mill capacity becomes available later this decade.

And the third item that you see at the bottom of this page is something, actually, we're really quite proud of. And I'm going to start with probably the smallest one, Amalgamated Kirkland and Near Surface.

So Amalgamated Kirkland, the reason we're particularly proud to talk about that is if you go back two years when we did the merger and we talked about synergies, and we all know that we have delivered roughly double the G&A synergies that we talked about.

But we specifically talked about some low-hanging fruit, including Amalgamated Kirkland and we said, look, this is within tens of metres from existing Macassa infrastructure. If we can access that at very low capital and produce maybe 25,000 or 40,000 ounces a year, that's just a simple example of how you create value through synergies and through consolidation.

I'm proud to say that it's already now—Amalgamated Kirkland and Near Surface—it's in our mine plans. There's going to be 19,000 ounces in 2024, 35,000 ounces in '25, 50,000 ounces in 2026. Again, I'm going back two years, but we promised you we would talk about that and deliver, and it's a pleasure to be able to point that out.

At Upper Beaver, it's a long-life, high-quality asset, very low cost. We're continuing to do the work there. We will be giving an update towards the midyear and, again, it'll be about next steps. Do we put in an exploration ramp or an exploration shaft to continue to move that project forward? Again, we'll give guidance towards the middle of the year.

And then Wasamac, we're making progress on that. I think most of you know that when we acquired the Canadian assets of Yamana, really, we were primarily focused, naturally, on Malartic and Wassamac, good asset, but we weren't convinced that the plan that Yamana had would meet our hurdle rates.

I'm pleased to say that the work we're doing and our engineers have done something kind of unique in the gold mining space. They've looked at a smaller project that gets a better return on capital.

And so we've made some progress on that. We'll give more guidance. That's probably something in early '25 that we would talk about but, again, making good progress on that.

Next page, please. And then Nunavut, very proud of the team at Meadowbank; added 500,000 ounces of production, extended the mine life for two years. Dominique is excited about extending it further, but we're not going to talk about that right now. This is a mine that's got infrastructure in place, low risk, very well done by the team.

And then Hope Bay, Guy will talk about some of the exploration results that are very promising there.

And so before I turn it over, at a very high level, very proud of the team for the results in 2023, solid guidance and good progress on some excellent projects leveraging off existing infrastructure in places we're already comfortable with.

And with that, I'll turn it over to our CFO, Jamie Porter.

Jamie Porter — Executive Vice-President, Finance & Chief Financial Officer, Agnico Eagle Mines Limited

Thank you, Ammar, and good morning, everyone.

As Ammar mentioned, 2023 was a record year on a number of fronts. We had the safest year in the Company's 66-year history and record quarterly and full year gold production. This excellent safety and operating performance led to very strong financial results.

We generated an operating margin of $979 million in the fourth quarter, which was driven by our two largest mines, Detour and Canadian Malartic.

Gold production in the fourth quarter was a new quarterly record at 903,000 ounces, and for the full year we hit the very top end of our production guidance at 3.44 million ounces.

We were also very pleased to report that we achieved our cost guidance with our total cash cost for the year coming in at the exact midpoint of our guidance of $865 per ounce and our all-in sustaining costs of $1,179 per ounce, well within our guided range.

We are proud of the work our teams have done on controlling costs in what's been an inflationary environment over the past several years and on the team's focus on continuous improvement.

A tangible example of this focus on cost is in Nunavut, where cost optimization efforts are driving costs lower by about $100 an ounce in 2024. This has helped enable us to extend the life of the Amaruq deposit, as Ammar just alluded to, from 2026 to 2028, adding 500,000 ounces of production.

If we move on to Slide 12, we look at our financial highlights. Record gold production drove record operating cash flow for both the fourth quarter and the full year.

While we recorded a net loss per share of $0.77 in the fourth quarter, this was driven by non-cash impairment charges related to Macassa and Pinos Altos.

On an adjusted basis, net income per share was $0.57 in the fourth quarter, which represents a 50 percent increase relative to the prior-year period.

I want to briefly touch on the impairment charges that were recorded in the quarter.

At Macassa, we recognized a net of tax impairment charge of approximately $600 million, primarily reflecting the write-down of goodwill that was recognized at the time of acquisition back in early 2022.

Macassa had an excellent performance in 2023 in terms of production, cost control, and reserve replacement, and this is a mine that has produced over 6 million ounces in its 100-year history. We see tremendous exploration upside. We see production increasing by 50 percent over the next three years and the potential to continue to replace reserves for years to come.

However, we are not able to recognize all of this value in an impairment model, and this, combined with higher costs and capital estimates than were assumed back in 2022, led to the impairment charge.

At Pinos Altos, we recognized a net of tax impairment charge of approximately $70 million, reflecting higher expected operating capital costs, in part related to the strength in the Mexican peso over the last year.

Despite these accounting charges, the business remains very strong. We generated a record $300 million of free cash flow in the fourth quarter, and that's after investing nearly $0.5 billion in capital and exploration spending.

We continue to pay a strong quarterly dividend and repaid $100 million of debt in the quarter.

For the full 2023 year, we generated $947 million of free cash flow, declared dividends of approximately $800 million, and continue to demonstrate our commitment to delivering strong returns to shareholders.

At current gold prices, we expect to continue to reinvest approximately two-thirds of our cash flow into sustaining and growing our business, exploring to find more ounces, and one-third of our cash flow into delivering returns to shareholders and continuing to strengthen our balance sheet.

We move on to Slide 13. I'm pleased to report that we were able to continue to strengthen our balance sheet in the fourth quarter.

We repaid the outstanding balance on our credit facility and reduced our net debt position to approximately $1.5 billion.

We've also recently significantly improved our overall liquidity. Earlier this week, we closed a new upsized revolving credit facility in the amount of $2 billion. This new facility reflects Agnico's size and scale and investment-grade status. It provides us with additional financial flexibility, and we were very pleased to have had strong support from our many banking partners.

