FINAL TRANSCRIPT

Agnico Eagle Mines Limited

Third Quarter Results 2023 Conference Call

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CORPORATE PARTICIPANTS

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

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

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

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

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

Jean Robitaille
Agnico Eagle Mines Limited — Executive Vice President, Chief Strategy & Technology Officer

CONFERENCE CALL PARTICIPANTS

Mike Parkin
National Bank — Analyst

Anita Soni
CIBC World Markets — Analyst

Josh Wolfson
RBC — Analyst

John Tumazos
John Tumazos Very Independent Research — Analyst

Jackie Przybylowski
BMO Capital Markets — Analyst

Tanya Jakusconek
Scotiabank — Analyst

Lawson Winder
Bank of America — Analyst

PRESENTATION

Operator

Good morning. My name is Lara (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle Mines Third Quarter Results 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 would like to ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press *, followed by 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 and good morning, everyone. Thank you for taking the time to join Agnico Eagle on this call. We know it's a busy morning. There's a lot to do. We always appreciate the opportunity to talk to our owners about how the business is going, and it's going well. In the room with me, I've got our senior team. We'll all be talking and available for questions at the end.

So I'll talk about—before we jump in, I want to talk briefly about operations, but then hit some of the bigger points.

With regards to operations, we had another solid quarter. With three good quarters behind us, it's obvious that we're well on our way to comfortably meet our guidance.

With regards to production, we're well positioned to be above the midpoint of our guidance. And if things go well with us in Finland, we will be closer to the top end of that guidance on the production side.

Importantly, on cost, the team has also done an excellent job. We continue to forecast within guidance and towards the midpoint of guidance. It’s clearly been a tough year for everybody on the inflation side, but our team has really, I think, done a remarkable job, and we continue to be confident. We’re confident in the year and, to be sure, we’re confident in the fourth quarter as well.

But the real story that we want to talk about in this call is, frankly, the same story we talked about last quarter and the same story the quarter before. It shouldn’t change because it really—it’s all about how we’re continuing to build the foundations from which we’re looking to grow our business, from which we’re looking to grow our business on a per-share basis with a focus on return on capital and a focus on risk-adjusted return on capital. And we’re going to talk five big points that are these foundational points.

One is Detour. We’re continuing to work towards our target of 1 million ounces a year at that mine. That would be a function of increasing the mill and increasing the grade, and we’ll talk a little bit about that.

Two, Canadian Malartic’s transition to Odyssey from Canada’s largest open pit mine to Canada’s largest underground mine. It’s interesting. We were just there a couple of days ago meeting with the team, looking at the progress, and we talked about that it was 100 years ago, October 1923, that that mine was first discovered. It’s a mine that’s been around for 100 years, and I think, as we all know, in the last four years alone, we’ve added 15 million ounces of resources to it.

The third item is the Abitibi consolidation. We’ll talk about that and some of the good progress that we’ve made.

The fourth is the continuing to invest heavily in our operations with the Kittila shaft commissioned, the Macassa shaft commissioned, and the Meliadine expansion well underway.

And then finally, Guy will talk a little bit about some of the exceptional exploration results he's continuing to get.

And so as we go through, first, let me point out there the full three pages of forward-looking statements and cautionary notes. And maybe we can just jump to Page 5.

So as mentioned, we had a solid operating quarter of 850,000 ounces of production at a little under $900 cash cost. What I would say is that, while that's a solid quarter, up until the middle of August, we were having another record quarter. We were above budget. We were doing very well.

We had a little bit of a setback with a transformer failure at Detour. And I say this not as an excuse, but I say this just to emphasize how strong the underlying operations are. We are going to have a good year, and we're going to have a good fourth quarter.

We expect to hear from the Supreme Administrative Court in Finland imminently. We are cautiously optimistic that it goes our way. I mean who knows, but we are cautiously optimistic, and that would add another 30,000 ounces of production in the fourth quarter, putting us towards the top end of our production guidance.

Adjusted net income—you've all read this, I'm sure—$0.44. Cash provided by operating activities of $1.01; $1.35 before working capital adjustments.

Next page. But getting to the foundational projects that we talked about, I'll hit a few highlights. Dominique and Natasha will go into it in a little bit more detail.

But let's start with the Odyssey mine at Malartic. Very good progress. As I mentioned, we were out there just the other day on Monday. The productions are already ramped up to 3,300 tonnes per day. Remember, our target for 2024 is 3,500, so we're almost there. And frankly, the ramp development is well ahead of schedule, and the shaft is down now to 130 metres.

What I think is the most exciting at—of course, they're making good progress. Of course, they're finding a lot of gold. But what I really like is the fact that for the first four stopes, we've had 18 percent more gold than the block model anticipated, and that is—as some of you know from the internal zones and that is—frankly, that's great news for a CEO, when one of the biggest mines is producing 20 percent more gold than you thought it would.

