

FINAL TRANSCRIPT

Agnico Eagle Mines Limited

Second Quarter Results 2017 Conference Call

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PRESENTATION

Operator

Good morning. My name is Carol (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle Second Quarter Results 2017 Conference Call.

All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, we will have a question-and-answer session. If you would like to ask a question during that time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the # key.

Thank you.

Mr. Sean Boyd, you may begin your conference.

Sean Boyd — Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator, and good morning, everyone, and thank you for joining our second quarter 2017 conference call. We know it's a busy morning, so we appreciate your attention. We're going to run through our slide deck, and before doing that I'd just like to let everybody know that they should read the legal description. There's forward-looking statements in the document; there's two pages now. We have two in-house counsel now, so we get two pages of warnings about forward-looking information.

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Jumping right into the quarter. We had strong operating and financial performance. We had an excellent safety performance. Our growth projects continue to advance extremely well, and we'll get into the details on that. They're on schedule and they're on budget. We had some really good exploration results that have extended the known mineralization at our key development projects and our producing mines. So a very good quarter across the board.

From an operating perspective, the mines continue to perform well in terms of production and cost performance. As a result of that, we have increased our full year production guidance to 1.62 million ounces, and we've lowered our total cash cost guidance to \$595 an ounce. We got very good performance at all of our mines, but of particular note was the Meadowbank production, where we are encountering higher grades than expected, and also at Canadian Malartic, which had record mill throughput at good grades, which drove record production at that mine.

As we mentioned, our development projects are moving forward very well. At Meliadine, we've got off to a good start in terms of the barge season and the barge delivery, which is a good sign because the objective there this year is to get the key buildings enclosed before the winter sets in, so that we can continue working at a solid pace through the winter. So we're on track to achieve those goals around project and building construction.

At Amaruq, we made good progress there with the road, moving forward with the permitting. We're expecting hearings to start with the Nunavut Impact Review Board in September,

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and we continue to get some very good drill results outside of the known mineralized outlines in both Whale Tail and the D zone. We'll talk a bit about that.

Also at the other projects, very good drilling at Kittila, where we're seeing excellent thicknesses and grade in the Rimpi area, also in the Sisar area, which bodes well for that deposit as we look at options to increase the production there. LaRonde—we continue to get high grades on the western side of the deposit at depth. We'll talk a little bit about that. And at Bravo, we recently tied up some surface ground, and there is a really strong ability there to extend the mine life at Creston Mascota with some of the drilling we're encountering there. We'll talk a little bit about that.

Just going into some of the detail on the operating results. As we said, very good performance on all fronts. Contributions, as we said, of particular note from Meadowbank, and we would expect that our grade that we realized in the first half, we have the ability to be pretty close to that in the second half. So that is certainly one of the reasons why we've been able to increase our production guidance over 1.6 million ounces from Meadowbank. Also Lapa is a contributor to that guidance increase because they will be producing into the third quarter, producing about 10,000 ounces more than what was in our original updated projections of the last quarter.

So very strong margins coming from all the operations, which is driving good cash performance. We can see on our financial highlights, strong cash provided by operating activity, strong operating cash flow per share. So that bodes well for our balance sheet which is on the next page. Our balance sheet, we have net debt of approximately \$440 million.

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We have—our CapEx spend will be weighted more to the second half. We spent \$360 million in the first half. We're anticipating spending about \$500 million in the second half. But given the fact that we have cash of \$950 million, and we're generating very strong cash from operations with increased guidance and lower cost guidance, we're in a very strong position to finance not only expenditures through the balance of 2017, but also the growth expenditures in 2018 and 2019.

Just on CapEx. Of note, in the second half of the year, we expect to spend about \$60 million more in sustaining capital, which is the reason why the all-in sustaining cost estimate is higher in the second half of the year.

