

FINAL TRANSCRIPT

Agnico Eagle Mines Limited

Fourth Quarter 2014 Results Conference Call Webcast

Event Date/Time: February 12, 2015 — 11:00 a.m. E.T.

Length: 41 minutes

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PRESENTATION**Operator**

Good day, and welcome to the Agnico Eagle Mines Limited Fourth Quarter Conference Call.

Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Sean Boyd, President and CEO.

Please go ahead, Mr. Boyd.

Sean Boyd — President and Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator, and good morning, everyone, and thanks for joining our Q4 and full year 2014 conference call.

What I'd like to do is just start out with some highlights and go through the operations and the projects, and also give you some sense of what we're thinking on the exploration front, which is some exciting developments for us, given the success we had last year.

In terms of the production highlights, in Q4 we saw record gold production combined with continued good cost performance, and that allowed us to exceed our annual production and cost guidance for the third straight year.

Our strong performance in 2014, it sets us up nicely to deliver more gold production in 2015. We're looking for 12 percent more gold production and producing more gold at lower unit

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costs. We're looking for cash costs in a range of 610 to 630 per ounce and all-in sustaining costs in a range of 880 to \$900 an ounce.

Another highlight for us was on the reserves side. We calculated our reserves this year at US 1,150. That's down \$50 from the prior year, except for Canadian Malartic. The partnership decided to leave the reserve price at US \$1,300 an ounce for the Canadian Malartic mine. As a result, our reserves stand at 20 million ounces, but more importantly, we saw a grade increasing at several of our key mines.

We saw our LaRonde grade go up now 5.2 grams per tonne; at Kittila now 4.9 grams per tonne up from 4.6; and at Pinos Altos we're seeing a 3 gram per tonne—or 3.2 gram per tonne reserve grade. So I think that's a good thing. We're lowering the gold price, and we're seeing the quality of the reserve base improve at several of our key mines.

From a resource perspective, we saw a jump in measured and indicated resource up 56 percent and our inferred resource increased a little over 30 percent. And the inferred resource included our initial resource at the Amaruq discovery, which is now 1.5 million ounces. We'll talk a bit more about that later in the conference call.

As far as operating results, not only record quarterly, but record annual production. We got solid contribution from all the operations, and very good Q4 performance from LaRonde, Goldex and Lapa, and the Abitibi. We also saw a bounce-back at Kittila, as we expected, and continued really good production, both on the production side, but also on the cost side in Mexico.

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Just wanted to point out in terms of metal mix, we continue to see a decline in the importance of base metals now. It in 2014 amounted to about 1 percent of our total revenues.

As far as financial position, our net debt is \$1.2 billion. Our available credit is 700 million. Our repayment schedule on our long-term debt is very manageable; the first principal is not due until 2017 and it's \$115 million.

From a financial perspective, our strong production and good cost performance allowed us to generate very good cash flow performance. For the full year we generated almost \$670 million from operations, or \$3.42 per share. So with increasing production in 2015 projected to come in at lower unit costs than in 2014, we are positioned to continue to grow both our operating cash flow and our net free cash flow. As a result of that we maintained our dividend, our quarterly dividend, at \$0.08 per share.

As far as three-year guidance, we're seeing on average about 1.6 million ounces over the next three years; in 2015, approximately 1.6 at cash costs, as we said, in the range of 610 to 630 per ounce; all-in sustaining costs, as we mentioned earlier in the highlights, to be below \$900 an ounce.

A breakdown of our production. For the next three years we're seeing about 70 percent of the contribution coming from Canada; about 10 percent from Europe; and about 20 percent from Mexico. We're seeing improving costs. At LaRonde we're forecasting sub-600; at Malartic around 600; at Goldex about 620. So some key mines showing lower unit costs. In our Mexican business we're seeing steady production in costs for the next several years.

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I think the importance about the geographical distribution of our production is that we've seen significant weakness and declines in the value of both the Canadian dollar and the euro against the US dollar, which is a key factor in our US unit dollar costs. And that's one of the reasons we're seeing the decline, as well as some optimization efforts at the mine. We can see from a cost per tonne basis at our mine, our cost per tonne is on target or better in 2014, and we expect improvements in costs per tonne at several of our mines going forward.