We do have increased debt maturities in 2025, and we'll look to refinance or repay those from excess cash at the appropriate time.

Overall, the balance sheet remains very strong, and we're constantly working to make it stronger, improving our liquidity and overall financial flexibility.

With that, I'll turn the call over to Dom, who will provide an overview of our Quebec and Nunavut operations.

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

Thank you, Jamie. Good morning, everyone.

So in the coming slides, I'm going to cover the two regions in Canada on my side, Quebec and Nunavut, and Natasha will follow with the other regions.

But maybe before going into those highlights, Ammar, I would just like to add something or to build on what you mentioned about why and I think why we're in that position right now.

There's the aspect of the people. There's the aspect of the regions where we are. But there's also a secret ingredient. It's a bit personal, but I strongly believe in that, which is the how we do stuff, how we work all together here at the corporate office with Natasha, Jamie under your leadership, Ammar, Carol, Jean, and Guy. I think this is what makes the difference.

This is what I felt when I started in 1998 at La Ronde. And again, 26 years after, under your leadership, Ammar, this is what we're doing. And when you go at sites, you still feel that.

Same thing where—we're in Toronto office—we work together. And this is why the result we are today. Here, they're talking by themselves.

So on that, I will move to the Quebec region. So we produced over 1 million ounces at a cash cost of $850, generating an operating margin of over $1 billion. So I'm very proud and thank-you for the team to control the costs and to continue to optimize the business and to leverage on all the synergy.

So Quebec is a well-established platform, and you're going to see in the coming slide, this is just the beginning. We're going to keep growing that one.

When you think about that, within 100 kilometres we have 3 mines and a very enormous geological potential.

Maybe before going to the Odyssey project, I'd just like to highlight that Canadian Malartic is going to be the biggest mine in Canada in 2024. Natasha, you're going to win the biggest open pit, but Canadian Malartic is going to be back the first biggest mine.

And in a coming slide, you're going to see we're going to move to have the biggest underground mine and maybe with Phase 2, potentially the biggest mine again. But let's talk about that.

Next slide. So the Odyssey project, it is the Phase 1 of the underground. We blend out the study, which is a 25—20 years life of mine at 550 ounces per year. This is the PEA that we released. And more recently we updated PFS, where we're able to turn 5.2 million ounces into reserves.

The highlights of the project, Odyssey South ramp-up is going well. I would say it's done. We're right now producing 3,500 tonnes per day, which is going to bring approximately 80 ounces per year in the coming two years.

You could see on the map the ramp. So we're going to reach the top of the East Gouldie deposit, which is the red zone. We're going to be there in a couple of weeks.

And the team is now looking for opportunity, how could we start to mine that zone at the top and to bring ounces potentially in '26? So we don't have the clear details yet, but the team are working on that.

Ammar mentioned about that we are in advance on the ramp. And one of the reasons of that, again, is back to the synergy and how we were able to transfer the knowledge and to be fast on the automation.

So right now, during the shift, during the crew change, we are able to operate remotely the mine from the surfaces. And this is giving us between 10 percent and 20 percent improvement. That was not into the plan, and this is why we're better than the plan.

Other good news, the internal zone, which is in between the Odyssey South at the top and the Odyssey North at the bottom in the purplish colour, we still see some upside coming from those zones and more tonnes at the same rate. So that's a good news.

I understand it is very complicated to bring them into the model. We're trying but, again, it's a good news for operations. When we're there, there's more than the model.

On the shaft sinking, we saw very great improvement December, January. So congratulations to the team. We're heading in the right direction. And the surface construction, 65 percent completed.

Before I'm going to the next slide, which is I'm going to talk more about Phase 2 of Odyssey, I'd just like to highlight on that one, on this one we see we're looking west and you see two zones: the East Gouldie Zone, which is in the sediment deposit, and there is the Odyssey North, which is at the border between the sedimental rock and the volcanic rock.

But there's another one more on the north, which is at the contact of the volcanic and other type of rock. So I stole a slide from Guy's presentation because I'm excited about it. So I will talk about it and if you have questions, Guy could help me.

But next slide, you could see now we're looking north. On that slide in the middle, right in the middle, you see the East Gouldie. The orange part is what we transferred to reserve, the 5.2 million ounces.

So this zone continues to increase as we are infilling it and doing more drilling. So this is one part that could be Phase 2. If we continue to grow that reserve and potentially have a second shaft close to that one and bring more tonnes to the mill, that's an option.

There's no clear view or clear plan at this stage because we need to continue to drill, but the team is already planning where that shaft is going to be and planning all the infrastructure that we need to build to make sure that we're going to have a good room, a good spot for that shaft. More to come, but we still need to continue to drill.

But also exciting, if we step out a bit, you could see the 16.5-kilometre strike length that we have. Now again we're looking north and there's three zones, mineral horizons in that. There's the Odyssey—sorry, the East Gouldie in our range. In the middle at approximately 600, 700 metres, there's the Odyssey South, and you could see on the right also the purple one. That zone continues, I don't know, 5 kilometres on the west.

And there's another zone, which was the Malartic Goldfield Mine in the past, which is also there. So there's currently no drilling occurring there, but we're going to come back, I will say, in the next two years that we're looking to have an aggressive plan to drill that. And it could be a game changer if we find something to bring ounces to Canadian Malartic.

So back in the days, the Goldfield Mine has mined 9 million tonnes at 6 grams per tonne, 1.7 million ounces. That was in 1939, 1965. So now we're going to come back there. We're going to drill around that and see if we could bring something into the plan.

Next slide. So for the Nunavut business, again, great work to the team. And I would just like also to highlight Martin Plante's work. He's here with us in the room. He did very good work to optimize at

Meliadine and at Meadowbank to improve that productivity and cost. And this allowed us all to look to expand Meadowbank. It's part of that to be more efficient.

So we added 500,000 ounces into the plan for ounces coming in '26, '27, '28. Those ounces are coming from a better reconciliation, which will involve more tonnes, a pushback at the IVR pit and also more mining from underground. Guy's going to talk more about that one.

