FINAL TRANSCRIPT

Agnico Eagle Mines Limited

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CORPORATE PARTICIPANTS

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

Carol Plummer
Agnico Eagle Mines Limited — EVP, Operational Excellence

Jamie Porter
Agnico Eagle Mines Limited — EVP, Finance & Chief Financial Officer

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

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

Guy Gosselin
Agnico Eagle Mines Limited — EVP, Exploration

CONFERENCE CALL PARTICIPANTS

Ralph Profiti
Eight Capital — Analyst

Mike Parkin
National Bank Financial — Analyst

Greg Barnes
TD Securities — Analyst

Anita Soni
CIBC — Analyst

John Tumazos
John Tumazos Very Independent Research — Analyst

Tanya Jakusconek
Scotiabank — Analyst

PRESENTATION

Operator

Good morning. My name is Ludi (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle Q1 2024 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 the *, followed by the number 1 on your telephone keypad. If you would like to withdraw your question, please press the *, 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 joining us. I have the great pleasure, along with my colleagues, to report on another strong quarter for Agnico Eagle.

But before we get into that, I'd like to acknowledge that the reason we're having another strong quarter is because of all the hard work of all of our employees. Our people at the rock face work every day, sometimes in tough conditions, our geologists, who are away from their families, sometimes for weeks at a time, our engineers and professionals, who do the studies—I want to thank all of you for delivering.

Again, it makes our job easier here at corporate. We'll have a number of executives talking about a good quarter. But again, it's thanks to all of you. Please keep yourself safe, keep the community safe, and the environment safe.

Before we jump into the presentation, I'd ask you to turn your attention to the forward-looking notes. We will be talking about some expected good results going forward. But again, please take a look at the forward-looking notes and statements.

And if I could ask, Operator, if we could start, I see, on Page 6? That's great. We're going to cover a lot this morning, but there's really three key takeaways.

One, we've had a very good start to the year.

Two, we continue to make excellent progress on some of our key value drivers and the catalysts that will really move this company forward over the next 12 to 36 months.

And three, we've had some tremendous drill results that we are excited to share with you today.

On the strong start to the year, solid operating results, approximately 880,000 ounces of production, good cost control, reiterating guidance, both production guidance and cost guidance.

Those strong operating results, along with an excellent gold price, has delivered strong financial results, as you would expect. Jamie will review these, but some of the highlights include our second consecutive quarter of record operating margins and our second consecutive quarter of record free cash flow.

On the key projects and the value drivers, Detour to a million ounces. We said, a couple of years ago, that we thought Detour had the potential to get to a million ounces a year. The team has been working very hard on that since, systematically, professionally, and we're making good progress.

And we remain on target to talk about this midyear. In fact, we expect at this point to have a technical session in June, followed by a site visit, at which point we will talk about the project parameters as we see them at this point, and we will talk about the next step.

And we've hinted about what that next step will be, and it will be, likely, an exploration ramp that'll allow us to get into the ore body, take some bulk samples, confirm continuity, put in an exploration platform and really, the first step of what we think will be an exciting project. And clearly, that exploration ramp will become an important part of a future production ramp.

At Upper Beaver, also very good progress, also on target. Also confirming that we expect to provide an update towards the middle of the year. With Upper Beaver, it'll likely be with our second quarter results, at which point we will be outlining the parameters of the project as we see it and, again, the next step.

And the next step, as we've already discussed in February, is what you would expect, the likely next—the logical next step, an exploration shaft and an exploration ramp that will allow us to take a couple of bulk samples, again confirm continuity, again put in exploration platforms.

At Malartic, we continue to make excellent progress. The shaft is continuing well. And the underground development, as I think most of you know, is ahead of schedule. And the initial stopes are generating positive reconciliation.

With Malartic, however, there's also been some excellent drill results, and that leads us to our third key takeaway today. Guy will be discussing some, frankly, pretty amazing drill results at Malartic, at Detour, and at Hope Bay, big assets in good parts of the world that really just continue to deliver. We think that these are potentially big enough to move the needle and causing us to rethink, in a positive way, some of our growth options going forward. And because of that, we've added a little extra time at the end of today for Guy to talk about it.

At $2,300 gold, you should fully have expected us to report strong results, and we are. We continue to be very constructive on the gold price. I came into this business in 1999. Gold was $290. People have hated the gold price since, and it’s now $2,350. And we think that we are just starting a long-term secular move.

That said, and important, and we want to emphasize this, we do not take this higher gold price for granted. We remain absolutely focused on cost control, we remain focused on per-share metrics, and we remain focused on capital discipline. We are absolutely determined at Agnico that increases in gold price go to our owners, and these increases are not going to be eaten away with higher costs.

In fact, when Dominique and Natasha go through their sections—and they’ll go through it briefly—but the overriding theme you will hear over and over again is a theme of continued focus on business improvement at every mine and every opportunity.

Our focus on costs at $2,300 is as strong as ever. And our key projects, Detour, Upper Beaver, Malartic, Wasamac, Amalgamated Kirkland, et cetera, those are the same projects at $2,300 as they were at $1,800. We’re remaining focused. So a very good start to the year but, at Agnico Eagle, we believe strongly that it’s not only what you do, but how you do it.

