

## FINAL TRANSCRIPT

**Agnico Eagle Mines Limited**

**Third Quarter 2015 Conference Call**

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**PRESENTATION****Operator**

Good day, and welcome to the Agnico Eagle Mines Limited Third Quarter 2015 Conference Call.

Today's conference is being recorded.

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

**Sean Boyd** — Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator, and good morning, everyone, and please take note that the conference call will contain some forward-looking statements.

We'll start with the highlights for the quarter. Another good solid operating performance essentially across the board getting good contribution not only on the production side, but also on the cost side.

We saw particularly strong performance coming out of the Abitibi operations, which drove record quarterly gold production and low costs.

We saw two new production records set at Canadian Malarctic. Our cash costs in the quarter at Canadian Malarctic came in at \$544 an ounce.

So on the back of a very strong quarter we have updated our guidance for 2015. Our production guidance has gone up 50,000 ounces, as we said, largely on the back of the four mines in

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the Abitibi, offset by the Meadowbank mine where the inclusion of the Vault pit and the extension of the Vault pit has changed the mining sequence and lowered the mining grade.

So all told, allowing us to increase the guidance on production and also lower the guidance on unit costs, we're looking at cash costs of about \$600 as guidance for 2015 and all-in sustaining costs of \$850 an ounce.

We continue to be very active on the exploration front. In fact, our exploration spend doubled in the quarter versus the previous year's quarter.

The main focus of the drilling continues to be in Mexico at Barqueño, and we'll talk about that when we get to the southern business slide, but also in Nunavut at Amaruq where the drilling was focused on Whale Tail essentially where we were focusing in the area between Mammoth 1 and Whale Tail. And the drilling has indicated that Whale Tail and Mammoth there's now a single mineralized system that now extends over 2 kilometres, and it remains open in all directions.

Also of note in the quarter from drilling where we were focused on the V zone is although it's still early, the results in this area seem to indicate the potential for a possible second open pit, which could be very important in terms of the economics, given that the Amaruq area is going to be a satellite to the Meadowbank operation.

Financial flexibility continued to improve in the quarter. Despite focusing on exploration and moving projects forward in the long-term focus on our business, we still did manage to continue to improve the balance sheet. We reduced our net debt in the quarter by \$20 million.

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From the operating result perspective, the unit cost performance was very strong, as you can see. And it really wasn't all driven by favourable FX, or on our mine's ability to manage the cost, but also on our focus over the last little while of trying to optimize operations from a production standpoint.

So our teams across the board have done a very good job squeezing out additional ounces, which have helped us lower the unit costs, so not only on a cash cost basis at 5.36, but also on an all-in sustaining cost basis in the quarter of \$759, so a very good performance.

As we said, that good performance allowed us to improve our financial position. Our net debt, as we said, was down about \$20 million to a little over \$1 billion.

The reasons for the improved financial position, as we said, are the growth in operating cash flow, which was driven by the increased output and the lower unit costs.

On the financial highlights slide you can see the operating cash flow number was strong. Before working capital changes in the quarter, we generated 218 million in operating cash flow. That works out to about \$1 per share. And as we said, we were still spending that money focused on the long-term aspect of our assets, particularly on the exploration front. And even with that we were able to reduce the debt.

Getting into the assets in particular. LaRonde had a very strong quarter: production of 72,000 ounces, cash cost at 5.58. We're starting to see a pickup in grade. The grade in the quarter

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was little over 4.2 grams per tonne versus roughly about 2.9 grams per tonne in the quarter a year earlier.

Our recoveries were extremely strong at 95.6 percent. In the first nine months of the year, we averaged 3.8 grams per tonne at LaRonde. So we're starting to move closer to the reserve grade, which is 5.2 grams per tonne. Running LaRonde at about 6,000 tonnes a day, our cost per tonne was lower with the additional tonnage versus a year earlier quarter at CAD \$101 per tonne. So good job at managing the costs.