And maybe the other aspect is Meliadine. We're doing currently the Phase 2 construction. You see the Meliadine picture in the middle. This is going on budget, on time. This is a good news.

And the vision here in Nunavut is to maintain a platform of 800,000 ounces. This is what we produce. If you look to the full year 2023, in 2024, we're going to bring that around more 860,000 ounces, with more ounces coming from Meadowbank.

As we mentioned in the past, more deep we go into the open pit the grade is higher and supplemented with the underground mine or higher-grade ore, this is where the ounces are going to come.

But Meadowbank, we see it ending now in 2028. That's a very good news. We continue to work to extend that. This is the first goal and what could, in my mind, be very, very interesting. Guy's going to talk about something we see also at Amaruq.

But the other project that is coming into play is the Hope Bay one. And again, I will let Guy more talk about what we see. Nunavut is a high-risk region, but it's also a high-reward region.

And on the risk side, I need to say I'm very comfortable because we're mining there since 17 years. We've built Meliadine, $1.2 million project. We did it on cost, 6 months in advance. And now we're doing Phase 2 of Meliadine at a time which is not easy, and we're still on time and on cost.

So I'm confident that the team's going to work on a study at Amaruq, which is going to be a solid one and it's going to fly.

So on that, I will now pass it to Natasha, who will discuss the remaining of the business.

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

Perfect. Thanks, Dom, and good morning, everyone.

I'll start with the operations in Ontario. We had a strong year and solid performance at both of our operations.

As you can see on the slide, we generated over $1 billion in operating margins in 2023 with industry-leading costs.

Now at both of our operations, Macassa and Detour, we're focused, we're constantly focused on optimizing our assets through a number of continuous improvement initiatives. It's just part of their DNA. And I'll give you a few examples of that, and I'll start with Macassa.

So one of the big initiatives here at Macassa are the productivity gains that we were able to sustain in 2023. We first started that with a commissioning of #4 shaft. And then later in the year, we upgraded the ventilation system.

And these gains, together, have resulted in production coming up just above the top end of guidance. So congratulations to the team on that.

Now in terms of creating further value at Macassa, we have now integrated the AK and the Near Surface deposits into the production profile. And as Ammar mentioned, at the time of the merger we identified AK as a nearer-term opportunity to surface value. And so again, here, we're very, very proud of the team for the work that they've done to realize this potential.

Now just staying in the Kirkland Lake area for a minute, I just wanted to touch on Upper Beaver. There's an internal assessment that's underway, and it's considering either an exploration shaft or an exploration ramp to further convert and also explore the deeper portions of the deposit.

Now moving to Detour. As I've mentioned before, this site has a track record of delivering on improvement initiatives.

Our current focus, as you know, is continuing to advance the mill optimization efforts. We now expect to reach the mill throughput rate of 28 million tonnes a year later in the second half of this year, 2024, which again, I'm very, very proud of the team to be able to say this is one year earlier than anticipated.

In addition to that, we also believe that we have a better understanding of the potential to reach a mill throughput of now 29 million tonnes a year. And we believe that we can do this in a time line that could be as early as the end of 2026.

And we'll continue to work on this, but we're also looking to do better. And Ammar mentioned it and we're in the early stages of it, but we're evaluating the potential to go beyond 29 million tonnes a year. That could be a 30 million, that could be a 32 million tonnes a year.

Now just touching on the Detour underground study. It's advancing and we'll provide an update later on in the year.

Now moving to the next slide, Slide 19. I followed Dom's cue and I swiped a slide from Guy. Sorry, Guy, but it's a good slide. It provides a little bit more colour on the ongoing exploration efforts at Detour.

So at the end of this year, we declared an initial underground inferred resource of close to 22 million tonnes at an average grade of 2.23. So it totals about 1.56 million ounces.

And on the image below, you can see where that resource sits. It's a darker bluish grey, maybe greenish, which is just below and to the west of the blue resource pit shown. This is the area that we're currently evaluating in the underground study. It's the darker blue area, but also the resource as a whole.

On the lower image, you can also see, barely see a purple line, a faint purple line. And that is the potential location of an exploration ramp to get closer to the resource and be in a pretty good position to better define it.

And then over and above that, we are still making progress outside that resource area. We're continuing to drill the western part, and we see a cluster of good drill holes about 900 metres or so west of the resource pit.

Now moving on to Slide 20, I'll touch on the other assets very quickly, starting with Finland.

Here at Kittila, the operating permit was restored to 2 million tonnes a year at the end of October 2023. And now having completed the mill expansion, the shaft project, the environmental upgrades, the mine is realizing its potential and generating strong cash flows.

We're also seeing some positive exploration results extending the deposit, not just at depth, but also near surface.

Now moving to Australia. Fosterville, it continues to generate strong cash flows despite decreasing grades. The team is working on securing a long-term production level of somewhere in the range of 175,000 to 200,000 ounces per year. And we'll expect to have preliminary results of that later on this year.

Not too long ago, Fosterville was a site that generated—before exploration expenditures, it generated close to AU$1 billion in cash flow a year for three consecutive years.

So yes, we believe in the site, we believe in our team there, we believe in the exploration potential to find the next high-grade deposit, and Guy will discuss that later on in the presentation.

Lastly, Mexico. La India successfully and sadly completed mining activities in Q4 2023, and is now producing from the residual leaching activities this year.

Pinos Altos, it's a mature site with stable production and a great team, and our efforts are transitioning more and more now to the San Nicolás project.

And then just before I pass the call over to Guy, I just want to echo what Ammar said and what Dom said.

We just want to commend the sites, all of the operating sites, for an incredible year. There were many challenges that we encountered, but we overcame them as a team. We overcame them safely.

So thank you for your hard work. Thank you for your commitment to continually strive for improvements in all aspects of our business.

So with that, I'll pass it over to Guy.

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

Thank you, Natasha. Good morning, everybody.

Starting with the year-end reserve and resources statement at Page 21, it's been a very good year in terms of mineral reserve replacement. You can see the building blocks and highlighted the different categories on the upper left-hand corner of that slide.