If we switch to Detour Lake, remember, our target is to get to 1 million ounces a year. We're working on that. There's two big parts. There's expanding the mill, and there is the replacing lower-grade, open-pit ore with higher grade underground. Natasha will talk about that and talk about the progress made to our target of 28 million tonnes per annum by 2025. Remember, to put that into perspective, three years ago, we were at 23 million tonnes per annum. So big progress there and we'll continue to talk about that.

But importantly, we've also had some very good drill results, continuing to have very good drill results at Detour, at the West Pit extension and under the current open pit with tighter infill drilling, confirming continuity of high-grade zones. What that means is it's giving us a higher level of confidence in the underground potential, which gives us, of course, higher level of confidence that we can get to that million-ounce-per-annum target that we're working so hard on.

We also made some good progress on the optimization of the Abitibi. As you know, that has been a singular focus for the team throughout the year. As you know, we expect to be giving guidance throughout 2024 on specifics and which projects will work and which projects won't, but we are making good progress, and we'll talk a little bit about that.

And then finally, Hope Bay, we have had some very good drill results. Guy is going to talk about that. Specifically, he's going to talk about some of the exciting results at Madrid, where we're filling in a 2-kilometre gap between the Suluk and Patch 7 zones at Madrid.

That's important because while there's a lot of gold at Doris, as we've said before, for Hope Bay to meet our targets, we want to hit 300,000 to 400,000 ounces a year. And Madrid is an important part of that. And Guy's exploration results are giving us higher confidence. We're still working on it, but very good results so far.

Next page, please. And then finally, on the optimization of assets, we've talked a lot about this. We're working hard on it, but a couple of points.

One is we're quite confident. We've talked about Amalgamated Kirkland. That was the low-hanging fruit. You can expect some of that to be in our guidance next year, probably 20,000 ounces. And in 2025 beyond, it'll be probably closer to 30,000 to 40,000 ounces per year.

So what we promised right from the very beginning, when we talked about the merger between Agnico and Kirkland Lake, we said that's a low-hanging fruit. It'll start to come in this upcoming year. And interestingly, it looks like we're going to be milling it with spare capacity at LaRonde Zone 5, which again shows the opportunity to take advantage of existing infrastructure with minimal capital investment.

We continue to work with Upper Beaver and Wasamac, both as stand-alone projects and as the potential to mill those and process them at existing facilities. And we've made some good progress on the analysis with both trucking and rail, and we are in discussions with the rail operators to assess costs. So we're getting right down to the nitty-gritty and the details.

What we've concluded is it's doable. We've concluded that the CapEx is materially less than building your own mills and, really, it's about now fine-tuning and making sure that the economics make sense. Again, we'll be going through that through next year.

And with that introduction, I'd like to turn it over to Jamie Porter to talk about some of our financial results.

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

Thank you, Ammar, and good morning, everyone. We had strong financial results in the third quarter with an operating margin of $883 million, which was driven by excellent performances from Canadian Malartic and Meadowbank.

Despite lower production at Detour and Fosterville, both operations delivered decent operating margins in the quarter, approximately $180 million and $90 million respectively.

Our production for the quarter was 850,000 ounces, and we sold 843,000 ounces at an average realized price of $1,928 per ounce, which was right in line with the London PM fix price and resulted in revenues of $1.6 billion for the quarter.

For the first nine months of the year, we've produced just over 2.5 million ounces of gold and are well positioned to exceed the midpoint of our production guidance for 2023.

Our third quarter cash costs of $898 per ounce were just slightly above the top end of our total cash cost guidance range of between $840 and $890 per ounce for the year, while our year-to-date total cash costs were $857 per ounce, which is slightly below the midpoint of our cost guidance. We remain on track to meet our cost guidance for the year.

With respect to earnings, our adjusted net income per share of $0.44 declined slightly, relative to the third quarter of last year, due to higher costs, given inflation, higher amortization related to our now owning 100 percent of Canadian Malartic, and higher interest costs.

We move over to Slide 9. We'll just talk briefly about our balance sheet.

Our overall financial position and financial flexibility remain strong. We ended the third quarter with $355 million in cash and $1.1 billion in available liquidity under our revolving credit facility.

Our net debt position increased slightly to $1.6 billion, due to the increased working capital requirements in the quarter associated with the seasonality of the Nunavut sealift.

Our net debt-to-EBITDA ratio remains very low, at around 0.5, and our balance sheet position remains stable.

We anticipate a strong fourth quarter and with gold prices at current levels, we anticipate adding cash to our balance sheet in Q4. Overall, we look forward to a great fourth quarter and strong finish of the year from a financial perspective.