And with that, our next speaker is Carol Plummer, our EVP Sustainability, People, and Culture, who will discuss our 15th annual sustainability report.

Carol Plummer — EVP, Operational Excellence, Agnico Eagle Mines Limited

Thank you, Ammar, and good morning, everybody. We’re certainly happy to release this 15th annual sustainability report, which is titled, Global Approach, Regional Focus.

This report highlights how we are deeply rooted in and committed to the regions in which we operate, even as we grow and evolve as an organization. While our vision and goals are global, our strategies are tailored to each region, taking into account their environmental, social, and economic context, and adapting to their specific needs, priorities, and challenges.

We're proud of our people, who are working every day, not only to complete the work of a global miner but doing it safely and respecting our commitments to the environment and our communities.

ESG is central to our strategy, and it's through the stories of our people, the partnerships they have created, the relationships that they maintain, and the challenges that they face, that you can see how it is integrated into the very fabric of our company.

We prioritize close collaboration with local communities and Indigenous peoples, valuing their perspectives as integral components of our operational approach. This is how we make mining work for everyone. Working together, we can reduce our environmental impact, increase social benefits, and positively contribute to local economies.

You can see on this slide some of the highlights from 2023. I'm particularly happy to point out the safety record and a 34 percent improvement in safety frequency, year on year. We continue to work on our decarbonization plans. We invested in our communities. And we worked with our employees to make sure that we can maintain our commitment to mine responsibly.

The full report can be found on our website or by clicking on the link in the press release. And I will now pass on to Jamie to discuss the Q1 results.

Jamie Porter — EVP, Finance & Chief Financial Officer, Agnico Eagle Mines Limited

Thank you, Carol. Excuse me. As Ammar mentioned in his opening remarks, we had a great start to the year with stable, consistent operating results and excellent cost performance, pairing with higher gold prices to drive record cash flows and financial results.

First quarter gold production totalled 879,000 ounces, a total cash cost of $901 per ounce, and all-in sustaining costs of $1,191 per ounce. With this strong start to the year, we are very well positioned to achieve our full year production and cost guidance.

Our all-in sustaining costs for the first quarter were actually below the low end of our guidance range at $1,191 per ounce. This resulted from the deferral of certain sustaining capital expenditures at Detour Lake to later in the year.

As a result, we do expect higher all-in sustaining costs in subsequent quarters, but still expect all-in sustaining costs per ounce to be within our guidance range of $1,200 to $1,250 for the full 2024 year.

The higher gold price in the first quarter, combined with our strong operating and cost performance, led to significant margin expansion, and we had record operating margins in the first quarter at over $1 billion, led by our two largest mines, Detour Lake and Canadian Malartic.

We will maintain our focus on costs and ensure that the benefit of higher gold prices is allocated to strengthening our balance sheet, providing financial flexibility, and continuing to return capital to our shareholders.

We move on to Slide 9. We'll look at our financial highlights.

Our revenues increased 21 percent over the first quarter of 2023, to over $1.8 billion. Importantly, our cash provided by operating activities increased by the same percentage, and our free cash flow actually increased by over 50 percent to a record of $396 million for the quarter.

We are seeing the benefit of higher gold prices, with margin expansion helping to strengthen our financial position, adding approximately $190 million of cash to our balance sheet in the quarter.

On an adjusted basis, net income per share was $0.76 in the first quarter, approximately a 30 percent increase relative to the prior-year period.

We continue to pay a strong quarterly dividend of $0.40 per share, which is at a healthy level and represents approximately half of the free cash flow we generated in the quarter.

We also repurchased 375,000 common shares for approximately $20 million through our normal course issuer bid in the first quarter. While we expect the majority of our capital returns to shareholders will continue to be through the dividend, we do have the financial flexibility to be opportunistic with respect to additional share buybacks.

At current gold prices, we would expect to generate substantial free cash flow in subsequent quarters. We will remain disciplined with our capital allocation, with excess cash being directed to further strengthening our balance sheet, paying down debt, reinvesting in improving our business, and continuing to return capital to shareholders.

We move on to Slide 10.

I'm very proud of the work our team has done this quarter to further strengthen our financial position and flexibility. Strong quarterly operational and financial results added cash to our balance sheet and reduced our net debt position to $1.3 billion.

During the quarter, we upsized our revolving credit facility to $2 billion. This new facility reflects Agnico's size, scale, and investment-grade status and significantly increased our available liquidity.

We do have approximately $800 million of debt maturities over the next 15 months, and we will look to either repay those from cash on hand or refinance at the appropriate time.

We were also pleased that Moody's upgraded our credit rating during the quarter to Baa1 with a stable outlook, which reflects our strong and strengthening credit profile.

Overall, the balance sheet's in great shape, and we're always looking for opportunities to strengthen it, improve our liquidity, and overall financial flexibility.

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

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

Thank you, Jamie. I'm at Slide 11.

A good quarter, an all-time record at Canadian Malartic complex. So with the addition of the higher grade from underground at Odyssey, Canadian Malartic is breaking new records after 12 years of operation. We also did a strong quarter on the project development with the raft—sorry, the ramp, the shaft sinking, and the surface construction.