But more importantly, like mentioned by Ammar in the introduction comments, increasing the number of mineral reserves per share again. So we've been successful at doing it, adding this year 10 percent, so 5 million ounces addition to the reserve, seeing resources being stable in the measured and indicated category, and growing inferred by 26 percent year over year.

We've been adjusting our gold price assumption to $1,400, but that was mostly to reflect on the long-term structured cost of our business, and none of that resulted in a lowering of the cut-off grade. As a matter of fact, the grade, our reserves are 2 percent up year over year, so we're not only adding reserve, we're also improving the quality with a grade that is higher.

And you can also see in the lower left corner the waterfall that explains the various blocks from mining depletion, addition of East Gouldie with 5.17 million ounces, the acquisition of the other half of Canadian Malartic, and our 50 percent interest in San Nicolás, plus the contribution of each of the other mines that is well illustrated in that waterfall graph.

Moving to specific projects. Like mentioned by Natasha, it's been a great year in Macassa and a great year from a production standpoint and a very great year in terms of reserve replacement and addition.

So not only we managed to replace the 235,000 ounces that were mined in situ, but on the top of that we've added an additional 224,000, so there's been a significant net growth of the total mineral reserve at Macassa.

And very pleased to see the evolution at the AK Zone closer to surface. Not only the mineral reserves have grown to 160,000 ounces in that shallow portion of the deposit, but the grade is significantly up compared to last year.

Now we are adding 160,000 ounces at 6.7 grams and whereas last year our first estimate was 5.2. So good quality, relatively high-grade ore, very close to surface that will provide a lot of optionality, as was described both by Ammar and Natasha.

Moving on Slide 23, Amaruq, just to pile on what Dominique mentioned. It's been a great year from an operation standpoint that the metrics we've seen from cost and production were outstanding, and we continue to see the benefit of a very positive reconciliation.

So as we're entering into the central portion of the deposit, we continue to see this year 22 percent more ounces than predicted by our block model. We've managed to integrate some of that into our assumptions adjusting the model, adjusting some of the capping parameters, which is a component of the extension of the life of mine.

And as we are also adding time and extending the life of mine, we continue to investigate at depth where the deposit remains open, and we continue to be quite pleased with some good results as now we're reaching close to kilometre below surface with some good high-grade hits with good thickness. So opening up some opportunity to further extend the life of mine above and beyond what we are mentioning.

Moving to Slide 24. At Hope Bay, the focus shift from investigating Doris last in 2022 to investigating in the Madrid area, and very an area that we liked when we were evaluating the project is that extension of Madrid towards the south in the Patch 7. And we continue to see excellent results, one of the best drill holes that we've ever seen on the project, 16.3 grams over 28 metres at not even 400 metres below surface.

That area is not drilled tight enough to make it inferred resources, but it's exactly what we are currently addressing and filling that area. And we've been aggressively ramping up drilling quickly after New Year when the ice thicknesses were good enough so that we can safely reaccess that portion from ice-based drilling. And we are aggressively drilling in that area that we think will move the needle to bring the project to a successful decision in the future.

And last, but not least, moving to Fosterville on Page 25. We've seen through the year a continuation of good results in the Robbins Hill area and out to a certain extent as well in the Lower Phoenix and within the Cardinal fleet.

That led to a complete replacement of reserves. Obviously, the grade, as was discussed, is going down because we are completing the depletion of the Swan Zone, but we were quite pleased to see a full replacement with the reserves that now stand at around 6.1 grams. And we are currently working to adjust the mine plan with the idea of optimizing the production profile of the operation with that 6 gram per tonne material.

And on that, I will return back to Ammar for some closing remarks.

Ammar Al-Joundi

Well, thank you, everyone. And we've covered a lot, but I'll just finish on the next slide, please, on what we're all about.

We are trying to build a high-quality business. We think there's a lot of opportunity. We don't care about absolute size. We care about value and value per share for our shareholders and doing it the right way in the communities we operate.

We want a low-risk business in the best jurisdictions. We define the best jurisdictions, at least for Agnico Eagle, as having the best geologic potential for multiple mines and having the political stability to operate multiple mines and to keep things simple.

We want to focus on quality, for us, includes the best ESG that we can possibly do. Not only is it the right thing to do, but it's an essential thing to do. If your strategy is, I want to be in a region for multiple decades and build multiple mines, you better be welcome in that region, and you better treat the people and the communities and the environment the right way.

We want to continue to have disciplined capital investment, and disciplined capital investment is largely about knowledge. And so when we make investments, we like to do them in areas we know, with partners that we know, with teams that we know.

We think we are uniquely positioned in the industry. We're in good regions that have multiple decades—in some cases a century—of proven mineral potential. We produce more gold in Canada than the next eight companies combined. That gives us the advantages you would expect from that. And we have unique mining experience in Nunavut.

And then, finally and importantly, we've always been a company that has focused on fiscal conservatism. We focus on per share metrics. We focus on optimizing cash flow. And we focus on trying to get the best return, the best risk-adjusted return on capital by leveraging existing assets where we can. And I think what you've heard this morning is there's an abundance of opportunity to do that.

So with that, Operator, thank-you, and we'll turn it over to questions.

Q&A

Operator

Thank you. Ladies and gentlemen, should you have a question, please press the *, followed by the 1 on your touch-tone phone. If you'd like to withdraw your question, 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 Josh Wolfson from RBC Capital Markets. Please go ahead.

Josh Wolfson — RBC Capital Markets

Thank you very much. First question I had was on Amaruq and the mine life extension. It looks like the reserves didn't really change here, aside from depletion.

And I'm wondering, was this an adjustment of the existing mine plan? Or what's sort of behind the extension there and, I think, the 0.5 million ounces that were defined as sort of being added to it? Thanks.

Guy Gosselin

Yeah. If you do the—hi, Josh. It's Guy. If you do the math, you remove what we mined last year and with the addition of the high grading, we've seen the positive reconciliation that contributes to a portion of those ounces addition. So we did not completely deplete what was mined.