We talked about our three-year production guidance and the split. In terms of what we have—in terms of potential or possibilities beyond the three-year guidance, we have several projects that we're working on now that have the potential to come in in 2017 and beyond.

Firstly at Meadowbank. We have in the past taken part of the Vault deposit out of our reserve base. We now are in a position to possibly bring that back into the mine plan based on a lower oil price; based on a weaker Canadian dollar. We're currently studying that possibility. That would allow us to bring that production back in in 2017 and continue into 2018, which gives us the potential to extend the mine life at Meadowbank.

At Goldex, given the fact that the mine is producing extremely well, mining lower grade for an underground mine, doing it very profitably, that opens up the opportunity to develop deeper resources at Goldex. So we're currently studying that, and we recently had a very good drill hole in the Deep Zone, which is indicating the potential for better grades in the core of the Deep Zone.

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We also have potential at Goldex to add more throughput to the mill. It is an 8,000 tonne a day mill. We were mining in the fourth quarter about 6,200 tonnes a day, and we have purchased the Akasaba West property a couple years back for \$5 million. That has the potential to provide satellite mill feed to Goldex, and allow us to leverage off of the infrastructure there.

At Kittila, we're accelerating ramp development towards Rimpi. At Rimpi we see better grades and thicknesses, so that could allow us also to take advantage of the expanded plant capacity, as could the Kuotko satellite deposit.

The plant has been expanded at Kittila. We were there a couple of weeks ago. It has a rated capacity of 4,000 tonnes a day. Originally it was 3,750. We're confident it can do more than 4,000 tonnes a day based on the performance we're seeing now, and that's why it brings into play possible satellite material coming from Kuotko.

We have a detailed reserve and resource slide; I won't go through it. Just to point out a couple of highlights that I didn't touch on previously was the Meliadine reserves are up 0.5 million ounces. We're seeing a slight increase in grade at Meliadine. The combined reserve and resource at Meliadine now exceeds 10 million ounces.

As we indicated earlier, we're seeing gold grades increase at a couple of key operations. Our sensitivity on a reserve to the gold price is also important. If we see gold fall to \$1,000 an ounce, so down 150 from our calculation at 1,150, we'd see a reduction in reserves of about 6

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percent, so not that sensitive to a decline in the gold price. And conversely if gold was to go up 150 we'd probably see about a 6 percent increase in the reserve base.

Another point just like to mention is at LaRonde our resources increased at depth, and that opens up the LaRonde III study. So we're doing preliminary work on that, and what we're looking at is ultimately establishing mining horizons between 3.1 and 3.7 kilometres below surface.

Just moving into the assets and detail. Starting with LaRonde, our production up 13 percent year over year; cash costs down \$100 year over year, or 13 percent, and what that tells us is we're starting to see the benefits of getting more ore from the higher-grade lower mine. Our reserve grade, as we said, went up to 5.2 grams per tonne from 5. We mined 3.24 grams per tonne in 2014 to drive those production results. So there's certainly a lot of room to improve our cash flow generating ability at this mine as we continue to open up the lower mine and access the higher-grade material.

The conveyor system in the lower mine is set to be commissioned in the second half of 2015, so that will give us more flexibility in the lower mine. So LaRonde continues to perform. I think its best years are still ahead of it. It's shown itself to be a world-class mine with a world-class team, it's been operating since 1988, and it still has a reserve and resource of over 5 million ounces. So the team continues to do a good job there.

Meadowbank had a great year. We expect another strong year in 2015. It's certainly helped by the lower diesel price—they are a large consumer of diesel; also certainly helped by the

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Canadian dollar. But I think more importantly for Meadowbank is that two developments there: we talked about the potential to extend the mine life into 2018 with an extension of the Vault pit, but I think more importantly for Meadowbank is the discovery of Amaruq, which is about 50 kilometres north of Meadowbank, or about 62 kilometres by way of road.

And we certainly based on what we see now with 1.5 million ounces at Amaruq at a grade of a little over 7 grams per tonne, given its proximity to the Meadowbank facilities that it certainly looks like we'll be shipping ore at some point from Amaruq into Meadowbank.

We have an extensive land package now just north of Meadowbank. We started with a little over 40,000 hectares. We added more than 60,000 hectares through additional staking after our drill results.

I think what our expectation is this year we've got a very large program. We expect to spend \$20 million at a minimum. We anticipate actually having that \$20 million spent by July, which would leave a little bit more than two months of drilling time available to us. So based on results, our expectations are that we'll continue that program.