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

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

Thank you. Before getting to the results of the Q3, as Ammar mentioned, we were there at Canadian Malartic a couple of days this week with our Board of Directors plus the management team. And I would like to thank the team there, a very great visit. And all of the visitors were impressed by the quality of the people, the housekeeping, the quality of the installation that we have there. It's such a great project.

It was also a good timing. Q3 results are strong, 177,000 ounces at Canadian Malartic. And this is partially due—the results, or let's say the operational results we have in Barnat pit are better than expected. The ore is a bit softer (sic). The block model is also on our side. So this is overall good news for now and also for the future. Mill recovery is also better than expected.

So a strong Q3 and we're in good position in Quebec for Q4. All of the operations that we see there are in good position to beat or to be at the top end of their guidance for the end of the year.

On the next slide, at Odyssey, you could see on the graph or on the picture there that the ramp is achieving the level 649 below surfaces. And so the ramp is now heading to the East Gouldie zone, where we are expecting to achieve it by the first half of 2024, which is going to be the next mining horizon.

So the other good news at Odyssey, the paste plant—paste backfill plant has been commissioned in July 2023, and we are already achieving our expected, let's say, design nameplate. So it's a good example of the power of having the synergy or having more mines into the same area where, during the commissioning and the ramp-up, we get some help from LaRonde, from Goldex to the Canadian Malartic team and within three months, we're reaching or beating the nameplate.

So we have a competitive advantage being in Abitibi. Our turnover is around 5 percent to 6 percent. We are able to attract the A teams for the construction, for the shaft sinking, and we see how it's an advantage to develop projects into Nunavut—not Nunavut—Abitibi.

Another example of this is on the automation. We are beating our target right now on the ramp development at Odyssey South, and this is partially due to the automation. So even though it is still into the start-up, they are already able to mine or to do some operations in between shifts by using automation, operating the equipment from surfaces. And this is, at the end, giving a 20 percent improvement on our productivity on the ramp development.

On the exploration side, the focus continued to be on infilling the internal zones where we could potentially add ounces into our plan. We still need to continue to better understand those zones and also to extend the East Gouldie deposit on the east and on the west side.

So on that, I will pass the mic, I think, to Natasha.

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

Perfect. Thanks, Dom, and good morning, everyone. I'm on Slide 12.

In Ontario, our operations continue to deliver robust results, particularly by, as Ammar said, assessing the potential to achieve 1 million ounces on an annual basis. And this potential comes in the form of two main projects. As you know, it's increasing the mill capacity, but also assessing the underground potential.

So prior to the transformer incident, Detour was in line to achieve 27 million tonnes this year, 2023. And the mill availability was hovering around 92 percent, which was the targeted rate for 2023. Now we're expecting to be closer to 26 million tonnes for the full year of 2023.

Having said that, though, the team continues to focus on delivering 28 million tonnes per year by 2025, if not sooner. And we're also working on other opportunities, as I've mentioned in prior calls before, to further optimize the mill and look at the opportunity to go beyond 28 million tonnes a year and, at the same time, assess the underground potential. We still expect to report the results of the underground study in the first half of 2024.

And one last thing on the exploration side, with respect to the underground deposit, during the quarter, as Ammar mentioned, we completed tighter infill drilling within the underground deposit in two areas. And this has confirmed good continuity of the zones, which supports the underground mining plan that we're currently developing, so good news there.

And with that, I'll pass the call back to Dominique to provide some highlights on our Nunavut operations.

Dominique Girard

Yes. Thank you, Natasha.

For Nunavut, a strong quarter also, so over 200,000 ounces produced in Nunavut. And looking forward, Meliadine mill expansion is on track, on schedule, on cost to achieve the expansion, going to 6,000 tonnes per day by the end of 2024.

Meadowbank is all currently working on a scenario to potentially extend the mine life by doing a pushback to potentially go over 2027. So that's another good news.

And on Hope Bay, it is not—there's no bullet point on that—but on Hope Bay, Guy's going to talk about the good, interesting drilling results, where we might be in a position one day to see another long-life mine asset in Nunavut with that project. That's interesting.

On the next slide, at Kittila, during the quarter, the production shaft is now commissioned. So that's the new shaft in, ready to do work. It's ongoing. And we already see some improvement or benefits from productivity and on cost using that shaft. And concerning the permit, as Ammar mentioned, we're expecting to receive news in the coming days.

On that, I will ask Natasha to continue to close the operations update for Australia and Mexico.

Natasha Vaz

Thanks, Dom.

Moving to Fosterville, we saw lower production as a result of lower grades that were sequenced, but also a result of lower tonnes mined. The lower tonnage, it's a result of a redesign of our primary ventilation system, which requires additional development.

The redesign of the ventilation system will help us de-risk not just the construction of these raises but also, more importantly, the operation in the long term to sustain the mining rates in the Lower Phoenix area in future years.