And that extension of 500,000 ounces was completed after the reserve exercise, so some of those ounces may show up while we're going to be doing the next reserve update.

And some of them are also, I would say, slightly lower-grade material that still will generate a lot of cash flow, but maybe that won't not all meet the trigger to become reserve.

Josh Wolfson

Okay. Got it. So it's not reflected in the reserve. Maybe perhaps along the same lines, the Detour initial underground resource at 1.5 million ounces, I'm assuming there's a larger opportunity here.

I guess I'm just wondering, is this resource going to be the basis for the June update? Or should we expect the potential for additional drilling or a resource update with that release?

Guy Gosselin

There will be a few aspects to answer your question. That, as you saw, is resources that we've declared is outside of the reserves pit. What we're going to be providing you with some more clarity is on that blue, let's say, resources pit.

So this year we've basically haven't touched—for the year-end reserve and resources statement, we haven't touched the reserve pit and the resources pit. We just provide some clarity on what's outside of the pit.

What are we going to be aiming to provide? It's some more clarity on the trade-off between what's in the resources pit, the light blue, or what could be mined by underground more profitably into the underground plan we're thinking about.

Josh Wolfson

Okay. Got it. And then final one, just on San Nicolás. Following some of the comments we've seen out of Mexico on open-pit mining, should we still think about that kind of 2027 time frame as a target for production? Or is that likely going to be deferred a bit?

Thank you.

Ammar Al-Joundi

Hi, Josh. It's Ammar here. With regards to the proposed changes to the constitution with regards to open pit, it would be a constitutional change. It would require two-thirds of the vote. There's an election coming up very soon, and so our view is the whole thing is in flux. And I'll just give you an example.

In theory if there's no open-pit mining, that also applies to aggregates. So you can't mine for gravel, you can't mine for sand. That means you can't build roads; you can't build buildings.

So it's not unusual to sort of see these things just before an election. We have very good relationships with the governments, and we're optimistic that the mining industry's a big industry in Mexico.

With regards to does it affect timing, I don't think so at this point. We are, to be sure, though, we are still working on the plan, and I think we would give more guidance with specific reference to timing as that becomes available.

Josh Wolfson

Great. Thank you very much for taking my question.

Operator

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

Ralph Profiti — Eight Capital

Good morning. Thanks for taking my questions. Ammar, can I get some context around the positive tonnage reconciliation from the internal zones at Malartic? How much of a contribution was it in 2023? Is there anything in the model in the 2024 guidance? And should we be thinking about this 52,000 tonne per day assumption as a relatively low bar for throughput?

Dominique Girard

Well, if I start by commenting on your question about the reconciliation, what we've seen so far this year when mining the Odyssey South, we're mining the internal zone that is adjacent. So when looking at the stopes that were mined this year, we managed to add—and it's something like 40 percent more tonnes—by adding that material adjacent and that turned out to be at the same grade globally.

So it's been kind of adding 40 percent more tonnes, 40 percent more ounces. But now we are integrating some of that into our reserve and resources estimates. As a matter of fact, this year we've been integrating—we've seen a growth in Odyssey South by 57 percent due to those additions and a growth to the resources.

So we are baking that positive reconciliation addition of tonnes in our model as we are moving forward. But we can expect that some additional tonnes will also show up.

Ralph Profiti

Gotcha. Very helpful. Natasha, I see that there was the power outage in Q4, and I'm just wondering if this relates back to the transformer? Because it still sounds very confident that the power situation is in very good shape ahead of this 28 million tonnes scenario brought forward.

And I'm just thinking about what are some of the outstanding issues as we think about that optimization waterfall chart that showed that ultimate 30 million tonne run rate?

Natasha Vaz

Hey, Ralph. So the power outage that you speak of at Detour, it was just a minor one, and we recovered from that fairly quickly.

With respect to getting to 28 million tonnes a year, we have a number of initiatives, but we can group that into like maybe five main ones. And that just factors in run time improvement.

So we have all the major infrastructure in place. We're just tweaking the system right now. For example, the refeed system, we're just making it—allowing it to operate better in the winter months and just modifying some of the screen configurations so that it can take on more capacity, those kind of things.

Ralph Profiti

Sounds good. Very helpful. Thanks, everyone.

Operator

Your next question comes from Anita Soni from CIBC World Markets. Please go ahead.

Anita Soni — CIBC World Markets

Hi. Good morning, Ammar and team. Thanks for taking my questions.

I just have a couple of modelling questions right now. How much of the AK—sorry, I don't want to say that, sorry, the Akasaba deposit is the tonnage at Goldex? And like how will that play out for the next—my assumption's about 10 percent. And does that just sort of stay at that 10 percent level until it's run out?

Or if you could give us some colour on that that'd be great.

Dominique Girard

Hi, Anita. Dominique speaking. The plan is to have 1,000 tonnes per day coming from Akasaba and 7,000 tonnes per day coming from Goldex.

Anita Soni

Okay. Until Akasaba's run out. Right?

Dominique Girard

Yeah. Yeah. I don't recall, four, five years.

Anita Soni

Okay. And so for that reason then the cost—I mean, the cost increase that you've—in terms of unit cost, that should—I mean, what portion of that is really the Akasaba ore? And how long should we be using those kinds of unit costs?

Dominique Girard

That's a good question. And it's not just only Akasaba. There's different elements into play. As we are going from Deep 1 to Deep 2 at Goldex, it is changing the cost structure, as well as we're mining more of the South Zone, which is higher-cost tonnes, but higher-grade tonnes.

Overall, the costs are increasing. It's mainly related to that.

Anita Soni

Okay. And then similarly, a similar question for Macassa and the proportion of ore that you would see from the AK deposit.

Natasha Vaz

So, hi, Anita. So with the AK deposit, we're going to be doing a bulk sample this year, sending that to the LZ pit, but we're going to be ramping—LZ mill, sorry—and then we're going to be ramping up to about 500 tonnes per day on average for the AK deposit.