And also, Guy's going to talk about potential extending of the East Gouldie Zone, which is feeding the fill-the-mill strategy, so we're very excited with that.

On the automation side, Agnico is recognized as a worldwide leader in remote operation. And this leadership can be seen at LZ5. As an example, during the quarter, the Friday night shift, which traditionally was from, let's say, manual operation, now have been transitioned to fully automated operation.

So this is not just only improving productivity, but it is also improving the life quality of our workers by not having to work anymore on the Friday night shift. So from now on, the Friday night, Saturday night, and the Sunday night shift are fully operated remotely.

I'm also happy to highlight that at 40 kilometres of LZ5 in LaRonde Mine, the Odyssey team executed the first fully automated truckload during a shift change.

So I wrap up the Quebec section by saying a big thank-you to the teams to keep pushing automation boundaries and leveraging off regional synergies.

Moving to Slide 12. Nunavut delivered an outstanding first quarter both on cost control and gold production. Both Meliadine and Meadowbank achieved better performances than budgeted, especially at the underground operation, where mucking, hauling, and development activities beat the budget. This is the result of a team effort to improve the business. Following last year's cost pressure, the Nunavut management team heads down and initiated bold action plan.

But why they succeed, let me explain why. I stole four important points from Jean-Claude Blais' presentation. Jean-Claude is the general manager at Meliadine, and here's what he what he said. First, focus on what matters. Second, empower and staff a dedicated team to succeed. Third, be open-minded to challenge the status quo. Fourth, last but not least, execute like hell. So here's why they succeeded, and we're very proud of that one.

I would like to conclude by congratulating the Nunavut team for their leadership and this outstanding quarter. All those improvements are not only building flexibility for 2024 and the coming years but Hope Bay will be able to build upon those important improvements.

On that, I will pass the call to Natasha.

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

Thanks, Dom, and good morning, everyone.

So I'll start with the operations in Ontario. Here, we had another strong quarter and solid performance. Combined, the sites generated around $300 million in operating margins with—as you can see on this table—with industry-leading costs.

At both operations, Macassa and at Detour, we're continuing to steadily ramp up production. And just coming back to Ammar's point earlier on, we remain laser focused on optimizing and continuously improving on our assets. And I'll give you a few examples.

We'll start with Macassa. First off, we have seen improved productivity throughout the mine and the mill this quarter. The site, they hit records. They hit records in underground development. They hit a record in skip tonnes. They hit a record in milled tonnes. Really incredible work by the team, and they keep going. They keep their heads down, and they are working on other initiatives, such as improvements in energy management and workforce availability or productivity, and also fleet availability, just to name a few.

And then, in keeping with our regional strategy, we're continuing to integrate the AK deposit into the production profile this year. We're still tracking well to complete a bulk sample extraction of the AK later in Q4. And just as a reminder, this is the ore that would be sent to the LaRonde mill.

Moving to Detour, we set a record, a quarterly record for total tonnage mined, but we also delivered mill throughput that was the highest for our first quarter period. The team already knows this; I've mentioned this to them a couple times. But I'm particularly proud of them and our results this quarter, especially considering we faced some challenges with abnormal breakage of our grinding media.

And in terms of continuous improvement efforts at Detour, we have many. But of course, as you know, our main focus is to continue advancing the mill optimization efforts. We still expect to reach the mill throughput of about 76,000 tonnes per day, roughly around 28 million tonnes a year, late in the second half of 2024.

Now moving on to Slide 14. I'll touch on our other assets, starting in Finland. At Kittila, the team had an inaugural celebration for the commissioning of the new shaft in March and, based on their performance in the quarter, they are tracking pretty well to meet guidance. They're also continuing to see positive exploration results, demonstrating the expansion potential at the Main Zone, the Sisar Zone, and in the Roura area.

And then over in Australia, Fosterville, they continue to generate strong cash flows with costs among the lowest in the industry, despite decreasing grades. And this is a testament to not just the team's ability but their continued focus on improving productivity and controlling their costs.

Finally, in Mexico, at Pinos Altos, we continue to operate with consistent, stable production. Here also, we've focused our efforts over the past year on improving productivity and controlling our costs.

All in all, our operations are continuing to exhibit a stable and a consistent approach to safely delivering on our objectives. Our site teams are continuing to work hard. They're continuing to work hard on improvement initiatives, while also advancing on our pipeline projects.

And with that, I'll now pass it over to Guy, who will provide us with an update on exploration.

Guy Gosselin — EVP, Exploration, Agnico Eagle Mines Limited

Thank you, Natasha, and good morning, everybody online. This quarter, we continued our exploration efforts to build on last year's record mineral reserves momentum, focusing on opportunity near mine and key value driver projects in our portfolio.

Our strategies remain the same: one, extend life of mine; two, maximize available milling capacity at our key operations; and three, advance some specific high-potential projects by increasing mineral resources and mineral reserves, both in quantity and quality. Today, I would like to discuss three projects in particular where we see strong opportunities.

First of all, Malartic and Odyssey. We've seen some excellent results in the eastern extension of the East Gouldie that could significantly contribute to our fill-the-mill strategy.