Our flexibility in the lower mine continues to improve as we add additional infrastructure and commission that infrastructure in the lower mine. And we continue an active drilling program focused below the 311 level as we see the ability to add ounces ultimately to the mine plan.

I think that this quarter gives us a sense of what is possible at LaRonde, what we're capable of doing as we begin to access increasing quantities of higher-grade ore in the lower mine. And as we've said many times, this mine is set to produce in the mid 300,000 ounce per year range. We see years in the mine plan where it will exceed 350,000 ounces, and that's without using the additional plant capacity that will be available when the Lapa mine comes off stream by the end of next year.

We have some ideas where we can hopefully take advantage of that, and so we could be in a position at one point to see the LaRonde complex producing around 400,000 a year. So we'll

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talk about that at the end when we give you some sense of where we feel we're heading in terms of our five-year production outlook.

Canadian Malarctic. A very strong quarter: increased throughput; higher grade; good cost performance; recoveries at 89 percent; setting records on quarterly tonnes and total average tonnes per day. Our tonnage of 53,700 tonnes was up from 52,500 in the year-earlier quarter. Our cost per tonne was CAD \$19.60.

So we can see the results of continuing to focus on taking small steps from an optimization standpoint. There's additional things that we continue to work on.

Our goal is to get the mine up to 55,000 tonnes per day, and that will help us manage our cost per tonne. That will be the focus going forward.

We continue with the permitting activities for the Barnat Extension; everything's going as planned. As we look at the mine plan going forward, we see Agnico's 50 percent share of production here getting to the 325,000 ounce per year level, so a good solid asset, long life, generating increasing quantities of gold at low cost and generating good cash flow.

And we'd like to congratulate the Malarctic team for pouring their 2 millionth ounce of gold on September 22nd.

At Goldex, mine continues to run extremely well. We averaged 6,200 tonnes a day in the quarter. That's up from 5,850 a year earlier. Our grade was 1.85 grams per tonne versus 1.72, so

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we've got higher output in the quarter at 31,000 ounces; costs below \$500 an ounce on a cash cost basis. Recoveries were up as well, almost 95 percent versus about 93 a year earlier.

So across all measures the mine continues to perform extremely well.

We announced in the July an extension of the mine life out to 2024. We would expect as we continue to analyze additional opportunities at Goldex with other satellite zones that we'll be able to extend it beyond 2024.

And we continue to look at the Akasaba West deposit. We submitted the environmental impact assessment for permitting, and we would expect that that could augment production at Goldex by 20 to 30 percent once that's in the mine plan.

So in Quebec, despite the fact that the Lapa operation will come off stream before the end of next year, we have the makings of a long-term production base in the 800,000 ounce or better range, so good solid base in Quebec.

Lapa. Despite the short life, the mine and the employees continue to perform extremely well, managing costs, getting extra ounces out of the deposit, 26,000 ounces, cash cost at 522 an ounce. Commercial production, as we've said, is forecast to end by Q3 2016. And we've already begun the process of transitioning the Lapa workforce into other Agnico Eagle operations, replacing contract employees at those operations. So all in all, continued good performance coming out of Lapa.

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At Meadowbank, we saw average daily throughput at about 10,800 tonnes a day. That's down from a year earlier. We're averaging about 11,500 tonnes a day. That's simply the result of transitioning into harder ore at the Vault pit.

We have done a good job moving waste in the quarter, so continue to get good performance on the mining side. The mining rates; good development there. As we announced in July, we're extending the mine life to Q3 2018. We expect production in the fourth quarter to be similar to the third quarter.

And in terms of production profile going forward with the results of adding the Vault pit, we would expect to see Meadowbank produce about 50,000 less ounces next year than the plan that was on the table about a year ago. We would expect it to produce about 50,000 ounces more in 2017 than the earlier mine plan, and we would expect it to produce 130,000 ounces or so in 2018. In the earlier mine plan we had no ounces at Meadowbank.