The largest part of the 1.5 million ounce inferred resource is coming from Whale Tail—it's 1.4 million ounces of that—but it really only encompasses the two ends of what we think is a larger structure. In our drilling program last year we were not able to drill the central part of the Whale Tail area, so there is a gap there in our resource. And that's where our initial focus will be when we start the drills next month is our objective is to fill in the gaps between the two ends of the Whale

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Tail resource, all sort of designed to provide a midyear resource update on Amaruq, which will be the basis for continuing with the scoping study on turning this into a satellite operation.

I think one of the other interesting things when we look at potential targets is not only do we have a strong target in the centre of the Whale Tail zone, but we also have a second boulder train identified in our field season last year. So we have—in addition to the original Boulder Field, we identified a second boulder field. We think the source of both of those trains of boulders is in the Mammoth Lake area. That's an area we couldn't do a lot of drilling on last year from the lake—these are shallow lakes—so that is also a primary target for our drill season as it starts up in March from the ice.

So we certainly think there's good potential to add to the resource here, and we'll be providing more information midyear on the resource also on some of our scoping parameters. But these are not deep holes, so we expect to have a series of updates on our Amaruq drill program as we go through 2014.

Moving to Canadian Malartic. We saw a very strong second half performance at Canadian Malartic. The partnership took ownership in mid-June. For the second half of the year the average throughput in the mill was 53,000 tonnes per day versus 49,500 tonnes a day in the first half. And the mine site costs per tonne were better than our guidance, coming in a little less than \$20 per tonne.

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We're forecasting production in 2015 to be to our account about 280,000 ounces. We're still seeing positive reconciliation in the block model. There's still more optimization to go. We've got several initiatives underway: cost savings and optimization.

And as we indicated, this is a mine that benefits from the lower diesel price. It consumes about 45 million litres of diesel on an annual basis, so the lower diesel price and the weaker Canadian dollar certainly help this operation. And we're forecasting cash costs in 2015, including the royalty, to be in the low \$600 an ounce. So it's a good solid mine producing good quantities of gold in an area that Agnico knows very well.

At Goldex, faster ramp up in the mining rate than we anticipated. As a result, we processed over 6,200 tonnes per day in the fourth quarter at CAD \$34 a tonne. So extremely good cost performance. We produced almost 30,000 ounces in the quarter with cash costs below \$600, so very good performance for a mine that's mining grades in the 1.6 gram per tonne range.

We continue to look at because of that cost structure and the proven mining method there we're looking at the deeper zone and also some additional satellite zones. As we have always discussed, this is an area that once we started the base case operation back we thought we had additional potential to continue to add value there. We're seeing that potential being more realized now with the proven cost base there, and we're working on a technical study now to outline mineable reserves in the deep zone; we expect it later this year.

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And I think of note when we look at the exploration in the long section, we've recently drilled a hole through the Deep Zone, which returned over 4 grams over 157 metres. So that's telling us there is potential to see a higher-grade core in the deep zone, and the reserve grade there is sort of in the 1.4 to 1.5 gram range, so there is potential hopefully to see better grades as we go deeper.

As we said, the mill has an 8,000 tonne capacity. We're currently operating around 6,000 tonnes a day, so that's why the Akasaba West deposit could add some value, create some flexibility, allow for us to take advantage of some synergies with the Goldex plant and the Goldex facility.

At Lapa, a short mine life, but the team continues to do an excellent job in controlling its costs. They continue to beat their budget on a cost per tonne basis, so generating good cash flow; very low capital.

We continue to put some money towards exploration. We've had some success on zone 7 with higher grades. We're hopeful that possibly we could extend the mine life a few months, but I think more importantly we've now moved exploration drills on to the partnership ground with Yamana on Pandora, which is immediately adjacent to Lapa to the west, and recently we've had some good drill results. So we'll continue to drill that to see if that can take advantage of the potential next to Lapa, but also take advantage of the capacity we'll have at the LaRonde plant when the main Lapa deposit ends.

At Kittila, we processed almost 4,000 tonnes per day in the fourth quarter, so the tie-in of the expanded plant was successful. In fact, the recoveries are bouncing back nicely. Our recoveries

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in Q4 were about 80 percent in January; mid-80s to date in February—a little bit higher than the mid-80s, up to about 87 percent. So there's still more work to do, but it's nice to see those recoveries coming back at Kittila.