So the priority has become the development of this infrastructure, which has resulted in the delayed extraction of lower-grade stopes this quarter. We expect to achieve similar production levels in the fourth quarter, as we continue to prioritize this development on the primary ventilation infrastructure.

As a whole, though, Fosterville remains an incredible asset, as it's an extremely low-cost mine on a per-ounce basis, with an excellent, hard-working management team on-site.

And then just over to Mexico, we have seen some strong operational performance and stable production in Mexico. The team in Mexico have also done a great job focusing on operational improvements and, as a result of that, we see reduced unit rates when compared to prior years.

And with that, I'll pass the call over to Guy.

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

Thank you, Natasha, and good morning, everybody.

First of all, I would like to mention that we intend to provide a more thorough exploration update in January to streamline a bit the reporting of the operations. So a specific press release will be dedicated to exploration results.

So we'll now go over just a few specific exploration highlights, starting with Kittila, where our recent drilling returned some very interesting shallow intercepts, 200 metres, close to the historical Suuri

Pit, into a structure that is basically located 150 metres to the east of the main ore body that was previously under-explored, where we got an interesting result of 11.8 grams over 9.9 metres.

So we intend to—we right away have undertook some follow-up drilling on that to better understand the potential in that parallel structure, and we'll continue to report, let's say, on progress at the upcoming press release.

Moving on to Fosterville, exploration is continuing in both the Robbins Hill and Lower Phoenix area, investigating in the Lower Phoenix the extension of the Swan and Cardinal structures.

The Cardinal structure is a split in the hanging wall of the Swan structure and recent results continue to return very interesting values, up to 10.8 grams over 10 metres, approximately 190-metre down-plunge of the current reserve, so continuing to demonstrate that the Lower Phoenix area and now Cardinal splay remains open to grow at depth.

And finally moving to Hope Bay, we continued to drill with a focus through the second and third quarters in the Madrid area, as Dominique mentioned, and we're very pleased with the results we continue to see in that area south of the Suluk below the Patch 7.

We continue to consistently see well-mineralized, visual intercepts with a lot of visible gold occurrences, which is quite encouraging, and with the recent results returning up to 15.9 grams over 4.6 metres at 600 metres depth, demonstrating that, that entire area south of Suluk and below Patch is hosting the extension of the deposit, and the deposit remains open at depth into the south.

So we see those recent results as a testimony of what we saw in terms of exploration upside when we took over Hope Bay. So this will continue to be the focus of our exploration activity moving forward, and we intend to report more results on Hope Bay at the upcoming press release.

And on that, I will return the mic to Ammar for closing remarks.

Ammar Al-Joundi

Well, thank you, everyone. And it's our job as management to focus on the details. We watch every dollar, we watch every ounce, and we sweat the small stuff. And you should want us to do that, and we do it.

But at the same time, it's important to step back and look at the big picture. And in the big picture, a very solid operating year so far, a lot of hard work to control costs, and a lot of progress towards foundational investments in Detour, at Malartic, at Kittila, at Macassa, and throughout the Abitibi, throughout all of our mines.

We are going to continue to focus like a hawk on creating value per share. That's all we care about. We don't care how big we are. We just care about are we responsibly making money for our shareholders.

And our strategy to do that hasn't changed in over 60 years, which is to be in the best jurisdictions in the world, as measured by geologic potential and political stability, to try to be the best miner in those parts of the world, where we focus by being the best member of the community, by being respectful to the environment we're in, and by building competitive advantages on the ground, knowing the contractors better, the suppliers better, the permitting process better, and being the employee (sic) [employer] of choice.

We do think we are uniquely positioned that way, and we're going to continue to play off of those strengths because we think it makes sense and, again, always focused on strong financial returns on a per-share basis, strong balance sheet, consistent dividend payments. That's who Agnico has been for over 60 years, and that's who we're going to be for the next 60 years.

And before I open it up for questions, I'll just make one more comment that's not on the presentation but is close to all of our hearts. As you might have noticed from the press release, we've announced that Sean Boyd will be transitioning from executive chair to chair at the end of this year, and I want to make two comments on that.

The first comment is, that was always the plan. As most of you will remember, when Agnico merged with Kirkland, Sean Boyd was going to be the executive chair to help through the transition, to guide us through the combination of the two companies. And he said at the time, and we said at the time, as soon as that's done, he'll transition out of executive chair into chair. And I must say, I think all of us would agree the integration went—even though we thought it was going to go well—it went probably even better than we expected. It's completely done. And so this is just the natural thing that we said we were going to do, and we're doing it.