Moving to the projects. LaRonde had a solid first half. We would expect the grades to increase in the second half from the second quarter here, so we're still looking for solid production coming out of LaRonde. As we mentioned at the start, of note, is we're getting very high grades with good thicknesses on the western side of the deposit at depth. And as you know, we are working on studies to develop the lower part of the mines, so these results are certainly very positive for ultimately mining below 3.1 kilometres, which is the plan.

Moving to Canadian Malartic. As we said, we highlighted that operation. We had record mill throughput. We had some softer ore. Going through the plant in the second quarter, the grades delivered to the plant were good at 1.11 grams per tonne. We would expect good grade performance also in the second half, so that performance has resulted in us posting low total cash cost numbers at LaRonde—or at Malartic.

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Going forward, we would expect on drilling to be able to add ounces in the Odyssey part of that property. Not just the Odyssey North and South Zones, but also, we are going to be drilling below the main pits at Canadian Malartic, and we'll be working on studies to ultimately determine how we can fit that into the mine plan.

As far as the Extension and opening up the Barnat part of the deposit, the Quebec government approved the expansion of the deposit, and we're working now on just obtaining the certificates of authorization from a couple of ministries in the Quebec government, and we should receive those shortly. And we're doing some small amount of work on the site now, but activity will pick up as we move through the second half of this year. And we're forecasting the spend—an additional about \$20 million there than was in our earlier estimate, due to the fact that we've secured the approval to proceed with this expansion.

At Goldex, the highlight there was the completion of the Rail-Veyor. It's been commissioned. We've also mined the first block and the first stope in the Goldex 1 Deep 1 area, and that's about several months ahead of schedule and slightly better than budget. So they've done very well there in terms of opening up the lower mine. We continue to drill the Deep 2 Zone and also the South Zone, and what we see there is an ability to continue to extend that mine life below the Deep 1 area with Deep 2, and then the addition of what is a smaller zone, but a higher grade zone in the South Zone Area.

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At Lapa, as we mentioned, they continue to do an excellent job of optimizing and delivering unexpected cash flow out of that operation, so as we said, they'll produce 10,000 ounces in the quarter, which helps with the increase in the guidance number. There's also some work going to be done later this year and early into next year, stockpiling some additional tonnage there that we have at Lapa. And the plan there is to introduce that at LaRonde when we get the LaRonde 5 Zone, which is the old Bousquet area, up and running. So it gives us some flexibility as we ramp up over at LaRonde Zone 5.

At Meadowbank, as we said, we're encountering good grades there. So that's one of the principal reasons why we're comfortable increasing the guidance for the full year, so good solid production and cost performance there. As we've said many times, we've been working hard over the last two years—the team on site—to extend the mine life at Meadowbank.

A couple years ago, all the focus was on a production gap or a decline in production for Agnico. The team's worked really hard at optimizing the mine plan there, so it looks like we'll be producing right through to the end of 2018. And we're studying the possibility of even mining some material at Meadowbank in the first part of 2019 as part of that transition to Amaruq. So we're still optimizing and updating the transition plans from the Meadowbank deposits to the Amaruq deposits.

As far as Amaruq goes, we will have our public hearings. They're scheduled to take place in September on the permits, so that is nicely fitting into our projected time line. So we would expect

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to have the permits by the third quarter of 2018, and we still anticipate production from Amaruq satellite zone to Meadowbank by the third quarter of 2019.

The road construction at the end of the quarter—52 kilometres of a total of 64 kilometres—should be done in September, which is slightly ahead of schedule. So that's going well.

Of note, at Amaruq, is certainly the exploration results. We had a significant backlog of assays coming out of the assay offices in Northwestern Quebec. There's a lot of drilling activity in Quebec at the moment, with a number of players drilling deposits. That's caused a bit of a backlog. It's only in the last few weeks we've been getting assay results in. There's still substantial assay results that we're anticipating to see over the next few weeks, and as a result of that, we would expect to have another release of drill results in early September, prior to a site visit to Nunavut that we're having, as we said, in early September, so.