Second, at Detour, we continue to see broad mineralized intercepts in the upper part of the underground extension of the deposit to the west of the open pit, that continue to support our vision of an underground project at Detour.

And third, Hope Bay, where we got what I would qualify as some very spectacular exploration results in the gap between Suluk and Patch 7 at the Madrid deposit, that could move the needle because of the high-grade nature of those intercepts, that could significantly improve the scenario for future project redevelopment.

So starting with Malartic on Slide 15. We saw that the zone is getting thicker again in the eastern extension with some very solid intercepts returning 3 grams over 32 metres and 4.5 grams over 33 metres, respectively, at 400 and 1,000 metres away from the current mineral reserve, and that at a depth between 1.1- and 1.6-kilometres depth. This could lead to the development of another thick mining area along the East Gouldie horizon, demonstrating that the zone remains open for additional significant discovery and future potential reserve addition that could help in our long-term fill-the-mill strategy.

Moving on to Detour on Slide 16. Exploration efforts continued to focus on the western extension of the deposit, completing 58,000 metres in the first quarter, focusing in particular into the shallow portion of the potential underground project where we continue to see broad mineral intervals of good grade mineralization, with example of 5.4 over 16, 3.9 over 25, and 3.4 gram over 29 metres, in a large area located at shallow depth of the width of the potential underground project, close to the conceptual exploration ramp that we're envisioning at Detour.

These results show potential for mineralization, having both grade and width characteristics that are likely amenable for underground mining, supporting our vision to bring the Detour Lake mine to a million ounces of gold-a-year production from a combined open pit and underground operation in the future.

And last but not least and on Slide 17, I'm particularly proud. We completed 30,000 metres of drilling at Hope Bay this quarter, which is almost 50 percent in last year, safely.

We focused this year's winter drilling campaign for ice-based drilling at the Madrid deposit in a previously unexplored gap between Suluk and Patch 7 to follow up on some of the exciting results that were communicated in February.

The most recent follow-up drilling returned exceptional results, 12 grams over 19 metres, 20 grams over 18 metres, 14 grams over 16 metres, and those are cap grade and estimated through width. The core length intercept on those were just spectacular, solid from wall to wall, demonstrating the potential for a significant new thick mineralized area that could potentially host up to a million ounces between 10 and 20 grams, that could have a very positive impact on future project redevelopment scenarios, considering the high-grade nature compared to the rest of the deposit and the apparent simple geometry of this new zone.

I would like to thank our exploration team and the various jurisdictions that put a lot of good thinking and hard work into these large exploration programs to deliver them safely and in the most cost-efficient manner.

Our focus in exploration remains to focus on opportunity by advancing key value driver projects to accelerate their integration into mine development scenarios. And with those excellent results, we can anticipate that additional exploration budget could be added in the second half of the year.

And on that, I would like to return the mic to Ammar for some closing remarks.

Ammar Al-Joundi

Well, thank you very much, Guy. We probably should have started with that. Well, good work. And thank you, Carol, Dom, Natasha, and Jamie.

Before we jump into questions—and next slide if we could, please, thank you—just really to summarize.

We had a strong quarter operationally, strong quarter financially. We're all proud of our team for delivering results but also for continuing focus on business improvement and our commitment to capturing gold price increases for the benefits of our shareholders. We made good progress on our key value drivers, and we have had, as you just heard, some excellent exploration results. We are delivering on 2024, but we're also building the Company for the future.

Our strategy remains the same as it's been for the last 67 years: focus on the best regions, based on geologic potential and political stability; try to build the highest quality business that we can for our shareholders, for our communities, and for our employees; continue to focus on the bottom line; continue to focus on per-share metrics; continue to focus on return on capital. And we think we are uniquely positioned, with a competitive advantage in some of the best places in the world to mine for gold.

So with that, I want to thank my colleagues for their presentations, thank all of you for being patient. And, Operator, if we can now open it up for questions, please?

Q&A

Operator

Thank you. And, ladies and gentlemen, we will now begin the question-and-answer session. If you would like to ask a question during this time, simply press *, followed by the number 1 on your telephone keypad. If you would like to withdraw your question, please press the *, followed by the number 2.

One moment, please, for your first question.

Your first question comes from the line of Ralph Profiti from Eight Capital. Your line is open.

Ralph Profiti — Eight Capital

Good morning, Ammar. Thanks for taking my questions. Two of them, please, on Odyssey, and maybe for Dom can chime in. Was wondering about matching hoisting capacity and the mining rates at Odyssey in that sort of 2025 to 2027. It seems like we're getting there a little bit earlier.

And just wondering, is there some production, perhaps, being brought forward because of that temp loader being repositioned higher in the strata? And then, when you combine that with some of the development ahead of schedule, there's some sort of back envelope that you can get an extra sort of maybe 15,000, maybe 20,000 ounces of gold production in 2025. Just wondering if you can comment on that a little bit.

Dominique Girard

Yeah. Dominique. The teams are working on all the different scenarios. To integrate a new drill hole, to integrate a modification to the shaft by, let's say, we'll just change the loading station, and also adjusting with the sinking rate that we're doing—those plans going to come up more later during the year with the optimization. But as you mentioned, there is place of improvement, and the team are working on that.