Moving on to Amaruq. The midyear inferred resource, just to remind everybody, was 9.7 million tonnes at 6.5 grams, giving us about 2 million ounces. The 2015 drill program is now complete. We ended up drilling 378 holes drilling a little over 100,000 metres into the deposit.

Of note, the recent drilling has confirmed that Whale Tail and Mammoth 1 zone form one mineralized system over 2 kilometres long that's been traced down to at least a depth of 450 metres, and the system is open at depth and along strike. And this area will certainly be a major focus of drilling in 2016, as we indicated at the start.

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At the V zone we've encountered a shallow dipping structure with lots of visible gold and outcrops on surface. So far we've traced it down to a depth of 155 metres. We've got holes in there of over 5 metres at over 30 grams, 23 metres at almost 8 grams, 21 grams at 3 metres, and also this area will be a key part of a program for 2016.

And as we said, although it's still very early, this could potentially be a second source of open-pit ore at Amaruq, which could be very important for the project economics.

As far as where we are with the project, we've got the road permitted, so we would expect to receive the permit to start constructing the road in 2016. And that will be a year-round road that will allow us to link to project to the Meadowbank project, which will help us reduce the costs.

We'll start construction of that road from the Vault pit, which will allow us to use the waste from Vault. And I think from our perspective what we're focused on over the next few months is completing an updated resource, which will give us a better sense of how we're going to move that project forward over the next couple of years.

The resource will include all of the drilling that was done from June the 30th to middle of October of this year, and given some of the drill results we certainly expect that resource to grow.

At Meliadine, we continue to update the study. We would expect to have that work done in February, giving us some sense of what adding additional resources into the mine plan does to the rate of return.

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From our perspective what we see at Amaruq, given its potential and its proximity to Meadowbank, combined with the large reserve and resource at Meliadine, what we see is an ability, given our skill set and the asset base that we own 100 percent in Nunavut, the ability to build a platform and a business in Nunavut that rivals the size of our Quebec business.

Moving on to Kittila. Kittila processed almost 4,000 tonnes a day. That was up significantly from what we did a year earlier. Our grades were a little over 4.6 grams. Recoveries were almost 86 percent, so getting good recoveries coming out of Finland.

I think of most importance now is the fact that we continue to get good drill results at the parallel zone next to the main zone. And we're focused over the next few months of adding extra drilling capacity at Finland in the underground to give us a better sense of the extent of that mineralized zone.

If we look at the long section of Kittila, we've got basically all of that reserve and resource, which is over 7 million ounces, was essentially undrilled until most recently from surface. And it was only until earlier on this year where we were able get some big underground drill in place.

So we're looking before the end of the year to have an additional drill underground, which will allow us to move into some open areas, and we would certainly expect that deposit to continue to grow as we move forward. We've also added a cross-section into the presentation.

Moving on to the southern business in Mexico. Our operating margin was extremely strong from the entire business in Mexico in Q3, generating operating margins from the three mines

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of over \$60 million. In nine months we generated over \$200 million. So that business continues to generate very strong net free cash flows for us.

At Pinos Altos, the flagship mine, our throughput rate was 5,400 tonnes a day. That's up about 7 percent over the quarter in the previous year, producing almost 50,000 ounces at a cash cost of around \$400 an ounce. So excellent free cash flow generation coming out of Pinos Altos.

Creston Mascota. We continue to get steady production at good cost, but also getting some good exploration results at the bottom of the pit, a bit higher grade, which should certainly help production going forward.

And at La India, we continue to get excellent performance, but we're still optimizing that asset. We're looking to add to the mine life, and we're looking to increase production levels as we go forward.

At Barqueño, we have 11 drills continuing to operate on the property. We've got so far to the end of Q3 43,000 metres done, 171 drill holes. We expect to have an initial resource reported with our year-end results in February of 2016.

The Azteca-Zapoteca area continues to be the area of main focus. We've done some conceptual pit outlines. We've done some early metallurgical testing. We're going to move to large-scale column testing in the fourth quarter. We've started baseline environmental and social work on the project to move that forward.

