

FINAL TRANSCRIPT

Agnico Eagle Mines Limited

First Quarter 2016 Conference Call

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CORPORATE PARTICIPANTS**Sean Boyd***Agnico Eagle Mines Limited — Chief Executive Officer***Yvon Sylvestre***Agnico Eagle Mines Limited — Senior Vice-President, Operations – Canada and Europe***Tim Haldane***Agnico Eagle Mines Limited — Senior Vice-President, Operations – USA and Latin America***Alain Blackburn***Agnico Eagle Mines Limited — Senior Vice-President, Exploration***David Smith***Agnico Eagle Mines Limited — Senior Vice-President, Finance, and Chief Financial Officer***Guy Gosselin***Agnico Eagle Mines Limited — Vice President, Exploration***CONFERENCE CALL PARTICIPANTS****Stephen Walker***RBC Capital Markets — Analyst***David Haughton***CIBC World Markets — Analyst***Mike Jalonen***Bank of America — Analyst*

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PRESENTATION

Operator

Good day, and welcome to the Agnico Eagle Mines Limited First Quarter 2016 Conference Call. Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Sean Boyd. Please go ahead, Mr. Boyd.

Sean Boyd — Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator, and good morning, everyone, and welcome to our first quarter 2016 conference call.

Also our Annual Meeting is this morning, so you're certainly all invited. It's 11:00 a.m. at the Sheraton Centre. We'll have all of our key operating, technical, and exploration teams on hand with some drill core. So if you're available and in Toronto you're more than welcome to come.

Also, as we go through the slides here, just like to make everyone aware that we will have forward-looking statements, and just to be forewarned and cautioned.

Going over the quarterly numbers and the highlights, we continue to make very good progress on several fronts: on production; on costs; on exploration and development; and on financial flexibility.

Our quarterly production was 411,000 ounces at cash costs of 5.73; solid contribution across the board. We'll get into some of the details in a minute.

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Agnico Eagle Mines Limited First Quarter 2016 Conference Call

Of particular note is the continued very good cash generation coming out of our operations in Mexico, very low cost; cost of \$364 on a cash basis to produce an ounce of gold. As a result of the strong performance in the first quarter we expect to be at the high end of our production guidance for 2016, which is 1.565 million ounces.

We've had some, again, good drilling results. The results continue to come at several of our projects, most notably at Amaruq and in a new project in Sweden called Barsele. So we'll give us some updates on that, and that will be of particular attention at our Annual Meeting where we have our exploration team on hand with some drill core from some of those projects.

And as we indicated, a solid performance in the quarter, again, helped us to continue the move towards improving our financial flexibility that we've been able to do for the last six quarters. And we've seen a further reduction in our net debt by \$89 million in the quarter. And we declared a quarterly dividend of \$0.08 per share, so that is now the 34th consecutive year of paying a cash dividend at Agnico.

Looking at some of the sites in a little bit of detail. When we look at the operating margin at LaRonde; LaRonde, first time in many, many years has the single-largest operating margin of any of the mines. So we can start to see the impact of opening up the lower mine and accessing the better-grade material at LaRonde. You can see that in the production and the unit costs, which is reflective and moves down to the operating margin where the mine generated almost US \$50 million in the quarter.

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Good performance at Goldex as they are exceeding their feasibility study mining rate and development rates and costs, and as we mentioned, very good operation performance out of the southern business generating US 66 million in operating margin.

Our financial position. As we mentioned, our net debt was reduced. It's now 923 million at the end of March. We made debt payments of 55 million, so good flexibility going forward, and a very manageable debt maturity schedule.

As far as earnings go, very similar realized gold price from a year-ago quarter. Similar production: a little bit more ounces this year, a little bit lower cost. Earnings generally the same, as is operating cash flow per share.

At LaRonde, as we said, a very strong first quarter and good operating margin. I think the key for us at LaRonde is that we've made major investments over the last several years, which has now put us in a position to access more of the higher-grade ore.

LaRonde will be a key building block going forward as we start to mine more tonnes in the lower mine and start to move up towards the average reserve grade at LaRonde of 5.3 grams per tonne.

We're studying, as we've mentioned before, reopening the Bousquet area, and that has the potential to add 40,000 to 50,000 ounces a year. So going forward the LaRonde complex certainly has the potential to produce in excess of 400,000 ounces a year.

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And I should congratulate the LaRonde team. Next week they will pour their 5 millionth ounce, so congratulations to the team. That's a remarkable technical achievement when you think that years and years ago it was only 1 million ounce deposit. It was relatively shallow. They're now developing 3 kilometres underground and getting very good performance.

And of note, the reserves and resource left is still 5 million more ounces, so more to come and better grade. So LaRonde's best days are still ahead of them at our long and successful history.