Ralph Profiti

Okay. Okay. And is there any mining deeper in the deeper levels of the ore body, perhaps Odyssey North, that was going to happen ahead of shaft completion; where, perhaps, if we move up the temporary loader, there's perhaps a partly offsetting cost impact of moving that up in the strata?

Dominique Girard

Yeah. Maybe on the loading, the positive impact is it's going to be a shorter run. So we're going to be able to do more tonnage. So that's going to help to bring out the waste or the ore.

But really, the focus is on accessing the East Gouldie deposit. So now, we're at the level of the East Gouldie deposit with the ramp. We're still not touching the ore. That's going to be more coming into 2026. But again, the focus is to be able to really unlock by having the shaft being able to skip that out of the mine in 2027, and this is where the heart of the ore body is.

Ralph Profiti

Yeah. Gotcha. That's helpful. Thank you.

Operator

Your next question comes from the line of Mike Parkin from National Bank Financial. Your line is open.

Mike Parkin — National Bank Financial

Thanks, guys. Thanks for taking my question and congrats on the good quarter. Questions just on Canadian Malartic. The throughput this quarter and, actually, last quarter has been like a significant step up from where we were ever since really the start of 2022. Is that more of a blend of like Barnat ore being a bit softer, allowing you to push the mill a little harder?

Just trying to understand the roughly 7 percent-ish plus improvement in the last couple quarters versus that last couple year run rate. What's driving that? Is it sustainable? Any colour would be awesome.

Dominique Girard

Yes, Mike. This is true. The Barnat ore is more softer, and we're able to process more than initially planned. But right now, we're still also processing underground ore and also a stockpile, which came from the Canadian Malartic pit at the time.

We need to time, also, the process plant with the tailing facilities. So this is where the team are also looking to optimize, but we're going to turn into in-pit disposition in the second half of the year. So we need to match this, let's say, tailings and also milling capacity. But we have flexibility within the plant.

Mike Parkin

Okay. And for input tailings, given the underground is not directly underneath it, there isn't really any need to add like a solidifying agent like cement to it? Can you just dump it in without any additives?

Dominique Girard

Yeah. We don't need to do a specific plug because we're not—as you mentioned, we're not on the top of where we're going to mine. And we did external, let's say, many studies, including external expertise, to make sure that everything was fine. And there's no issue with going into the Canadian Malartic pit.

Mike Parkin

Okay. Sounds good. Thanks very much, guys.

Operator

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

Greg Barnes — TD Securities

Yes. Thank you. Just returning to Hope Bay and some of the drilling success you've had there in that gap zone. I think you mentioned a couple of times in the presentation and the MD&A, it's changing your thinking in terms of how you expect the Hope Bay development to proceed. Just wondering what that means.

Dominique Girard

Well, Greg, if the—so that means that, obviously, if we have an area in that gap with a million ounces at 10 to 20 grams, obviously, if we bring that sooner, but that was not known currently in any kind of previous scenario we've had. So now, we're looking potentially we should, in the most likely scenario, try to go there first, which is just kind of maybe could we add another mining area at Hope Bay; can we just reshuffle the proportion that could come from Naartok, Suluk, with this new area.

So obviously, from a return perspective, if we could access that higher-grade ore earlier, that's going to help. So it means that, yeah, we may have to fast track our thinking about establishing a mining area in this higher—another mining area into that new zone and reshuffle what proportion could come from the different portions of the deposit. So all of that is kind of fresh out of breath from an exploration result standpoint. And we're trying to be live with our study to integrate all of that into design the best project eventually with that.

Ammar Al-Joundi

And it's just—Ammar here. I'll jump in. And you know us; we don't want to get too far ahead of things. And there's a lot of work, and it all goes to capital discipline. But Hope Bay, we don't see Hope Bay as a small thing. We've said from the beginning, if we go ahead with Hope Bay, it's going to be between 300,000 and 400,000 ounces a year. So these are important drill results. Take it with the appropriate amount of caution, but they do look pretty good.

Greg Barnes

So, Ammar, with a second mining front, higher grades, I would assume you'd be pushing towards the higher end of that production range now in terms of your thinking on this.

Ammar Al-Joundi

Yes.

Greg Barnes

Okay. Okay. Good enough. And on Slide 15, the Odyssey mine, just thinking about the second shaft and looking at the cross-section, where do you think that second shaft is going to go? And, obviously jumping ahead, timing?

Dominique Girard

Well, it is not clear yet. The team, we're going to see more soon, some proposition on that. And again, just the new East Gouldie, which is getting back wider, that's going to also bring, let's say, new ideas. But the team are looking to different options for the second and maybe, eventually, a third shaft. Who knows?

Guy Gosselin

As you see, we have both good results in the western extension and in the eastern extension. So obviously, it opens up some process of thinking—where could be a centre of gravity and where should we do things. So there's the deposit being open on both sides of the first shaft. You can pick up the scenario that you prefer.

Greg Barnes

That's very helpful. Thanks, guys.