We continue to focus on the Rimpi zone and accelerating the ramp over to Rimpi. And that's to just take advantage of the better grades and thicker mineralization we have on that part of the deposit, and to utilize the headroom that we have in the plant. We believe this plant can do more than 4,000 tonnes a day based on how it's configured without any significant increases in capital.

At Meliadine, we talked about the increase in reserves now up to 3.3 million ounces at 7.44 grams per tonne; reserve and resource now over 10 million ounces. We continue to work on our study. We will have our 43-101 study, which is simply based on the reserves, out shortly. We're also working on a study which incorporates a portion of the almost 7 million ounces of resource into the study, and it will be that study that we'll use to ultimately make a decision on construction for this deposit.

Moving to the southern business. At Pinos Altos we continue to see increasing tonnage through the mill at Pinos Altos. The shaft is on schedule for late 2015. That's going to give the operation more flexibility in the underground mines. The shaft sinking is going well at Pinos Altos. The grade of deposit increased. They continue to have a low-cost operation.

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At Creston Mascota we had record Q4 and annual tonnes stacked on the heaps there. So that small deposit continues to produce good quantities of gold at low cost.

At La India we saw a record quarterly production. So we're seeing part of our increased guidance going forward is coming from La India now that we've got it up to full production coming on the back of a good solid fourth quarter.

So good solid operations in Mexico, and in Mexico we also have a project acquired through Cayden Resources called El Barqueno. We have a \$15 million drill program on Barqueno. And that project has extremely good exploration potential, and we're pretty confident that our \$15 million drill program is going to come up with some good drill results, allowing us to calculate an initial resource before the end of this year.

And that information will be important in terms of how we move that project forward, but the reason we bought it was not only exploration potential, but it has a lot of similarities to Pinos Altos in terms of having near-surface heat leachable material, as well as underground potential from some deeper drilling on that deposit.

So that's a good rundown of our quarter, our full year, our expectations on production costs going forward, but also we wanted to give you some good sense of our exploration potential, particularly at Amaruq and Barqueno.

Operator, I'd be happy to open the call now for questions.

Q&A**Operator**

Thank you. Ladies and gentlemen, if you would like to ask a question, please press *, 1 on your touch-tone phone. If you're using a speakerphone, please pick up the handset before pressing any keys. Once again, if you would like to ask a question, please press *, 1.

And your first question comes from the line of David Haughton of Bank of Montreal. Please go ahead.

David Haughton — Bank of Montreal

Yes. Good morning, Sean and Tim.

Sean Boyd

Good morning.

David Haughton

Thank you very much for the update. You've got a lot of opportunities well beyond your base case, and I just wanted to ask you a couple of questions about that, if I may.

Sean Boyd

Sure.

David Haughton

You'd spoken about Vault and the potential for it to extend the life at Meadowbank beyond 2017. What sort of grade and size should we be thinking about for Vault?

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Sean Boyd

Well, Vault would be about 200,000 ounces, so it's similar to the grades we have now. It would be sort of 2.6, 2.7 grams per tonne. And we were expecting Meadowbank to be finished around the end of the third quarter of 2017. So if we do Vault there's really two phases here. We could do phase one or we could also do phase two. So we're looking at both phases, and whether we do one and two will determine how far into 2018 we could go.

And I think why what's important is that although we're drilling Amaruq quite quickly and we're getting a lot of information and we will calculate a midyear resource and we will work hard at moving that project forward, the further we can push Meadowbank back the better it is for the Amaruq development and the potential for a smaller gap between the start-up of Amaruq and the mining out of the last remnants of Vault.

David Haughton

Okay. Well, at least it gives you another year to close that gap. Do you have other deposits that you could bring on stream, given that the benefits that you spoke about of the currency and energy?

Sean Boyd

Not at Meadowbank, no. The focus will be on the Vault pit extension phase one and phase two and Amaruq and then ultimately Meliadine and the Nunavut business.

David Haughton

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All right. You've got two operations that are exceeding expectation on throughput, Kittila and La India. Just on Kittila, design capacity 4,000 tonnes a day. You're moving up through that already. Where could you see it going to?