But what we're seeing from the drilling so far in the early results, which has been predominantly infill drilling, is that the V Zone, we continue to encounter high-grade gold intersections. We're confirming the continuity of the mineralization. That's important. But we're also identifying new areas. We've identified a new area south of the V Zone pit outline, and we also identified a new mineralized area about 200 metres west of the proposed V pit outline. And these areas are important indicators that we can expand the V Zone mineralization, and they'll be subject to close follow-up over the next few months.

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At the Whale Tail deposit, drilling to date this year has continued to confirm the mineral resource. It's demonstrating good continuity of the mineralization, and it's also continued to extend the deposit to the West. The Whale Tail deposit has now been defined over a strike length of 2.3 kilometres extending from surface to a depth of over 700 metres, and it remains open at depth and along strike.

At Meliadine, as we said, the construction is going well. We talked about the barge season getting off to a good start, and construction is well advanced, both in concrete work in preparation for directing the steel that's showing up on site with the initial barges coming in to the port at Rankin Inlet, or the off-load area and landing area at Rankin Inlet.

From an engineering perspective, we're about 80 percent done on detailed engineering. Our mine development's slightly ahead of plan. We spent 200—we spent 140 million in the first half of this year. We'll spend about \$220 million in the second half of 2017. And as we've said, the project remains on schedule and on budget.

So we're still focused on opportunities to optimize and improve the project, including things like advancing the Phase 2 open pit development. We're focused on expanding the known ore zones outside of what we know is the current mineral resource model. The deposit remains wide open. We've recently resumed exploration drilling, which we haven't done for several years, and we're also doing some regional exploration along the favourable geology in that belt. So

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certainly potential to grow that deposit as we work on building the initial stages of the production platform there.

At Kittila, good, solid performance there. We're focused really on how do we optimize the ore body and the infrastructure. We're focused on increasing the throughput, going to 2 million tonnes a day—a year. That study will be finished towards later this year. But importantly, we're getting a lot of good drilling results that is going to be helpful as we plan the next phase of growth at the Kittila deposit.

Our recent drilling on the Sisar Zone is confirmed and extended—the mineralization at the top of the zone. It's also extended mineralization in the central part of the zone by as much as 300 metres to the North, so good signs there on Sisar, which is a third potential source of ore underground.

On the Roura Zone, which is the main zone, we've extended that over 200 metres to the North, so that's positive for the economics of the deposit. And at Rimpi, which was always our second source of ore underground—and that's the focus of the development that we've been doing over a number of years in terms of the decline ramp—the recent drilling has encountered very good grades and very good thicknesses. So that certainly bodes well for plans to increase the mining rate at that deposit to, as we've said, 2 million tonnes a year.

In the southern business, each quarter they continue to run a very tight ship; good control of costs, good production performance in terms of consistently hitting targets. Pinos Altos, tracking

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solid production in the second half based on what we see in the first half. We currently are working on looking at satellite zones there to continue to optimize that operation. We're drilling a zone, the Cerro Colorado Zone, which we think has potential to enhance the mine plan as we move forward there.

At Creston Mascota, we talked about it at the start. We're focused on the Bravo area. The original mine plan had the Creston Mascota deposit ending in 2019, based on what we see in the Bravo Zone area which is adjacent to Creston Mascota and the fact that we've been able to tidy up some surface rights in the area.

We would see that there's very good potential now to extend the mine life at Creston Mascota beyond 2019 into the Bravo area, and ultimately into the Madrono area which also is in the vicinity of Creston Mascota. And that was a recent acquisition that we made from the same family that we acquired the Pinos Altos ground from. So good progress there.

And La India—also we've been able to—our drilling extends the reserve life there. At the beginning of this year we see, based on drilling, further increases in reserve there. There's still a number of opportunity to add ounces and add value and extend the mine life there. We would expect strong production in the second half from La India. So good solid production there.