Operator

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

Anita Soni — CIBC

Hi. Good morning, everyone, and congrats on a good quarter and all the exploration success. I had similar questions to Greg. Can I just follow up on sort of the East Gouldie, what that means? You said it's obviously like you can extend it to the east and to the west. But would that change any of your sort of ideas on how much time you could push out of that asset?

Guy Gosselin

Now the panel being around—open on both sides, both towards the (unintelligible) to the west. So we're just basically adding additional mineral inventory, adding additional inferred. Obviously, when the zone gets thicker like that with better grade, you know that kind of is—it is becoming sort of an area of interest.

Now again, it was kind of a gap where we didn't have much drilling so far into an area of a couple of hundred metres. We had some drill holes further east that were kind of not as good, but we were—I would say, I was pleasantly surprised because the belief or our understanding was the deposit was pinching and all of a sudden, it is swelling back.

So now, we want to dedicate additional drilling in second half of the year to better understand, at a reasonable drill pattern. I think we're going to be trying to target in this area, drill pattern 175, 175 to better figure out what's the extent of that new patch at 30 metres. And we'll see how many ounces and what kind of decision it drives.

But it's very close from the existing infrastructure. We're just talking about it's between 4 and 1,000 metres to the east of the current reserve. So it's not that far, quite thick, seems to be very close from the—it's in the extension of the main thing. So it is kind of tracking our attention.

Anita Soni

Thanks. And then on Detour, the decision to defer the capital, I guess, until later in the year. Is that related to the results of the study, maybe waiting for that to come out and see if you can better deploy capital? Or was there something else behind it?

Natasha Vaz

Hi, Anita. It's Natasha. Thanks for the question. No, it has nothing to do with that. It was just, it's timing. We're continuing to negotiate better terms with our suppliers. And as part of the process, we just slightly delayed the purchase of equipment and parts associated with it. That's it.

Anita Soni

So I have, before I turn it over, is to capital allocation. You talked about returning capital to shareholders. Can you talk about, Jamie, the priorities in order? Like what will you address first? But I know you have your buyback that's expiring in a little bit. Would you renew that? Would you consider buying back shares at these levels?

Jamie Porter

Yes. And thanks, Anita, for the question. Yeah. We did indicate in the press release that we will be renewing the buyback program. And in my remarks, I indicated that the primary focus of the increased cash flow will be to strengthening our balance sheet. We do have, as I said, $800 million in debt maturities over the course of the next 15 months or so. So we want to be well-positioned with cash on hand to have the ability to repay that from our balance sheet, if that's the route we decide to take, so.

But we're still paying very healthy shareholder returns, the dividend 50 percent of the free cash flow that we generated in the quarter. So that will continue to be the focus of our shareholder capital return program.

Anita Soni

Okay. So first, debt repayment and then, secondly, the potential increase in dividend? Or just maintaining the dividend?

Jamie Porter

I'd say maintaining the dividend for now. We'll look at—

Anita Soni

Okay.

Jamie Porter

—debt repayment and then just further strengthening the balance sheet, providing financial flexibility. And we'll be opportunistic with respect to the share buyback. It's there for that reason. In the—

Anita Soni

Okay.

Jamie Porter

—first quarter, we saw the gold price move, and our share price didn't, so we stepped in to a small extent. But that's what we'll use that for going forward.

Anita Soni

Okay. Thank you very much. I'll leave it there.

Operator

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

John Tumazos — John Tumazos Very Independent Research

Thank you very much. Congratulations on all of the progress in so many dimensions. I'm trying to imagine how the mine planning might evolve. In the new zone that's east of East Gouldie, over 1,000 metres east and deep, would that likely be another shaft 1,000 metres to the east? Or would that be a ramp from deep since the project plunges in that direction? First question.

Second question, the grade intercepts in the mid-300 metres at Detour; it's underground targets. Does that suggest that the pit doesn't need to go to 550 metres? And it's more economic to mine from underground which, of course, solves the problem of waste dumps and where to put the waste stripping because the underground mining is less disruptive? Thank you.

Dominique Girard

Thank you, John. Dominique speaking.

Yeah. For the scenario at East Gouldie, the team are looking at a different scenario. So now the shaft, we're going to be able to skip from that shaft 12,000 tonnes per day, including the waste. And that's going to be the limit of this one. And the ramp—there's also a limit going with the ramp. So we need to have another exit to get the ore out. So that could be a second shaft. That could be also a new ramp, maybe going to more the East Malartic Zone first. So there's different opportunities into play.

And the team is also looking how that could—what is the most efficient way to do that shaft. Is it by, let's say, doing a ventilation raise that we're going to turn into a shaft? Is it to do it like we're doing right now? I cannot give you what's going to be the scenario for now, but there is people on that. And we just added six resources to be able to digest and to look to all those scenarios.

Ammar Al-Joundi

And, John, it's the right question that you're asking. In this case, because the mill is unconstrained, we really wanted, as Dominique said, get more tonnes up. If it was—if the mill was constrained, then it becomes a question, what's more economic to access at a shaft versus a ramp? In this case—and again, it'll be up to the engineers, because the mill is unconstrained, as we all know, we're going to have 40,000 tonnes a day available.