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The way we look at El Barqueño, it's the type of project that we've done very well with in Mexico, and we see that as a minimum being another La India type. But it's also a project where we're now seeing drill holes and good intersection below the potential outlines for pits. So hopefully we can ultimately have an underground operation at the El Barqueño site.

So as we wrap up on the quarter, what we can look forward to over the next few months, as we've said many times, we're still in the information-gathering phase as we put a number of our projects together over the next few months to lay out our long-term growth plan.

We'll have an updated resource on Amaruq. We'll have an initial resource at Barqueño. We should have updated mineral reserve and resource in Mexico for both La India and Creston Mascota.

We look forward to more drill results at the parallel zone at Kittila, and I think most importantly, being able to update the Nunavut strategy. And not only the Nunavut strategy, but the longer-term sort of building blocks for the Company. And we would put LaRonde, plus the ability to increase throughput at LaRonde and take advantage of the headroom in the plant in that, as well as Goldex and Akasaba.

So that's where we're moving forward, and at this point I'd like to take questions.

Operator? Operator?

**Operator**

Yes?

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**Sean Boyd**

Can we open the line for questions, please?

**Operator**

Yes. We can.

**Sean Boyd**

Thank you.

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## Q&A

**Operator**

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

Okay. We do have a first question from Mike Parkin. Please go ahead.

**Mike Parkin — Desjardins**

Hi, Sean and guys. I just had a question on the Mexican operations. I notice on your charts there in the presentation it all shows cost per tonne ticking up quarter over quarter. Anything explaining that? It seems to be kind of an annual thing on some of the assets, but I was just wondering if you had any comments on that?

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

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Yeah. It's Tim here. One of our comments normally is don't pay a lot of attention to the mine site costs per tonne at Pinos Altos because that's a multi-process, multi-mine-type operation. So it's an underground mine, open-pit mine, mill, heap leach, variable strip ratios, so it's going to be noisy; it's going to move around.

At La India and Creston Mascota, I think you can probably attribute some of the movement in the mine site cost per tonne to mine productivity, which usually slows down a little bit during the rainy season.

**Mike Parkin**

All right. Thanks, guys. That's it for me.

**Sean Boyd**

Next question, Operator.

**Operator**

Yes. The next question will come from John Tumazos. Please go ahead.

**John Tumazos — Very Independent Research**

Congratulations on the record output and all the progress.

**Sean Boyd**

Thank you.

**John Tumazos**

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At Kittila in the new zones, are the metallurgies the same sulphur and carbon contents? Do you think the ores would process at the same rates in the existing treatments facilities?

**Sean Boyd**

Yes.

**John Tumazos**

And the reserve life already is 20 years or more. What are the logical increments for the next few expansions there?

**Sean Boyd**

Yeah. The metallurgy's the same, and what we're really trying to determine is the extent of the zone and the proximity of the zone to the existing underground workings, including the ramp that's moving from the main zone area out to the Rimpi area.

And that's an operation that's running at about 4,000 tonnes a day. The plant can probably do 20 percent more than that, but at this point we are probably maxed out on the mining rate. But if this zone materializes, given its proximity to the main zone, then there's certainly an opportunity for roughly the same amount of development to access more tonnes and hopefully increase the mining rate. So that's the opportunity.

That's why we've introduced a second drill that will start before the end of the year in the ramp and drill that area more aggressively.

**John Tumazos**

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Thank you. If I could ask a different question, at Meliadine what's target for resource conversion? Should we expect reserves to go up 10 percent? 20 percent? 50 percent? Obviously, there's a lot of—7 million ounces of resources there.

**Sean Boyd**

Yeah. We haven't really been focused on conversion drilling at Meliadine. It's—the budget was largely focused on the underground ramp access to the deposit. So we shouldn't see any change in the classification of the resource reserve for the February update.

**John Tumazos**

Thank you.