So before we take questions, just a quick summary of where we are. As we said, based on the strong start to the year from a production and cost standpoint, we've been able to increase production guidance yet again and reduce our cost guidance, and that's driving good, strong cash

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generation which funds the next phase of growth. As we said, our projects also moving ahead very well, which keeps us on schedule to achieve our production target of 2 million ounces a year by 2020.

We talked about exploration success at a number of sites that we would expect, based on what we're seeing, not just from an exploration standpoint outside of known mineralized zones, but also with infill drilling confirming mineralized resources we would expect to see an increase in our reserve base again this year, like we saw at the beginning of this year. So we would expect by the end of this year, we should see an increase in reserves and at our key projects like Amaruq, we're seeing some high-grade mineralizations outside of the known zone, which bodes well for that as a satellite feed source to Meadowbank, which drives growth.

The focus, though, is certainly on execution and delivery, both on a quarterly basis but also in the near term, in terms of our 2-million-ounce target in 2020, but we're also very focused because of the solidness of that plan. Even as we look out to 2024, our mines are really focused on the pipeline, both through exploration—and that's why we're looking at extending some of these near vicinity sources of mineralization at the mine sites—but also early stage M&A, to strengthen that pipeline and look at the pipeline and the production profile beyond 2024.

So a nice solid plan well beyond 2020. We can maintain 2 million-plus ounces till 2024 based on what we're seeing. And we're confident, based on our exploration success and our ability

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to add value within the pipeline, that we can continue to move that production rate out beyond that date.

So I'll turn it over to Operator—to the callers for questions.

Q&A

Operator

Thank you. And as a reminder, if you would like to ask a question, please press *, followed by the number 1 on your telephone keypad.

And our first question today comes from Stephen Walker from RBC Capital Markets. Please go ahead.

Stephen Walker — RBC Capital Markets

Thank you very much. Good morning, everybody. Sean, just a question on the balance sheet if I might. You raised 220 million in equity in the first quarter. You've added 300 million in debt here. At 1,250 gold—or better yet—at \$1,200 gold, do you feel that you now have adequate capital and a balance sheet strong enough, including cash flow from operations, to finish the development program at Amaruq and Meliadine? And I guess begin the development that's anticipated at Kittila?

Sean Boyd

Yes—

Stephen Walker

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Could give us a sense on your strength of the balance sheet?

Sean Boyd

Yeah. The answer is yes. And part of that recent debt deal was to refinance a payment that we made in April of \$115 million. So the markets, from an interest rate perspective and a term perspective, were so strong, and the demand was so strong, we put a little bit more flexibility into the balance sheet. And we're in good shape, even as we look out at potential to expand at Kittila and cover the capital that's required for that project.

Stephen Walker

And just in a similar line of questioning, Sean, either you or Ammar. Just the hedging that was done on the currency—the three principle currencies. You obviously filled in some of the—about a third of the required CAD, peso, and euro this year. Can you talk a little bit about what the longer-term strategy will be as far as hedging currencies into the remainder of this year and 2018?

Sean Boyd

Yeah. Dave Smith is on the line; he can help you with that. I don't think the strategy changes. We're opportunistic as we move forward, and we certainly look for opportunities to add to that position. But Dave, I know you're on the line here.

David Smith — Senior Vice-President, Finance and Chief Financial Officer, Agnico Eagle Mines Limited

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Yeah. We're actually hedged about 20 percent on our CAD exposure already for 2018. We've got some euro, some peso, and some diesel done into 2018 as well. So we feel very confident that we're in a good position to deliver on what we've said we're going to do, especially in terms of the cost profile and the CapEx. So it's not something that we're particularly worried about, but we're absolutely monitoring the situation and hopefully, we'll get the opportunity to enhance those positions as time goes by.

Stephen Walker

Great. Thank you, David, and thank you, Sean.

Operator

And again, that's *, 1 on your telephone keypad in order to ask a question.

Our next question comes from David Haughton from CIBC. Please go ahead.