Sean Boyd

I'll turn that over to Yvon.

Yvon Sylvestre — Senior Vice-President, Operations - Canada & Europe, Agnico Eagle Mines Limited

Well, I think with the expansion in the plant we're seeing probably additional capacity going forward. Unfortunately, the capacity in the mine will be driving the show for the next few years. That opens the door with the Rimpi development and a third mining horizon, so somewhere '17, '18, and that's presently not incorporated to get past 4,000 tonnes in our life of mine. So that's an opportunity to grow moving forward.

Sean Boyd

When we were there a couple of weeks ago they were saying that 4,500 tonnes a day is certainly possible there. The autoclave, it looks like it has that capacity without making any modifications to it because one of our challenges earlier on was that it was somewhat oversized for what we needed at the time at 3,000 tonnes a day.

So that's a good thing at this point as we're looking at the potential to open up another mining horizon, or bring in a satellite deposit at Finland.

David Haughton

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Yeah. And the ramp capacity is also at the 4,500 tonnes a day kind of level too from my recollection.

Sean Boyd

Yeah.

David Haughton

Over to La India, that stacking rate keeps on growing. What should we be thinking about as the ideal kind of stacking rate?

Sean Boyd

Tim?

Tim Haldane — Senior Vice-President, Operations – USA & Latin America, Agnico Eagle Mines Limited

I think Q4 we're kind of topped off on our rate on Q4. Actually we're using a contract crushing plant that's adding 1,000 tonnes a day just to clean up some ore that's in front of us. So it's going to be around the range of our Q4 rate looking forward.

David Haughton

Okay.

Tim Haldane

Maybe a little lower, actually, but around that rate.

David Haughton

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All right. Thank you, Tim.

Operator

Our next question comes from Andrew Quatil of Goldman Sachs. Please go ahead.

Andrew Quatil — Goldman Sachs

Good morning, Sean. Thanks very much for the update, and congratulations on a very strong quarter again.

Sean Boyd

Thank you.

Andrew Quatil

Question on Malartic. You guys outlined many, I suppose, initiatives to optimize the mill. My other sort of question is, of all these sort of bullet points here what do you think are the key ones, the sort of top two that you are focused on, Sean, and you think that you can get to that sort of 55,000 tonnes a day rate?

Sean Boyd

Thanks, Andrew. I'll turn that over to Yvon.

Yvon Sylvestre

Well, I don't think there's one specific key activity. It's more a series of activities that will lead to the changes. And some of these items that have been identified in the release have been

ongoing, and are part of the baby steps that have occurred from first half of the year to second half of the year to show some of the progress. So we'll continue on that.

But increasing in pre-crushing rate will probably get us to the next level, and that's the biggest factor moving forward to get to the 55,000 tonnes a day.

Sean Boyd

And there's another area of focus there outside of the plant. It's in the mining areas. We're focused on the north wall. That's where we have the better grades, and the southern part of the pit was more advanced than the northern part of the pit, so we've got an uneven floor in the pit, so we're looking at accelerating the northern mining rate on the northern wall. That'll make the pit more efficient, but also there's better grades in the northern wall.

So that's an opportunity as well, and that's where we're putting some effort and focus.

Andrew Quatil

And last one on Amaruq. It looks pretty good from initial spend. Is there anything that worries about the infrastructure there? Or the infrastructure between Meadowbank and Amaruq? And how much do you think you guys need to spend to sort of ensure that if you do sort of in time truck ore it will be up to show?

Sean Boyd

Yeah. We have a good sense, Andrew, of the road.

Andrew Quatil

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Yeah.

Sean Boyd

And we've looked at several locations for the road. The one difference in the area between Meadowbank and Amaruq versus Baker Lake and Meadowbank or Rankin Inlet and Meliadine is there's more changes in topography.

Andrew Quatil

Mm-hmm.

Sean Boyd

So the road is a little bit more complex, which would make it a little bit more expensive, but on a relative basis compared to Meliadine, we could get a satellite operation started at Amaruq for a fraction of the cost of what the number is at Meliadine. So that's where the focus is.

The road is the biggest single component of that because the focus would be on starting a pit, but we're also seeing a potential for underground, given that we do have some deeper drill holes there. So that will come in time.

So I think so far so good. Maybe what I'll do is I'll let Alain or Guy just give you some sense of what the focus is over the next couple of months on drilling, and what they're seeing and why it's generating some excitement within their group.