At Canadian Malartic, continued steady progress we're seeing on all of our optimization efforts; that's reflected in good solid production numbers and very good cost performance. Of note was the drilling on Odyssey, and we continue to intersect the zone at Odyssey. We would expect to be in a good position to put out a resource on Odyssey before the end of this year.

It has similarities in terms of thicknesses and a bit better grade than Goldex. And the intention when we got involved with our partner, Yamana, with the Canadian Malartic opportunity, certainly we had a sense that the Odyssey could be an important component to that mine and that property going forward. So we're certainly starting to see that.

And as we look at Canadian Malartic, we expect the ounce output to continue to rise steadily as we slowly and gradually increase the tonnage going through the plant.

At Goldex, as we said, it's performing at levels much better than in the feasibility study, both on mining rate. The feasibility suggested 6,000 tonnes a day. It's closer to 7,000 a day now. The development is rate far in excess of the feasibility, as is the cost per tonne.

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Agnico Eagle Mines Limited First Quarter 2016 Conference Call

As you recall, we were estimating a few years back that it would be CAD 40 a tonne. It's mid- CAD 30 a tonne. We expect to steadily increase output at Goldex, given the fact that we can mine at a higher rate and the fact that we're developing the lower part of the mine at a faster rate.

And we also have the Akasaba deposit, which is within 30 kilometres, which we continue to study.

So Goldex will be an important part of our production profile and our growth as we go forward because it's low-cost growth, and it's an asset that we still will continue to drill. And it's got a sizeable resource that we expect to be converting into the mine plan as we move forward.

At Lapa, despite the short life the team continues to perform well. There is some potential to add a few more ounces as we move through the balance of this year, but the Lapa as we mine out that area, as we said, it opens up an opportunity for Bousquet at LaRonde because we have excess capacity and will have excess capacity at the LaRonde plant when we stop the direct shipment of ore from Lapa.

At Meadowbank, steady production. We have a few opportunities maybe to extend Meadowbank further towards the end of 2018; maybe add 20,000 or so. All important because it's cash flow that we don't currently have in the mine plan, so continue to focus even though there's three years left or so to try to optimize that asset.

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But more importantly, we've continued a heavy drill program at Amaruq. We continue to get good results. And good results at Whale Tail where we're encountering better thicknesses, which is important for the mining rate there.

As everybody knows, we have the large mill at Meadowbank, which will be available to us by 2018, so the thicker the deposit is at Whale Tail the higher the mining rate to take advantage of the available capacity as the Meadowbank plant.

We have seen some very good success at the V Zone at Amaruq. And we've moved some of our drills from other parts of the property onto the V Zone, given what we're seeing in shallow drilling, higher grades of visible gold; we will have some core from the V Zone at our Annual Meeting. But as far as the Amaruq project goes, we've begun the construction of the road.

We're using the waste from Meadowbank as the roadbed material, so that is progressing as planned this year.

At Meliadine, we continue to work on the study. Within weeks, certainly by the end of this quarter, we should receive the final permit, which is a water licence. So Meliadine will be fully permitted.

We continue to update the study by incorporating subsets of the large resource into our economic studies. And we expect all of that work to be completed before the end of this year, which will help us when it comes to allocate capital in Nunavut. And we look at Amaruq and

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Meliadine as one platform, and we'll allocate capital based on Nunavut being one platform that we expect to be around for multi-decades.

At Kittila, a little bit lower grade, but higher tonnage at the mine. The deposit, almost 8 million ounces; it's still open. We're seeing we've got a bit of a backlog in processing drill results at Sisar, so we'll have more results coming out in the second quarter, likely in July on Sisar.

We're looking at ways to incorporate Sisar into a new mining plan at Kittila along with the upper and lower Rimpi Zones, which are slightly thicker and better grades than what we are currently mining. So there's good potential.

The team at Kittila is—because we can process more ore there's opportunity in the plant. If we can increase the mining rate then we can do better than the 200,000 ounces that we expect to average over the next five years, so there's still more growth to come at Kittila.

We've been looking for a number of years since we still got involved in Finland over 10 years ago for another opportunity besides Kittila. Although we have a large land package around Kittila and have added to that land package over the last few years, it wasn't until the last year or so that we were able to find something that we could get excited about, and that's in Sweden called the Barsele project.

It has some similarities to Goldex in terms of grades and thicknesses and the large nature of the structure. So we have had a successful start to our drilling program, and we believe we've connected the central zone and an additional zone there. Good thicknesses and good grade, so off

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to a good start there. And we'll continue that drill program and see how things turn out over the next several quarters.