And then Macassa, in terms of the underground potential, I would say probably 1,550 tonnes per day the mill capacity. Yeah. And that is peak probably 1,650.

Anita Soni

Okay. Got it. That's it for my questions for now. I'm still modelling, so I might get some of you guys offline later on.

Operator

And your next question comes from Greg Barnes from TD Securities. Please go ahead.

Greg Barnes — TD Securities

Yes. Thank you, Operator. Ammar, can you talk a little bit about how you see the production profile evolving beyond 2026? You're sustaining 3.5 million ounces roughly through that time frame. Then what does it look like beyond that?

Ammar Al-Joundi

Well, Greg, we don't give specific guidance beyond three years. People have asked us, why don't we? What I would say is I think while some others have given much longer-term guidance and we didn't, I think we're the ones who are actually growing production and some of the other people aren't.

So the best way to answer that is—and, Greg, you know our assets pretty well. We have good assets. We're reinvesting in those assets. We're getting good exploration results. So we're pretty confident about we've increased the reserves by 10 percent.

So without giving guidance or any number, I would say we're quite confident that we're going to continue to be able to run a very good business.

Greg Barnes

Yep. Secondarily, you talked about in the press release a higher or increased throughput rates, I think, at Hope Bay. I know you've set the bar at roughly 300,000 to 350,000 ounces a year because that's what's economic in the North. But what kind of size are you thinking about above and beyond that at Hope Bay going forward?

Dominique Girard

Dominique speaking, Greg. The teams are doing trade-offs about the tonnage. There's two aspects into it.

First is how could we use as much as we can the current infrastructure and to minimize the CapEx? So this is bringing us to a certain tonnage.

Then how could we expand from those infrastructures into bring it to higher tonnage? I will say I see Hope Bay as a Meliadine project in terms of 6, 7 grams per tonne. If we could bring it also at the tonnage of a Meliadine, 5,000, 6,000 tonnes per day, that could be interesting. That might be the sweet spot, but we're still doing trade-offs.

Greg Barnes

Great. That's very helpful. Thank you.

Operator

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

Carey MacRury — Canaccord Genuity

Hi. Good morning, guys. A lot of—well, some of your peers, I mean, are chasing growth in copper. Just wondering how you guys think about copper and more broadly base metal exposure?

Ammar Al-Joundi

Well, I mean, I think copper's got a great future, frankly. I think the world is transitioning. I think we think the world is transitioning towards electric versus fossil fuels, and copper will play a role there.

We are quite excited about the potential at San Nicolás. As you recall, Carey, we didn't do San Nicolás because it was copper. We did it because it makes a lot of money in a region we want to be in with a partner we want to be with.

But certainly, we like copper. And we are a gold company, but our job is to make money for our shareholders in a responsible way.

Carey MacRury

Okay. So that leads to my second question. I mean, you talked about, obviously, having a regional focus in good jurisdictions. You're obviously the biggest player in Canada by a long shot.

But in the long term, are you looking at other jurisdictions to grow into? Or how do you think about international diversification?

Ammar Al-Joundi

We are open to international diversification. I mean, Australia, it's probably between Australia and Canada as what's the best place in the world to mine. So we are open to very good mining regions.

We’re in four countries, five regions. Is it impossible to go to a sixth? No, it’s not impossible, but it would have to meet the criteria of the geologic potential, first and foremost, followed by a view on political stability to actually be able to make 10-, 20-year investments.

So we are a gold company. We are very strong in the jurisdictions that we operate in. This year we’re—the next few years, really, we’re going to focus on what we’ve got and optimizing what we’ve got. We think we’ve got a great platform to build from.

But if there’s an opportunity that makes sense to create more value per share for our shareholders, we’re going to look at it.

Carey MacRury

All right. That’s great. Thanks, Ammar.

Ammar Al-Joundi

Thank you.

Operator

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

John Tumazos — John Tumazos Very Independent Research

Congratulations; 900,000 ounces was almost as much as Barrick made in the quarter. Getting big.

There were a couple places in the press release and exploration release where the prose and the numbers, and I was trying to—the numbers in the release were kind of hard to put together consistently or reconcile.

Let me just ask about Fosterville where the 2025 guidance is a midpoint of 150,000 ounces output and that seems like 700,000 tonnes milled, 7 grams, 94 percent recovery. The reserve is 6.1 grams, which is a little lower than 7 grams. And then the prose of the presentation talks about 175,000 to 200,000 ounces.

Is the 175,000 to 200,000 the average of '24 and '25 guidance? Or are you looking forward beyond 2026, expecting that you're going to hit something a little better than 6 grams just reported in reserve?

Ammar Al-Joundi

John—I don't know, do you want me to take it, Natasha? Okay. Yeah. The 175,000 to 200,000 is looking forward beyond that time frame. Yeah. I mean, you're exactly right. Those are the numbers that we gave.

And we are—Fosterville is a great asset, great people. We are looking at sort of a long-term steady state, 175,000 to 200,000. That's kind of what we're working on. And you may say, well, look, that's only 175,000, 200,000, why are you guys in Australia?

The answer is we don't have proof, but we think there's more than one very high-grade zone to be found there. Maybe it's not a Swan. Maybe it's a half a Swan, or maybe it's a two-time Swan, but it generates a lot of cash flow.

And so if you're us, what do you do? You position the mine to operate well, to operate consistently between 175,000 to 200,000, if you think you can have that steady, and really give you the opportunity to find that next Swan Zone.

Guy, did you want to jump in?

Guy Gosselin

Yeah. John, if you look at it in detail, because when we do the life of mine like that, we do the stope-by-stope exercise, so there will be some variation. So yeah, the average is 6, but you can assume that some years will be at 7, some years will be at 5, depending on the mining sequence, averaging 6 for the rest of the life of mine, according to what we have.

But it's not going to be stable at 6 over time. It's going to fluctuate because there's still some pockets of higher-grade mineralization in the system that are smaller than the Swan. But it's all about sequencing the extraction of the 6.