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

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Yeah. Thank you for your question. Right now we're looking to move the camp from Meadowbank exploration, the whole exploration camp, and we have already a camp in place for over 20 beds and we can start when we want the three rigs. But we want to have a better camp with 80 beds and to bring the six rigs in place this winter.

And the plan is to have that resource calculation this summer and to have the indicated resources and to start the thinking design. But the other target that we have along the 7-kilometre trend that is originally program that we have two boulder trains that we think that this crosses the Mammoth Lake.

And this is another program that we will follow this winter and this spring. And at the same time we will start the Whale Tail conversion and infill program to fill the gaps between under the lake and to fill the gaps between the hole that we drilled last year. That means that the new resource calculation next summer will give us a good indication about the real size of Whale Tail.

Andrew Quatil

Thanks very much, guys.

Sean Boyd

Thank you.

Operator

Your next question comes from the line of Anita Soni of Credit Suisse. Please go ahead.

Anita Soni — Credit Suisse

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Hi. Just a couple of quick questions on sort of minor points; the Malartic Q4 cost per tonne, the 22, that did include the royalty in the guidance for 2015 of \$20 a tonne? That does not include the royalty, is that correct?

Sean Boyd

Yes.

Anita Soni

Okay. And then just on the LaRonde. If I could ask, how are the TC/RCs? Are they changing at all at LaRonde right now?

Sean Boyd

I'll turn that over to Yvon. He's making a face, so I don't think we're really sure exactly where that's going. They're such a small component now of the process.

Yvon Sylvestre

I don't have the exact number, Anita. I can check and relate that back to Brian, but I think the conditions have been pretty stable on that side.

Anita Soni

Thank you very much, and congratulations on a good quarter.

Sean Boyd

Thank you.

Operator

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Once again, ladies and gentlemen, if you would like to ask a question, please press *, 1 on your touch-tone phone.

And your next question comes from Mike Parkin of Desjardins. Please go ahead.

Mike Parkin — Desjardins

Hi, guys. Congrats on the solid fourth quarter. Just one question on Amaruq. Given that it's 50 kilometres away, do you have any sense of what the potential like cost per tonne increase would be to pull ore back to the Meadowbank mill?

Yvon Sylvestre

Well, we've had some internal studies. They're preliminary in nature, but we're looking at about \$11 a tonne so far for transport.

Mike Parkin

Okay. So that added to the 70-ish that you guys are averaging now?

Yvon Sylvestre

Well, added to whatever mining costs will be determined on that project at that time.

Mike Parkin

Okay. That's it for me. Thanks.

Operator

Your next question comes from the line of Don MacLean of Paradigm Capital. Please go ahead.

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Don MacLean — Paradigm Capital

Good morning, guys. Well done. Just on the Amaruq, maybe a little bit more colour on the timing for the economic analysis and production decision and permitting of this. When do you think realistically we might expect it to come into production?

Sean Boyd

Well, we're sort of saying in the first half of 2019, and we've always said sort of Meliadine second half of 2019 if we give it the go ahead. So that's roughly where we are now, and we'll see.

But the first step is to continue the drilling, get the resource done, fine tune the road analysis, and then the drilling will really ultimately determine the extent of a potential underground, but I would suspect it's open pit to start; hopefully turning into an underground operation at some point.

But there could be multiple pits there given that we haven't really drilled the Mammoth Lake area, and that's where we think the source of the boulders are.

Don MacLean

Right. Is there anything that's kind of a critical path item, Sean? A lot of this sounds like it's just getting your ducks in a row, but is there a critical path item like the permitting process?

Sean Boyd

Permitting is the critical path in Nunavut, but we've done it successfully before. It's really the same regulatory bodies and actually the same officials at these regulatory bodies, so they're very familiar with Agnico.

We've already started doing some preliminary work with the local community for Amaruq. So I wouldn't see any issue at all in obtaining a permit for Amaruq.

Don MacLean

Okay. And maybe a question for Alain on the Whale Tail. Maybe you could give us a sense of what the strike length of the undrilled portion in the centre was relative to the total strike length of the existing resource?

Alain Blackburn

Yeah. As you know, the train is over—the mag that we find is over 7 kilometres, and when looking only at Whale Tail is around 1 kilometre, 1.2 kilometres long, and the western part and the deeper part is completely open.