In the southern business, as we said, the operations are performing extremely well. At Pinos Altos, we've commissioned the shaft, and the ore-handling system is scheduled to be commissioned in the same quarter. So a lot of that investment in the underground infrastructure will position the mine going forward to manage costs in the underground and improve the mining rate in the underground.

At Creston Mascota, good steady production. We've recently acquired a new project right between Creston Mascota and Pinos Altos that almost lines directly up between the two mines. We're excited about that. We've known about that for years and years. We've just concluded an agreement with the owners of that property, and we'll begin to drill that soon. And that certainly has the potential to be a near-surface source of open-pit material.

At La India, lots of upside there; still very good solid production. Very good cash cost performance. We've been consolidating a land position there over the last couple of years, and we're going to pick up the pace of exploration around mine sites.

In fact, the strategy in Mexico now is to increase our exploration budget right around existing mines. As we've consolidated land positions, as we've gain more surface rights we're in a position now to drill some targets that we've known about, but haven't been able to drill. And we're excited about that potential.

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El Barqueño, we continue to drill. We expect to update that resource for the end of the year. We've discovered two new areas of mineralization on the project, and we've got some surface rights to tidy up in those areas before we can really talk about it, but it's still a very prospective area for us with a large drill budget. Lots of drills going there, and we believe that project will continue to grow, and there'll be open pit near-surface mineralization available to us in the mine plan.

So that's it for the formal part of the call. We'd love to open up the lines, Operator, for questions. We've got our full team here, including our exploration group, so we'd be happy to answer any questions.

Q&A

Operator

Thank you. If you'd like to ask a question, please signal by pressing *, 1 on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press *, 1 to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions.

And we'll now take our first question from Stephen Walker of RBC Capital Markets. Please go ahead.

Stephen Walker — RBC Capital Markets

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Thank you. Good morning, everybody. Just want first on the operations, there was some unscheduled maintenance at Meadowbank with the front-end of the plant, by the looks of it, or conveying. Can you talk a little bit about whether that's just a short-term or a structural problem? And then secondly, materials handling at Pinos as you went underground similar question; presumably that's just a short-term issue?

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

Yeah. I'll talk about the Meadowbank part, and Tim will take over the second part of the question. I think we had a failure on a main shaft on the secondary crusher. It took us about eight days to repair. Things are basically back to normal.

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

Yeah. As far as Pinos Altos, we've had in the past and it occurred this quarter as well a little bit of clay getting mixed in with the ore, and that causes some upsets in the mill. That was early in the quarter, and it's just a learning curve.

Once we figure out how to blend the ore, which we did do by the end of the quarter, things were running quite well.

Stephen Walker

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Great. Thanks for that. And, Sean, just to follow up on something that you said on the V Zone up at Amaruq. Is this potential for starter pit material? Is this something that could come into a mine plan in 2018? Or is it, again, just better understanding of the geology and the resource potential?

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

It's Alain. As you know, we discover Amaruq in 2018 (sic) [2008], and it was the first site there that we drilled, and we move after in 2014 on the Whale Tail. Now we return back on that site there, and we recognize the V Zone has an ore flat leaning like 30 degrees going to the south and probably joins together with Whale Tail one day.

We have to drill between V Zone and Whale Tail one day. We are started it. Boy, we have to drill a lot this summer and to understand better the system because it's like forward veins, parallel veins. And two are looking higher grades. And we have to fill that sector. It's like a panel of 800 metre by 400 metre that we have to fill the hole, and recognize that the grade because we have I can tell you a lot of [unintelligible]. We saw just a couple of weeks ago like a ring of 1-centimetre large nugget gold, pure gold, and we have to recognize the reality (phon) rate on that zone.

It's too early for [unintelligible] because now we understand the system, and I hope can develop it [unintelligible] to some degree.

Sean Boyd

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Stephen, there's certainly lots of exploration potential, but timing will be dictated on permits, and we have permitted Whale Tail. That's the focus is to permit the Whale Tail pit. So we still need to do more drilling on V, and then we'd have to amend the permit. So that would really dictate the timing.

But we're certainly excited about it, and we're excited about this location. We're excited about the fact that it may trend and connect with Whale Tail. And we're excited about the visible gold that we're encountering.

But in terms of timing, that's still a question because of the permitting.

Stephen Walker

Great to Alain and thanks, Sean. Just one last question, if I might, on currency hedging. You've got, obviously, major projects in Canada, Mexico, and in Finland. What are your thoughts on locking in some of the Canadian or some of the currency this year as you go forward to help you lock in returns on these projects, which are obviously impacted significantly by currency moves?

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

Yeah. So, Steve, we do have about 21 percent of our Canadian dollar exposure for 2016 hedged in the form of costless collars with bottom of that being about 1.27. As far as protecting those projects further out, that's something we're very interested in doing.