The second point is just how grateful all of us are for Sean. I can tell you personally, as the new CEO to the job, Sean's support, not just to me but to all of the senior management in the Company, was invaluable, some very good strategic advice. And we are delighted that while he's transitioning from executive chair to chair, he is going to continue to be involved in the Company he's—he spent, what, 30 years—

Jamie Porter

Thirty-nine.

Ammar Al-Joundi

Thirty-nine? I should know that. Thirty-nine years here, and he's not going anywhere. And I can again tell you that myself and all of the management are delighted to continue to have him with us.

So with that, thank you all for your patience, and why don't we open it up to questions?

Q&A

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press *, followed by the number 1 on your touch-tone phone. You will hear a three-tone prompt acknowledging your request, and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press *, followed by the number 2. If you are using a speakerphone, please lift your handset before pressing any keys.

One moment, please, for your first question.

Your first question comes from the line of Mike Parkin from National Bank. Please go ahead.

Mike Parkin — National Bank

Hey, guys. Thanks for taking a question.

On the Slide 16, it's the cross section of Kittila. This parallel mineralized structure, was that something you guys knew was there? Is that a bit of a positive surprise? And do you have any sense of its potential magnitude? Like have you hit it before, and the grades weren't really interesting and now, suddenly, near surface, they are? Just any additional colour you could give on what the potential upside there could be because it's obviously pretty interesting with it being so close to surface with a hit that good.

Guy Gosselin

Yeah. And I would say—hi, Mike. It's Guy. So now we've been reprocessing some historical data (unintelligible). We realized it was a couple of (unintelligible) intercept. And obviously, the main target has always been the main ore body, the main lens at the back. And then we said, well, there's still some opening. The guy came to me with some thinking on how that splays is taking off to the south and is and getting further away to the east. So those drill holes were aiming to address a few of those historical intercepts that were discarded back in the days where we were mining in the main break and now, it's opening up a new target area.

So we don't know yet how big it will be, but we intend to conduct more drilling during Q4 and next year. And obviously, as you mentioned, it could provide some additional flexibility, being so close from surface and close from infrastructure, so quite interesting. And I'm having the same question that you do on how big it could be and what's the grade, so very interesting.

Mike Parkin

Okay. And just in terms of what are you kind of throwing at it in terms of resources, in terms of rig count?

Guy Gosselin

Sorry. I'm not sure I'm getting your—

Ammar Al-Joundi

How many rigs—

Guy Gosselin

We're going to have a couple of rigs that will be performing, maybe one or two rigs, from surface. It's very shallow, so we can do a lot of drilling at those kind of depths. And we'll see. We're currently looking at the budget for next year. And obviously, based on the first follow-up drilling program, we may intensify the drilling activity on that, depending on how results will pan out.

Mike Parkin

Great. Thanks very much and congrats on a good quarter.

Ammar Al-Joundi

Thank you, Mike.

Operator

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

Anita Soni — CIBC World Markets

Hi. Good morning, everyone, and congratulations on a good quarter and being able to reiterate your guidance. That's a feat in this environment.

My question was with regards to the layback that you said you were talking about potentially doing at Amaruq. Could you give us a little bit more colour on what you're looking for and how many years that can potentially add to the mine life?

Dominique Girard

Yeah. We didn't find yet another new open pit. But what we see is potentially extend, do a pushback at the IVR pit. So we know that the underground resources are there, continue to provide ounces for a while. But we need to find a pit.

And now the team have looked back to the resources and how could we do a pushback to add a couple of years, maybe, to the operation. This is what is into play right now.

Anita Soni

Okay. And presumably, it would be higher strip than the original strip of the pit, which I think was around eight or nine.

Dominique Girard

No. I hear it was kind of seven, six, so not too bad.

Anita Soni

Okay. All right. Okay. And then in terms of the—sorry, the Fosterville development work, could you—and Natasha talked about it a little bit—but could you just give us an idea of how that might—like what thinking are you—what are you thinking there in terms of the development work going into 2024 and how that could potentially impact the guidance?

I know you had about 30,000 or 40,000 ounces that potentially could have been added in 2024 with the approval of the higher throughput rate. But would that be sort of taken out of the mix with this development work that you're doing?

Natasha Vaz

Hi, Anita. So it's Natasha. But we are doing a little bit more development with respect to the ventilation. And so, as a result of that, we have delayed some of our stopes out. Along with those stopes, you also have to do additional development that comes along with it.

So we are in the process of resequencing everything with respect to our mine plans, starting now into the end of the year. So we'll provide a little bit more guidance on that towards the end of the year.

Anita Soni

All right. Thank you.

Operator

Your next question comes from the line of Josh Wolfson from RBC. Please go ahead.

Josh Wolfson — RBC

Thanks very much.