And when looking the western trend, and we think that Whale Tail continues to the west and the last hole that we drilled in the west showed another zone. We had another zone with Whale Tail is completely open. We don't know about that zone; that the blue sky is there.

Sean Boyd

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Yeah. The gap between to the two ends of the currently calculated resource is about 300 metres, so that will be the focus of the infill drilling. So we'll have that incorporated in our midyear resource update as well.

And there's also a halo of mineralization that we're also focused on drilling around the current resource, so we would expect to add those two components to the 1.4 million Whale Tail. And then anything outside that, and as Alain indicated, moving to the west it's open ended with a new zone. And the west is really Whale Tail where we have the boulder trains—or Mammoth Lake, sorry, where we have the boulder train. So there's lots of targets here.

Alain Blackburn

When you're looking at what we have to do with the commercial program and fitting the gap and fitting between the hole that is I think we can double to resource one day. Not sure when, but one day.

Don MacLean

Right. And just to clarify when you—Alain, you mentioned Whale Tail was sort of 1 to 1.2 kilometres, is that the strike length of the resource footprint?

Alain Blackburn

Exactly.

Don MacLean

Okay. And is there anything in the infill drilling that you feel you need to—that could change the grade as you put in more holes?

Alain Blackburn

The program that we design is to drill between 70 by 70 metres and for the interior. And fitting the gap, that gave us probably, I'm guessing, the same grade. But we have a good understanding about the 1.2 kilometre and until 350 metre deep.

We're not expecting any bad surprise; probably good surprise because we have to walk (phon) about also the capping grade, and more samples in hand we can improve the capping grade because we have three goals as well.

Don MacLean

Okay. That was the heart of the question, I guess, because so often we see when infill drilling takes place where there are these high-grade elements, sometimes the grade can actually go down as it gets tightened up, but that's not your sense?

Sean Boyd

Yeah. Their results though are two azimuth holes that were drilled in that gap, so the mineralization is there, so it's a matter now of from the lake now drilling into that 300-metre gap and seeing if we can connect the two ends of what we now have in the Whale Tail resource.

And that's important because all of our studies right now are done on two separate pits on either end of Whale Tail, our preliminary work, so filling in the gap gives us one bigger pit, improves the strip ratio, improves the economics, et cetera. So that information is important.

Don MacLean

You bet. Sounds good. Good luck.

Sean Boyd

Thank you.

Operator

Your next question comes from Anita Soni of Credit Suisse. Please go ahead.

Anita Soni

Hi. Just a couple of follow-ups. The Whale Tail, what is the strip ratio right now that you're looking at?

Sean Boyd

Yeah. It's more than Meadowbank, but it's two smaller pits, so we think ultimately with one bigger pit it's more like Meadowbank; maybe a bit better.

Anita Soni

And then in terms of the inferred category at Meadowbank, so that grade seems pretty decent even if you throw in some dilution—I'm not quite sure if you guys factor in dilution in your inferred or not—but is there anything about that inferred mineral inventory that you have at

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Meadowbank itself that I should be aware of? Why it's sort of not something that you're focused on right now?

Sean Boyd

Yeah. It's below the pit, so it's unlikely that we're going to invest capital to put a ramp in to go after it.

Anita Soni

Okay. And then last question is with respect to sort of big-picture plans for Kirkland Lake. I think it's a good deposit in Canada, and obviously the CAD is helping a lot of these properties, so I'm just wondering what you guys are thinking about that one?

Sean Boyd

Well, continuing to drill. We had some good drill holes at depth, which is suggesting the ore body continues, so that's part of an updated study. So I think the partnership's agreed that the best approach now is to continue to drill it and then update the economics.

Anita Soni

And when would you have that out?

Sean Boyd

I think just before the end of the year?

Unidentified Speaker

Yeah.

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Sean Boyd

Yeah.

Anita Soni

Thank you very much.

Operator

And we have no further questions at this time. I'd like to hand it back over to Mr. Boyd for closing remarks.

Sean Boyd

Thank you, Operator, and thank you, everyone, for tuning in to our conference call.

Thanks again.

Operator

Ladies and gentlemen, this concludes the conference call for today. We thank you for your participation. You may now disconnect your line, and have a great day.

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