**Operator**

And, ladies and gentlemen, if you'd like to ask a question, please press \*, 1 on your touch-tone phone.

We'll now take the following question from Patrick Chidley. Please go ahead.

**Patrick Chidley — HSBC**

Yeah. Hi, everybody. Just a question on Amaruq then. Just between the two zones, the Whale Tail and the Mammoth Lake, that one hole there you drilled there appears to be pretty significant to join up the zones. Have you got any more drilling there? And what's the sort of plan for the next sort of few months to be able to infill that further?

**Donald Allan — Senior Vice-President, Corporate Development, Agnico Eagle Mines Limited**

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Yes. Donald speaking. We filled the gap between Mammoth 1 and Whale Tail, and for now we receive a few holes that they show the concentrates there between Mammoth 1 and Whale Tail.

But while we think how this (unintelligible) to be sure that we can have some economic envelope between the two zones. That is early to conclude about that, but is looking good for now.

**Patrick Chidley**

Okay. So the width looked pretty similar?

**Donald Allan**

It could be similar for now what we saw.

**Patrick Chidley**

Okay. And you highlighted some stuff in the V zone, so I'm wondering if that is in the current resource? Or is that outside of the current resource?

**Donald Allan**

For now what we did when we compare with that (unintelligible) speculation, we calculate 100,000 ounces on V and moved up the program last year when we discovered Whale Tail. And this year we completed the program, the commercial program on the Whale Tail, and before the program started we moved a few rigs on V zone.

And what we saw is a completely terrain (phon) zone that last year we understood better the zone. And we saw three lengths dipping to the south, 30 degrees to the south: 1V, 2V, and V3. And what you saw on the table is more V2 and bigger grade, bigger thickness, and what we think

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again is (unintelligible) to conclude about the size, but the size would be—we'll know the size next year when we restart the program during winter.

**Patrick Chidley**

And when do you kind of start up drilling again?

**Donald Allan**

We stop October 13th. We bring the guys in January, and probably mid-February the program will restart next year.

**Patrick Chidley**

Okay. Great. Thank you very much.

**Operator**

We'll now take the following question from David Haughton. Please go ahead.

**David Haughton** — CIBC World Markets

Good morning, Sean and Tim. Thank you for the update. Still on Amaruq, just having a look at the Whale Tail to Mammoth, could you envisage that as a single pit?

**Donald Allan**

It could be a single pit, but what you saw, the table on the V zone, now we will focus on V zone because it's looking very close to the surface. That could be three zone if the first zone have a certain continuity, but again we have continued to really see all the certificate between Mammoth 1 and Whale Tail.

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It's hard to conclude right now because we don't have the certificate in hand, and we will conclude more in December if we find something between Mammoth 1 and Whale Tail.

**David Haughton**

Okay. And also looking at the long section that you provided in relation to that plunging chute, does this suggest that there's a lot more potential for the underground than what we'd previously envisaged?

**Donald Allan**

Yeah. You're right. When you're looking—we know last year that we have some holding on the deposit. The zone is dipping south, and when looking at the trend from the west to east, it is plunging to the east.

We can see the zone is increasing in thickness and is completely open at depth to the east, and is something that we have to focus next year for underground complement or the feasibility study.

**David Haughton**

Okay. And Sean had mentioned in the commentary that you have got receipt of the permit for the road and that construction would take place in 2016. What sort of capital should we be thinking about for the road?

**Sean Boyd**

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I misspoke on that. We expect to get the permit before the end of 2016, and we don't expect an issue.

**David Haughton**

Okay.

**Sean Boyd**

We do have the Nunavut Planning Commission conform—or say that the road conformed to the land use. And we've always said the capital expectations there are sort of in the 90 million to \$100 million range for the road.

**David Haughton**

Yeah. So that may have been my mistake in not hearing properly, I don't know.

**Sean Boyd**

Yeah. I think I probably misspoke there. Yeah.

**David Haughton**

All right. Great. Thank you very much.