Having heard some of the positive commentary on the Odyssey throughput ramp-up underground and the comments as well about the positive grade reconciliation from the internal zones, I'm curious to understand a bit better maybe why the volumes, in terms of a production output, are still quite light and tracking sort of below what the 50,000-ounce guidance was for the year.

Dominique Girard

Yeah. Josh, Dominique speaking. When we did the—we had the paste plant commissioning, we had challenges with the pipes underground. So we had to change—the pipes that we received were not—the elbows were not in good shape. So we had to replace over 100 of those elbows when we started. So that brings delay to do paste backfill and then have an impact also on that—let's say how fast we were able to mine.

But other than that, there's no other challenges. And we're going to finish the year—we're planning to do 50,000 tonnes. We're going to be close to 40,000 tonnes coming from the Odyssey South—ounces, sorry, yeah.

Ammar Al-Joundi

And the paste backfill, maybe, is performing very well now. Dom, maybe you can comment?

Dominique Girard

Yeah. The paste backfill, the team is very happy because we're beating what we were expecting. So we're able now to recover from that and to be—we're back on track on paste backfill.

Josh Wolfson

Got it. Okay. And on the cost side of things, one of the tailwinds the Company's benefitted from this year has been this hedging program. Is there any way that the team could quantify maybe what that benefit would be, maybe as a dollar-per-ounce figure, so we can better understand the cost structure going forward?

Jamie Porter

Yeah. Josh, it's Jamie here. So it's about $23 an ounce that we've benefitted from in terms of what we guided to at a $130 CAD, relative to what we've realized closer to $135. But even without that benefit, we're still within our guidance range. So it's a strong operating performance in terms of cost.

Ammar Al-Joundi

And, Josh, it's a bit of a complicated question because labour, clearly, Canadian dollars, it's a direct relationship. But if you're looking at things like spare parts, even if you pay for the Caterpillar transmission in Canadian dollars, it's really priced in US dollars. And it's sort of like cars. So it is something the team has done a great job with.

It is something that is a good and positive tailwind, and we'll take any tailwind we can. But as we've said on all the calls, and I'll say it again on this call, the team's really done a good job controlling costs through some of the proactive work they've done, but also through delivering good operating results. The operating results always set your costs.

Josh Wolfson

Got it. And sorry, just to clarify, that $23 per ounce, that was on the FX side, it sounded like. Is there any additional factor on the diesel price?

Jamie Porter

Yeah. I don't have the dollar per ounce in terms of diesel, but much lesser benefit. I think it's closer to about $3 an ounce.

Josh Wolfson

Okay. And then one sort of final quick one on the Kittila permit. I think, unless the Finnish people like to work weekends, there's three days left here in October. Any sort of commentary on what the status is? And whether there's any remaining uncertainties for this outstanding permit? Thanks.

Ammar Al-Joundi

Yeah. We're in constant contact, and our understanding is they will have a decision imminently. So we continue to be cautiously optimistic, but we obviously will respect whatever decision the court makes. But we expect it, Josh, to be very soon.

Josh Wolfson

Perfect. Thank you very much.

Operator

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

John Tumazos — John Tumazos Very Independent Research

Thank you very much. When the geologists turn the keys over at Hope Bay to the engineers to restart production, roughly how many years and how many dollars would it take to resume the mine at the expanded target level? Once again, I'm assuming the geologists have already found all the gold, a little bit optimistically.

Dominique Girard

Thank you, John. Dominique speaking. Look, when we use this starter project, we're looking to have a kind of a 10 years of operation into our—enough resource reserve to do that. This is what we're looking for, what we have, let's say, right now. But Guy's continuing finding more that we need to extend that.

Ammar Al-Joundi

But I think, John, you were asking how long it would take for us to start producing.

Dominique Girard

Yeah.

John Tumazos

Yes, sir.

Ammar Al-Joundi

Yeah. It will be—I don't want to give a time, but it would be a lot faster than most because we have a camp, we have power generation, we have the port facilities, we have water treatment.

The real emphasis will be on the mill. And the mill building is there. And we've done the analysis on that. So we basically have to empty out what's in the mill and basically go inside that. That's always an advantage. That's particularly advantage up in a place like Nunavut where, until you basically have a closed-in building, you can't work in the winter. And so we have that.

So I don't know exactly the time. It's a good question, but it would be materially less time than if you were starting from scratch.

John Tumazos

So if I had it in my model for the second half of 2030, there's a chance you could do a little better.

Dominique Girard

Yeah. I think so.

Operator

Thank you. Your next question comes from the line of Jackie Przybylowski from BMO Capital Markets. Please go ahead.

Jackie Przybylowski — BMO Capital Markets

Thanks very much. Maybe I could start with a follow-up to John's question on Hope Bay. If you continue to have exploration success around Madrid, is there any thoughts to re-centring the operation around that? Or I guess, Ammar, you kind of alluded to this with the value of the mill building. You'll continue to haul ore to the existing location. Can you talk about how to think about the layout and the overall kind of scope of Hope Bay?