John Tumazos

If we were going to just jump in the discussion, say, to Hope Bay, the inferred resource at Hope Bay rose by 158,000 ounces. The reserves stayed the same. We should interpret from your good drill results and a good qualitative narrative that the inferred resource and the reserves are going to increase a lot more than 158,000 ounces when you get more infill drilling and more data, I presume.

Guy Gosselin

Exact, you're right. There's been some small portions that have reached inferred resources classification. But also we are, I would say, making sure that the, for example, the dilution assumption. So we've been also adjusting the model, too. So there's been some pluses and minuses.

And you're right, the bottom line is net 170,000, with the mixture of removing some of the lower-grade material, addition of a more realistic dilution.

We haven't touched the reserve as well, as you described. And you're right, with the additional drilling we're going to see in the Madrid we're expecting those ounces to show up later on in '24 and '25.

John Tumazos

And you talked about the ramp at Odyssey getting closer to the top of the East Gouldie deposit, if I understood that correctly.

So in the second and third quarter, you'll be able to visually inspect the rock competence and continuity of the very top of the East Gouldie Zone, which would put you in a position to add reserves at the end of 2024 or 2025 from those visual inspections, different than the part of the reserve where you added from drilling last night. Is that fair?

Guy Gosselin

It's fair, especially because there's still the reserve, as you can see in a long section, goes basically from 800 metres down to 1.8—800 metres to 1.8 kilometres below surface, and there's still 300 metres of inferred resources at the top. So that access on the top of the ore body, as you described, will allow us to enter, open up the deposit, but also will provide a better position for infill drilling from much closer in the upper part, upper and eastern part of the ore body, where we see some quick wins to potential reserve addition.

And also, if you put that in the bigger scheme of things, you look back at the PEA that we produced with 9 million ounces, we are expecting that the rest of the ounces that were not converted this year in reserve will show up progressively over the next couple, four, five years.

John Tumazos

Nothing better than being able to see and touch the rock. Thank you.

Guy Gosselin

Yep. I agree with you. We can't wait.

Operator

Your next question comes from Tanya Jakusconek from Scotiabank. Please go ahead.

Tanya Jakusconek — Scotiabank

Great. Good afternoon, everyone. Thank you for taking my questions, and congrats on a good quarter.

Can I ask on just the guidance for 2024, as we look for the year—throughout the year, can I just ask about how we see production developing quarter on quarter? Are we similar to last year where it was generally equally distributed? Or should there be something else that we should be aware of?

Ammar Al-Joundi

Hi, Tanya. So we're expecting it to be relatively equal through the year.

Tanya Jakusconek

Okay. I like that. Never like those strong Q4s. Okay. That's good. Thank you for that.

And then, Guy and Dominique, can I ask on Slide 23, I know we talked a little bit about the additional 500,000 ounces at Amaruq to extend the mine life. I'm just looking at the longitudinal to kind of see where you would have added those additional ounces.

And then just maybe talk a little bit—and I know, Ammar, you said you don't want to really talk about extending beyond 2028. But I'm trying to get an idea of where else could we see the potential extension beyond 2028 to try and bridge that gap before, let's say, Hope Bay comes in because I'm trying to understand whether we can use any of the workforce and/or equipment and/or other from Amaruq to Hope Bay to help with the CapEx. So—

Dominique Girard

Can you, Guy—

Tanya Jakusconek

—on that. Mm-hmm?

Guy Gosselin

I'm going to give you first part of the answer to your question. So about where those 500,000 ounces will come from, they're going to come, I would say, from three major things.

As we continue to see that positive reconciliation with more tonnes, better grades that were integrated in a model, so that will potentially represent up to maybe a quarter of the ounces added will come from that.

And that positive reconciliation in the IVR pit—

Tanya Jakusconek

Okay.

Guy Gosselin

—that sits on the right-hand side of that long section, we see kind of some very nice grade reconciliation in that part. So one of the extensions of the mine contribution is a pushback we're contemplating on the IVR pit.

And both of those will also, by default, allow us to continue to mine underground. So the third fold is continue mining additional stopes that with the previous life of mine when the pits were depleted we were not able to continue mining underground.

So now we're going to be able to extend the underground, get some more stopes that were good grade, good quality, but that were not making sense on their own without an extension of the open pit.

So it's a contribution of those three that leads to the addition of 500,000 ounces.

And maybe, Dominique, you want to comment?

Dominique Girard

Yes. Tanya, Dominique. Just on that, our goal is really to extend Meadowbank and keep Meadowbank running.

Now the equipment we could reuse and the workforce, there's different aspects of it. That could be the genset, the HPGR, the compressor, pumps, different types of equipment.

The thing is, we don't know where they're going to go. Is it going to Upper Beaver, Detour underground, Wasamac, or Hope Bay? All those options exist.

Same thing with the workforce. We're going to be ramping up, let's just say, at the time. Detour also has a lot of good positions open. But it might be Hope Bay, too, but it's all opportunities.

Tanya Jakusconek

Okay. So there's lots of ability to use that equipment and people as you look out to the end of the decade?

Dominique Girard

Yep.

Tanya Jakusconek

Okay. Thank you for that. And just maybe a question for you, Ammar, if I could ask on just the non-gold component.

You mentioned you like copper. Obviously, San Nicolás is your first venture into sort of a copper asset. And I saw some other smaller investments in non-gold are being made.

Should we be thinking that that's part of your strategy is investing in some of these junior non-gold equities for 2024? Is that a strategy that's in place? Or are you looking to further grow with more developed upfront or producing copper assets?

Ammar Al-Joundi

Well, Tanya, I think, so first of all, we are pretty focused on the gold projects that we have in our backyard that are the least risk and the highest return on capital.

Now we've been around for 66 years. We're 98 percent gold right now. I would say that 60 years in the future are we still going to be 98 percent gold? We'll probably have other metals.

The difference with us is we're not going to—and I'm not knocking this on anybody else—but we are not going to a jurisdiction we know nothing about to chase a particular type of metal.