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Our policy is to buy dips. We'll probably do that as those projects develop over the years, and it'd be nice to be able to make sure that we at least help them on the cost side versus the—in the start-up phase.

So that's something we're actively monitoring and looking at doing.

Stephen Walker

Great. Thank you, David.

Sean Boyd

Thank you.

Stephen Walker

That's it for me.

Sean Boyd

That's it.

Operator

And our next question will come from the line of David Houghton with CIBC. Please go ahead.

David Houghton — CIBC World Markets

Good morning, Sean and team.

Sean Boyd

Good morning.

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David Haughton

Thank you very much for the call. Just going to Malartic, just wondering where you're standing on the permits to extend the throughput beyond 53,000 tonnes a day on the permitting side and whether you think the mill is capable of sustaining that level or better?

Yvon Sylvestre

As far as the permitting is concerned, moving as per scheduled. We're probably going to be going into hearings in June. I think there's no real surprises on that end.

The second phase of getting the plant up to 55,000 tonnes per day will be part of that critical permitting process. I think at that stage we will have reached the install capacity overall [unintelligible].

David Haughton

Okay. Sorry, guys. It seems to be a very bad line. It's hard to hear you, and it's breaking up. I'm not sure if it's me or your end. But just continuing on, back to Amaruq; that R Zone, do you think that we have some sort of connection between the Whale Tail and the V Zone? Are there a bunch of on-echelon kind of veins do you think that could fill in that gap? Or is it too early to say?

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

Hi. It's Guy speaking. So what we see it appears to be that we have in Whale Tail it's more kind of strata-bound (phon) banded-iron formation hosted, whereas the V Zone it's kind of more veins high mineralization with free gold in it.

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And we do seek to see them either combine or adding, let's say, in some cases we either have only the vein type V and some towards the east, whereas in the Whale Tail area it's more on the banded-iron formation type of system. But we see both joining and existing in the same area.

And laterally the V Zone system is wide open to the east. And this is currently what we are investigating to see how large it is (phon) and how we can have a better understanding of the stacking of veins because, as you mentioned, it's potentially an echelon vein that we need to have more drill holes to make our mind and do the [unintelligible] and the resource estimation.

David Haughton

Okay. And with the recent drilling, it seems to show very good thickness there; some really spectacular kind of holes. Just wondering—I know it's pretty early—if that's shaping your mind as to what kind of mining rate you could have at Amaruq to feed that mill?

Sean Boyd

Yvon will take that.

Yvon Sylvestre

Well, I guess we're entertaining various aspects in the study part, but we're mostly concentrated at this stage on the satellite bit. I think some of the satellite bit scenarios that we're looking at now over a five-, six-year period with the current resource could look us at probably milling in the neighbourhood of about 9,000 tonnes per day.

David Haughton

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Okay. That's very promising. That last guidance we had was more like 6, so that's very encouraging.

Sean Boyd

Yes. Well, I think when you remember back, those sort of rough estimates at 6 were driven off of the resource update midyear last year. And that was one of the resources that was based on being very conservative in terms of the size of the blocks in the model.

And when the exploration team drilled in the opposite direction and confirmed better thicknesses, then we were able to incorporate better thicknesses into the model. And that's allowed us to look at a higher mining rate than we thought a year ago.

David Haughton

All right. Thank you very much. I'll leave it there.

Operator

Once again, ladies and gentlemen, if you have any additional questions at this time, please press *, 1 on your telephone keypad. Again, if you have any additional questions, please press *, 1.

And our next question will come from the line of Mike Jalonen of Bank of America. Please go ahead.

Mike Jalonen — Bank of America

Hi, Sean. Just following up on David's question. Nine thousand tonnes per day for Amaruq sounds outstanding, but it begs a question: if it's getting bigger is a mid-2019 start-up still in the

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cards? Or do you need more time to find out how big this will get with the permitting, additional permitting? I was wondering if things will get stretched out a bit?

Yvon Sylvestre

At this stage the permitting is ongoing. We've had discussions and approach with the ministries that are showing a good confidence level on the timing of the permitting process. And at this stage, for 2019 everything seems pretty plausible and on schedule.

Michael Jalonen

Thank you.

Operator

And, gentlemen, there are no further questions at this time. I'd like to hand it back over to Mr. Boyd for closing remarks, please.

Sean Boyd

Thank you, Operator. And thank you, everyone, for tuning in to the call. For those of you who are in the area, we'd love to see you this morning, 11:00 a.m. Annual Meeting, Sheraton Centre.

Thanks again.

Operator

And this concludes today's call. Thank you for your participation. You may now disconnect.

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