Ammar Al-Joundi

Yeah. And it's a good question, Jackie. So everybody knows, or a lot of people know, there's Doris, there's Madrid, and then there's Boston. And I think a lot of people know the total distance. But the truth is, it's a pretty quick drive from Doris to Madrid. I can't remember exactly, but it's a few kilometres. It's, I think—

Jackie Przybylowski

Okay.

Ammar Al-Joundi

—eight kilometres. So I think it's almost certain—well, it is certain, that we would be focused at the existing facilities and leverage off of that.

Jackie Przybylowski

Got it. Thank you.

And to follow up, maybe, on Josh's question about Kittila, can you talk—like when you—let's assume that the Supreme Court of Finland provides a positive decision on this. Are we going to have a press release saying that this is the case?

And would you be revising guidance at all for 2023? Or would this just be sort of like at the upper end of existing guidance, like you've already mentioned?

Ammar Al-Joundi

Yeah. So one, we will issue a press release either way. To be sure, the impact in '24 is about—it's about 30,000 ounces, and it is—and as you all know, we've already provided guidance assuming we don't get that. So I think, I mean, we've already said we're going to be above the midpoint, and we'll be closer to the upper end of our guidance, Jackie, if we get that.

So I don't know that we need to send out new guidance, but we will say what I've said, which is if it's positive that we got it, that we expect an additional roughly 30,000 ounces, and that we will—we are now expecting to be towards the upper end of our guidance. If we don't get it, we'll mention that, and we'll mention that we still expect to be above the midpoint of our guidance. So we're in good shape either way.

Jackie Przybylowski

Okay. Yeah. That's terrific. And if I could just ask, maybe, one last question.

I think earlier on the call, you've talked about the integration, and I know it's more in context of the change to Sean Boyd's role. But with the integration between Kirkland Lake and Agnico now being completed, have you got any, maybe updated comments you can give us in terms of asset divestments or how you're thinking about that? I would assume it's just kind of like as a go-forward, stand-alone, fully integrated company now. But is there any thoughts in terms of like anything in the near term?

Ammar Al-Joundi

It's a fair question, and we are always looking at that, and we—frankly, we can—we started looking at that very hard before the integration, during the integration, and we'll look at it after the integration.

Right now, we're happy with what we've got but, for sure, we're always looking to optimize the portfolio, and whatever makes the most sense for our shareholders, we'll do it, and we'll do it in a heartbeat.

Jackie Przybylowski

Understood. Thanks very much, Ammar. Thanks.

Ammar Al-Joundi

Thank you.

Operator

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

Tanya Jakusconek — Scotiabank

Great. Good morning, everyone, and congrats on a good quarter, and again, on reiterating guidance. As Anita said, it's a challenge in this market, so congrats on that.

Just two questions, if I could. Can I ask, Guy, whether, going back to Hope Bay, so just looking at your Slide 18 and looking at those 13 holes in the—under Patch and other, Guy, what do you think you need to do? Like first of all, how many drill holes do you have in that gap area? And what do you think you need to do before we can get a resource there?

Guy Gosselin

Hi, Tanya. On the top of my head like that, I don't know exactly how many drill holes we've drilled over there, but we've been having six drill rigs, and the focus was really to demonstrate—and maybe I—but the timing to get to inferred or reserve over there is less important for us than understanding that the deposit is there, it keeps going, remains open at depth. So we were looking for that long-term vision that it's going to get bigger.

After that, while we are obviously looking at—well, the drill spacing in that specific area, what is needed to get to start to see some of that showing up in resources, I don't think we'll get any of that by year-end because we're still—intend to rely on the TMAC PFS. We're not expecting any significant change, but that was not the main objective of our exercise over there.

So eventually, once we're going to firm up our, let's say, assumption on cost, revise the potential cut-off grade, we're going to be having that new drilling integrated so maybe we can get to see—starting to see the benefit of that, maybe towards maybe the back end of—at the year-end 2024 and 2025, where we should have a better understanding of the cost, the cut-off grade, how—we don't—I don't want to—we don't want to do yo-yo with the resources over there, so we'd rather integrate all of that new drilling and make a good update, just once we're going to have firmed up our cut-off grade assumption and mining approach.

Tanya Jakusconek

So is it safe to assume that you need another two years? You mentioned back end of 2024, 2025. So is it another two years of drilling this property before we are going to be able to say whether we have that target of that 350,000 to 400,000 and ready to put some sort of numbers on this? Would that be fair?