Our strategy is simple. We try to be the best in the regions we can be. And if we have a competitive advantage in an area we operate and a non-gold asset becomes available where we have a competitive advantage, we would look at it.

And so, of course, we would look at copper. We've done a couple of other small things people know about, but we're not going to a different jurisdiction with a different metal.

Tanya Jakusconek

Mm-hmm. Okay. So it would be in jurisdictions you're at, looking at where you could add value?

Ammar Al-Joundi

And only if it makes good return for our shareholders. I know that's self-evident, but we're not, for example, we're not setting a target that we're going to be X amount of copper because, frankly, that means you're chasing something. We're just going to be open to good opportunities.

Now to your point, we've had a long history of very early stage investments. Nine out of 10 don't end up meeting our criteria. We end up doing just fine.

But yeah, you could expect us to keep our eyes and ears open for opportunities in the areas we operate.

Tanya Jakusconek

Okay. Great. Thank you so much and good luck.

Ammar Al-Joundi

Thank you very much.

Operator

Your next question comes from Jackie Przybylowski from BMO. Please go ahead.

Jackie Przybylowski — BMO

All right. Thanks very much, and congratulations on the quarter. I think I just wanted to ask—I know a lot of things have been asked already—but I just wanted to ask for maybe a little bit more colour on what we can expect with the update later in the first half of 2024 on the Abitibi optimization. I know you've talked about studies at Detour and Upper Beaver and Wasamac.

Is there also going to be some discussion to integrate the entire district together? And maybe are we going to get some kind of information about mill optimization or infrastructure or transportation, anything like that as well?

If you can just maybe tell us what we should be expecting, that'd be helpful. Thank you.

Ammar Al-Joundi

Thanks, Jackie. I think—well, I'll be clear. We're going to give some more guidance on where we are in next steps on Detour. We're going to give more guidance on where we are in next steps on Upper Beaver.

We are doing the work on transportation options but, really, the best way to think about those is within the context of those projects.

We are going to be giving more update on next steps at Wasamac, but probably not until the start of next year. Of course we are talking to everybody within a certain distance of—and they're talking to us—within a certain distance of Malartic with regards to future opportunities at the mill there.

So there's a lot going on. You're right, there's a lot of potential. But what you can expect middle of the year is really more focused on Detour and Upper Beaver.

Jackie Przybylowski

Thanks, Ammar. And maybe that sort of answers my follow-up question a little bit. But we've heard a lot of talk about how much capacity you have with maybe different mills and absolutely with your expertise and your people in the region.

Is there any thought or, I mean, is there anything you can maybe comment on now about acquisition or maybe adding additional properties? Do you see a need to add additional properties to your portfolio in the Abitibi? Or are you going to focus what you've got first?

Ammar Al-Joundi

Well, clearly, we're focused on what we've got. But with the question on acquisitions, maybe we're going to be focused more on return on capital. If somebody's got a project that they want to build and it gets a better return for them to use our mill, and it's a better return on capital than us acquiring the person, we would do that.

As a simple example, I would rather put no additional capital and make $50 million a year than put in $100 million of capital to make $60 million a year. I know that sounds self-evident, but we're going to look at the specific opportunities, but with a real focus on return on capital.

And that could mean acquisitions, but it could also mean that some people who have good projects decide they want to use our mill.

Jackie Przybylowski

Got it. Thank you. Maybe one more follow-up, if I can, just to follow up on some of the other themes in the call on base metals.

I know you've recently made an investment in Canada Nickel and it is, at least regionally, pretty in a similar jurisdiction. Is there any synergies with Canada Nickel besides personnel and sort of just expertise in the region? Would any of your facilities suit that operation if it were to be built?

Ammar Al-Joundi

Yeah. I mean, our view on Canada Nickel is that it is—and I hope I don't upset my ex-CFO by saying this—it's a very long-term perspective that they're taking. I don't see anything imminent there. So certainly, certainly we're not talking to them about providing people or developing anything.

It's a vision that they have. It's a large, relatively low-grade ore body, and they have an interesting vision. And so, I think it's better to think, Jackie, really, this is just a very early stage investment on our part.

It's a big asset in our backyard, big option on nickel. But really, it's the Canada Nickel team running this, not Agnico.

Jackie Przybylowski

Got it. That's really helpful. Thanks very much, Ammar.

Operator

And your next question comes from Martin Pradier from Veritas Investment Research. Please go ahead.

Martin Pradier — Veritas Investment Research

Thank you for taking my question. When I look at the cost increase, your guidance talks about a 4 percent year-over-year increase. Now there's some assets where you see an increase in volumes, like Canadian Malartic, and your cost increased 12 percent; Macassa, the cost increased 17 percent with higher volume; and Kittila, the cost increased 10 percent on flat volumes.

If you can provide some colour on why in some of them you have higher volumes and have much higher cost? Thanks.

Jamie Porter

Yeah. Thanks for the question. It's Jamie here. It's really a function of sequencing, mine sequencing across our operations that you're going to have periods where tonnage is flat, but costs on a per ounce basis are higher or lower, just given the grade profile of the individual asset.

But overall when you look at our costs, I mean, we saw inflation running around 6 percent year over year. And our job as management is to try to do better than that through a higher denominator and through constantly focusing on optimizing our costs.

And I think we've delivered that with a 4 percent increase in our cash costs and all-in sustaining cost guidance.

Martin Pradier

Okay. But you cannot provide much colour on any of those, Canadian Malartic, Macassa, or Kittila, what is driving that much higher—

Jamie Porter

Yeah. We can reach out offline and walk through that on an asset-by-asset basis, but with 11 operating mines, it's hard to provide a generalized answer.

Martin Pradier

Okay. Great. Thank you.

Operator

And there are no further questions at this time. I will turn the call back over to Mr. Ammar Al-Joundi for closing remarks.

Ammar Al-Joundi

Thank you, Operator, and thank you, everyone, for joining us yet again, and we wish you all a happy weekend.

Thank you.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for joining, and you may now disconnect your lines. Thank you.