David Haughton — CIBC World Markets

Good morning, Sean and team.

Sean Boyd

Good morning.

David Haughton

Thank you for the update. I've got questions on three assets if you don't mind. Firstly at Meadowbank, nice to see the grades coming through. And I'm just wondering, are those grades

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beyond what you'd modelled in the reserve? Or is it just a matter of sequencing of what you already had?

Alain Blackburn — Senior Vice-President, Exploration, Agnico Eagle Mines Limited

No. I think there was some uncertainty when we did the budget with some of the grade in the porphyry zone. It's turning out as planned, and what's been a surprise here is that we're getting more tonnage in that area, so it's facilitated better mine and grade sequence in the quote, so.

David Haughton

And I guess the consequence of that is, as Sean had mentioned, it looks like you'll be mining into 2019 and that gap is closing?

Alain Blackburn

Yeah. Well, the positive reconciliation on the tonnes is opening a window for us to process further tonnage into the plan and minimize the gap.

David Haughton

All right. Over to Kittila if you don't mind. Sustained throughput continues to be above the 4,500 tonnes a day, which at one stage seemed so far away to achieve. You're now doing that easily. What should we be thinking about for the balance of the year?

Alain Blackburn

I think it'll be running at the same rate, roughly, for the rest of the year. Again, as we continue to work on the studies in the ELAM project (phon) towards 2 million tonnes per year.

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We're sort of continually engineering, but we also did some de-risking work in the quarter and processed a bit more tonnage with the plant, and that's what would be future capacity. So you're seeing some of that impact during the quarter. But as far as the mine is concerned and the mill is concerned for the rest of the year, you'll pretty well see what the production was in the first half of the year.

David Haughton

Okay I'll push that through for the balance for the year then. And finally over to your satellite project at Goldex. I'm struggling with the pronunciation of it—Akasaba. Wonder if you could give us some idea about the parameters that you've got there? Because it's a combination of gold and copper, so wondering what your thinking is as to how that might get developed?

Alain Blackburn

Well, the—we're running a bit—some delays with the permitting with both the provincial and federal authorities, probably that are going to extend towards the year. We're also looking at how we're going to be adapting the ramp-up of that project. But presently, we're thinking about mining over a four- or five-year period and introducing about 2,000 tonnes per day in the current plan. We're essentially adding about 20,000—20,000 to 25,000 ounces per year, and basically bringing in copper credits that will reduce the overall cash costs, so.

David Haughton

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Okay. So just running it through a conventional flotation then, and then taking that con over to LaRonde for processing?

Alain Blackburn

Correct. And as the permitting delays evolve, we'll probably look at the sequencing rate of Deep 1 versus do we start at Akasaba later? So we've got that flexibility now to do that and maintain guidance going forward.

David Haughton

That's great. Thank you, everybody.

Operator

And once more, that's *, 1 on your telephone keypad in order to ask a question.

Our next question comes from Steven Butler from GMP Securities. Please go ahead.

Steven Butler — GMP Securities

Well, guys, your latest and greatest invention might be in Rail-Veyor—not your invention, excuse me. But is that now operational? You said it's operational—expected in the third quarter. I guess we may see that in early September when we're at site, or is it operating yet? Thanks.

Alain Blackburn

Yeah, that's correct. You'll see the system in operation. We commissioned the six strings with ore back in June, so things are progressing very well. Presently, we've mined the first stope, which was essentially trucked while we were commissioning the exercise. But as we continue the

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development in the bottom portion of the mine and the future stopes are mined out, we're going to be bringing the ore through the new system.

Steven Butler

Okay. Thanks very much.

Operator

We have no further questions in queue at this time. I'll turn the call back to Mr. Boyd for closing remarks.

Sean Boyd

Thank you, Operator, and thank you, everyone, for tuning in and participating in our Q2 2017 conference call. I hope to see a number of you out on our marketing and possibly on our site visit to Quebec and Nunavut in September.

Thanks again.

Operator

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

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