Guy Gosselin

To have resources, yeah, but we're going to do some thinking on mineral inventory, on something that is having a larger drill spacing, but they're—obviously, to come out with a public number, we'll need to reach the inferred resources specification. And maybe, Ammar, you may have—

Ammar Al-Joundi

But yeah, I wouldn't—it's again a good question, Tanya. It's expensive for us. It's expensive up in Nunavut. And the plan we have is to aggressively drill and, as Guy said, we're more interested in is this going to make money, and does it have a lot of legs, rather than necessarily meeting the criteria for various classifications.

So to your question, is it going to be another two years before we know if we're going to—if we've got something, I think it'll be less than that. And we're pushing pretty hard, and it's looking good. And again, we're—what Guy is doing is he's looking at, is this thing going to be a multi-decade lot of production rather than the more traditional, okay we've increased it from X to Y to Z sort of thing.

Tanya Jakusconek

Mm-hmm. And so would it be similar to Odyssey, where you would make the decision to build based on resources? Not tied to—

Ammar Al-Joundi

Probably—

Tanya Jakusconek

Yeah. Okay. All right. So—

Ammar Al-Joundi

A good example, Tanya, and also similar to what we did at Meliadine.

Tanya Jakusconek

Yeah. Yeah. Okay. Okay. No. That's very helpful. Thank you.

And then if I could ask Dominique a question just on—Dominique, just on the shaft sinking at Odyssey. Can you talk a little bit about the water that you've encountered and what you're seeing there? And sort of—I just forget where you were relative to the water table, so just a little bit about the water? Thank you.

Dominique Girard

Thank you, Tanya. Yeah. We've reached water at some point during shaft sinking. It's now behind us. The team did the grouting and everything related to that. And that's normal in part of the, let's say, doing shaft sinking.

The thing is it was expected to get some water there. When we did the test hole, we saw that we had fractures. So the team—the good news—the team was ready to react and to do the grouting. And now we don't expect to have more water on short term. We saw some other areas with other fractures, but we're going to know when we're going to be there.

The good news also is now the ramp is getting—we're going down with the ramp close to the infrastructure. So this is also helping to collect the water.

Tanya Jakusconek

Okay. So you've gotten through the water. So you were anticipating the water in this area. Dominique. You grouted, you got through it, and now we're, I'm going to say, smooth sailing. We're just back to sort of normal sinking rates into the proper rock without water?

Dominique Girard

Yep.

Tanya Jakusconek

Yeah. Okay. Great. Thank you so much. That's all my questions.

Operator

Your next question comes from the line of Lawson Winder from Bank of America. Please go ahead.

Lawson Winder — Bank of America

Thank you very much, Operator, and hello, Ammar and team. Thank you for taking my question.

I just wanted to ask one thing about that great slide you guys put up on the optimization of the assets and infrastructure in the Abitibi region and just inquire around your thinking on rail versus truck. I mean, it just—it's like, standing back and looking at it, I mean, rail seems like a really obvious and perfect solution here. But is truck a realistic alternative if rail doesn't work out?

Jean Robitaille — Executive Vice President, Chief Strategy & Technology Officer, Agnico Eagle Mines Limited

Hi, Lawson. It's Jean speaking. Listen, we have to compare both. I agree with you. The most efficient way will be to use rail. The study is progressing very well. And after—the way I see it is, after we'll have the infrastructure in place, it will be there for decades to come. So we're really looking to create value. So we'll give you a good update in February on this.

Ammar Al-Joundi

And I think, Lawson, and just to build on what Jean said, you're right. I mean, high volume, rail; but if it's relatively small volume, trucks can be effective too. And sometimes even small volume, if you can do it efficiently, that makes sense. So big-ticket items, probably rail, but in some cases, trucks make sense if it's lower volume and shorter distance.

Lawson Winder

And then when you're thinking about what your—just like the investment from Agnico might be with that, are we just talking about like a loading station and nothing much further than that?

Ammar Al-Joundi

Yeah. It's basically—it's effectively that. Yeah. So there's the—effectively, you transport from the stockpile to a spot where you can unload. And typically, what you have to build is maybe 2 kilometres of rail so that the train can pull in, and you can load it over a day without blocking the track. So it's really just—it's the infrastructure to move the ore to the—to that 2 kilometres of rail and then the same thing in the unloading.

Lawson Winder

That's great. Well, it's quite exciting. I look forward to the next update on that. Thank you very much, Ammar and Jean.

Ammar Al-Joundi

Thank you.

Operator

There are no further questions at this time. I'd now like to turn the call back over to Mr. Ammar Al-Joundi for any closing remarks.

Ammar Al-Joundi

Well, thank you, Operator, and thank you, everyone, for being on the line and for your continued support. And as you know, we love talking about the Company, so if there are any other questions that we didn't answer today, just give us a call directly. And with that, we'll end it. Thank you, everyone.

Operator

Thank you, sir. Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines. Have a lovely day.