To the extent you have this ginormous ore body, you want to bring up tonnes. And just for clarification, Dominique mentioned the roughly 11,000 tonnes a day on the shaft. There's roughly the equivalent amount on the ramps coming up. So we're going from 22,000 tonnes a day, and we would look at getting higher.

Dominique Girard

Yeah. In fact, it is 19,000 tonnes per day with the—from the shaft, but that includes waste. So the rest of the ore is coming from the ramp to end up to 20,000 tonnes per day.

Guy Gosselin

And for the second part of your question, John, about Detour, it's the—we're with exactly what you described. Considering the plunge of the ore body, you see that there's not much in the first 300 metres, and it just keeps on plunging. And therefore, considering the grade and the fact of that thing, that seems to be kind of pretty good for underground.

It would also, as you described, mean less disturbance, less waste, and you can access to that higher grade part. And since at Detour with—well, we're going to be maximizing the feed at the mill, but now it's a trigger. Can we get a better grade? And obviously, we're going to get a better grade if we go to that area from underground with the ramp, more selective into the ore body.

So for all of the reasons you described, makes more sense to go to in that western part of the deposit and having, eventually, as we described, a combined open pit and underground scenario in the future.

John Tumazos

Thank you. If I could follow up on the east of East Gouldie, do you have information about the 1,000 metres in between?

Ammar Al-Joundi

Oh, yeah.

John Tumazos

Had you drilled in between? Or is this just virgin ground for the 1,000 metres east?

Guy Gosselin

No, no. We have information in between, and we already had some loose drilling that was showing some economic intercepts, and we already have some things that do not yet qualify inferred because the drilling pattern is too loose. What we were pleasantly surprised although is that we were kind of seeing a pattern to the east of East Gouldie that the zone was getting a bit narrower anymore in the 10 or 5 to 10 metres, still a decent grade.

What we were pleasantly surprised to see is that the zone is getting back to 30, 33 metres between 3 and 4.5, so that was a bit unexpected because I was thinking that the thick was within the plunge of the typical ore chute of the ore body. But we were kind of pleasantly surprised to see the system swelling again, still with some good grade, between 3 and 4, and we have information in between.

So eventually, you can—and you can see on the graph that there's already some reserve. And then we move to resources, and then some mineral inventory. And all of that, we're going to continue to drill because, as you remember, we only have 9 million ounces in the plan for Odyssey. But on total, there is 16 million ounces on the ground plus in Malartic. So all of that is in lower category, and we're going to continue to tight fill the area between the current reserve and this area, with a specific attention to this area where it seems to be thicker again.

John Tumazos

So it is undulating? It pinches and swells, and you have to drill. You just can't project.

Guy Gosselin

Well, but it does, but at a large scale. You know, the core of East Gouldie is typically very, very thick, up to 50, 55 metres, and it was kind of progressively getting from 50, 60 towards, let's say, more 10 metres and, all of a sudden, it's going back to 30 metres. But it's not—

John Tumazos

Très bien. Merci.

Guy Gosselin

—it's not pinching and swelling on small scale. It's kind of very kind of large-scale, progressive pinching that is back-swelling.

John Tumazos

Wonderful. Thank you.

Guy Gosselin

You're welcome.

Operator

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

Tanya Jakusconek — Scotiabank

Great. Good morning, everybody, and congrats on a good quarter and good exploration results as well. I'm going to start with Natasha, if I could. Good morning, Natasha.

On Detour, a couple of questions there. I just want to understand, Natasha, what exactly is happening between the ball and the—the ball mills and the SAG mill. I just want to understand, getting that balance, what needs to be done.

And then I'm trying to understand this grinding media. Have you resolved the issue there with the grinding media getting caught in the mill?

Natasha Vaz

Sure. Good morning, Tanya, and thanks for the questions. So I'll just start with the grinding media. So the grinding media is just basically these 5-inch steel balls. They're consumables that are going into the SAG, and it's grinding the ore. And so what we have seen—it's very abnormal—is that these balls are pretty much chipping and flaking, and so it's accumulating steel in this mill.

We're working with our suppliers. This is a supply that we've used for 10 years, and they're on it. They're working with us on this. We have new grinding media that was introduced sometime in mid-March. And so far, it's yielded favourable results, but it's still early days. But we're working with them, and we're looking to resolve this issue fairly soon.

And then—go ahead.

Tanya Jakusconek

And then is this grinding media—sorry—just was it just a bad batch that, maybe, you got? Or I don't know—

Natasha Vaz

It's still inconclusive. We're doing the investigation with our suppliers and a third party.

Tanya Jakusconek

Okay.

Natasha Vaz

And then this year, with respect to the SAG and ball mills, we're just optimizing the grinding efficiency and trying to find that load balance between the SAG and the ball mills.

And there's a few things that we're doing in here. We're introducing a new instrumentation in the SAG mill just to stabilize the operating conditions. We're optimizing the screen and grate sizing to improve the flow and the distribution of the load. And we're also testing new liners, basically, just to extend the liner life. That's basically what we're doing on the front end.

Tanya Jakusconek

Okay. So it's just trying to get that balance between the two, just make it consistent. Is that a fair view of it?

Natasha Vaz

Yeah. Yes.

Tanya Jakusconek

Okay. Okay. Thank you for that. And then the second part on Detour is we do have that study coming out at the end of the second quarter. From a conceptual basis, should I be thinking that it's going to be based on that 1.6-million-ounce resource of the underground that was released in February, plus some additional ore—additional resources are inferred that are coming in from part of the pit? Should I be thinking of—

Dominique Girard

You're right, Tanya. Yeah. You're right, Tanya. So as you know, we are relooking at within the out pit that you described, so the inferred that we produced that year.

And also, when you look at the larger resource pit that we show in blue on the long section, so what portion of that could we mine quicker by accessing underground. And so it will be a combined kind of what could be within the resource pit, what is outside to the west. You're right. Yeah.

Tanya Jakusconek

So it's not going to be any new additional ounces within your resource envelope that I should be thinking about?

Dominique Girard

No. We're still—the study we will be producing will still be based on the number we produce at year-end. But we are obviously—we're still working on the next scenario that continues to integrate all of those nice drill holes. We have those, let's say, in an additional kind of mineral inventory that could help at enhancing. But what we will be looking in the PEA will be most the number from what we've added in at the year-end 2023. So as you know, it's a picture shot at certain point in time that we're going to continue to update over time.

Tanya Jakusconek

Okay. No. That's great. Thank you. And then my second question, maybe for Natasha and Dominique. I just wanted to ask on just—and I asked this for Newmont yesterday as well—is just on the costing side. Margins are—like we're finally seeing margins, strong margins out of the gold companies. And I just want to get an idea on the costs, the inflationary pressures, if any. Have they eased? Or are you seeing any relief, any pressures on your cost structure?

Dominique Girard

Good morning, Tanya. Dominique. I will say on the inflation, it is stabilizing and maybe getting down a bit on the workforce, contractors, I will say. So this is a good news.

But I think what we need to protect to keep the margin is the cutoff rate. So this is the part where I think we need to be disciplined to keep the margin. And I don't see any big inflation coming because of the gold price increase. I see just the danger that we need to be careful that we don't play too much with the cutoff rate, or we stay stable cutoff rate, it is more our philosophy.

Natasha Vaz

Yeah. And same—

Tanya Jakusconek

Okay.

Natasha Vaz

—on my side, Tanya. Yeah. We don't see any rise in costs. We're pretty stable from an inflation point of view. But we're continuing our efforts with the renegotiating with our suppliers and finding the best optimal pricing that we can.

Ammar Al-Joundi

We just had our board meeting yesterday. And really, Tanya, the emphasis there was, how do we reduce costs? I mean, so we're working hard on making sure that the margin goes to our owners.

Dominique Girard

And, Tanya, maybe it's a smaller drop in the overall cost structure, but in the drilling industry as well, which is contractor-based, we've seen some easing into the costs. There's a bit less activity, and we've seen some reduction in costs in the drilling. So overall, we're quite pleased with that.

Tanya Jakusconek

And can I just ask about cyanide and steel? Newmont mentioned yesterday that they saw slight increases there. I'm just trying to see if that's the same for you guys.

Natasha Vaz

We haven’t seen anything material.

Tanya Jakusconek

Okay. That’s helpful. Thank you so much for that. And if I could just put one last exploration question in from Guy.

Guy, that’s a lot of interesting results that you’re getting. And looks like these things are getting bigger. For us, though, when do you think the market is going to be ready to get some results, some conceptual views of what this could be? I think we talked about Hope Bay maybe having something in 2025. Is that still fair that we would have something—

Guy Gosselin

It is—yeah. It is still fair. So we’re going to be, obviously, focusing at bringing that new area to inferred and indicated if possible. That’s really what we are all over at the moment, so that we can put that. So you’re right. Hope Bay, somewhen in 2025, we should be in a position, especially with those better results recently, to provide you with an update

Tanya Jakusconek

And then can I ask about Odyssey? We’ve got, obviously, upside to the east, upside to the west. What—yeah, and I know it’s all drilling dependent—but when do you think you’ll be ready? Is it a couple of years that we need to wait to see something conceptual? I’m just trying to put a time line.

Dominique Girard

Yeah. It is drilling driven.

Tanya Jakusconek

Mm-hmm.

Dominique Girard

We're going to have internal scenarios coming in the second half this year.

Tanya Jakusconek

Mm-hmm.

Dominique Girard

I cannot commit of when we're going to have something more robust on that.

Ammar Al-Joundi

It'll be drilling driven, as Dom said, so your time line's not far off, Tanya.

Tanya Jakusconek

Great. Congratulations and thank you for answering my questions.

Operator

Thank you. And that concludes the Q&A portion of today's call. I would like to turn it back to Mr. Ammar Al-Joundi for closing remarks.

Ammar Al-Joundi

Thank you, Operator. And thank you, everyone, for participating this morning. As a reminder, we are hosting our Annual General Meeting today at 11:00 a.m. at the Arcadia Court in Toronto, and we hope to see some of you there. Thank you, everyone, and have a great weekend. Bye-bye.

Operator

Thank you, presenters. And, ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.