**Operator**

Ladies and gentlemen, as a reminder if you would like to ask a question, please press \*, 1 on your touch-tone phone.

We'll now take the following question from Andrew Quail. Please go ahead.

**Andrew Quail — Goldman Sachs**

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Good morning, gentlemen, and congratulations on a very solid quarter. Just switching gears away from Amaruq. Malartic, the production at Malartic was very solid, and you're moving very close to the design grades at the operation. I'm just wondering if you can give us a sense of with the work that you're doing on improving performance and productivity, I mean do you think that you'll be able to hit 55,000 tonnes within the next, say, 12 months? Or what is your thought process in that regard?

**Yvon Sylvestre** — Vice-President, Technical Services and Construction, Agnico Eagle Mines Limited

This is Yvon here. No, I think the performance at the sites have been very good. I think most of the performance in the last quarter have been relating to getting better crusher availability and feeding the crusher on an constant basis, and having dome inventory being constant has shown that we can provide more tonnes on a continuous basis.

As far as the question are we going to be able to advance the 55,000 earlier, that won't happen until 2017 until we get critical permits on the crushing side. So I think what you saw this year will be a very similar picture for next year.

**Andrew Quail**

All right. Thank you very much.

**Operator**

We'll now take the following question from Stephen Walker. Please go ahead.

**Stephen Walker** — RBC Capital Markets

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Thank you, Operator. Good morning. Sean, I just had a question on capital allocation, if you would. If we assume that the organic projects, Goldex, Kittila, Pinos Altos, Creston, gets funded out of cash flow or operating cash flow and new capital projects, can you talk a little bit about how you envisage the funding for Amaruq, Meliadine, El Barqueño, particularly the timing of Meliadine? And what alternatives could be considered in the context of the current spot gold price or \$1,200 gold price? How you could see the financing and funding for not so much worried about Amaruq here near term, but I'm thinking more about Meliadine and El Barqueño?

**Sean Boyd**

Yeah. There's really no change in sort of the updates we've had over the last few weeks. I think we've been actively, in fact, quite busy over the last several weeks gathering information and continuing to gather information on all of the opportunities we have. And some of that information gathering is still in the drilling phase leading to updated resources or initial resources, as well as updating some studies.

So I think we're still proceeding down on the time line that we've been consistently talking about with our shareholders as to sort of early next year having the opportunity to pull all of this together, so no change there.

But we're looking at a CAD \$1,500 gold price, and I think as Dave Smith pointed out, back in 2011 I think the highest price we averaged in Canadian dollars over a quarter was sort of in the

CAD 1,650 range. So this is still a very robust price in an area where we have three-quarters/two-thirds of our business, so we have to look at it in that context.

And I think from Nunavut, our experience tells us is this will be one of our key operating platforms over a number of years. So what we're trying to do is see how we can fit it in, generate the returns that we feel we need there, and I should say that Meliadine's return will go up from what's in the 43-101 as we incorporate resource in there.

But what we're trying to do is put a growth plan in place that doesn't introduce excessive risk into our business. And that's what we're working hard at doing, and if it means we have to pace things out, we'll pace things out. And we're still in that phase where we're gathering information to make those determinations over the next few months.

**Stephen Walker**

Okay. Thank you very much for that, Sean.

**Sean Boyd**

Okay.

**Operator**

We'll now take the following question from Greg Barnes. Please go ahead.

**Greg Barnes — TD Newcrest**

Yeah. Thank you. Steve actually kind of jumped on top of my question already but, Sean, you mentioned Nunavut eventually being similar to the Abitibi in terms of scale. I know you're

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obviously gathering information on this, but what kind of time frame are you thinking? Is this a five-year initiative, ten year? What do you think?

**Sean Boyd**

I'd say minimum five. We have to think long term. Amaruq would be a big part of that, obviously; it's still very early.

Our focus there is to identify a second source of open-pit ore. We feel that gives us the best chance to utilize the full availability of the Meadowbank plant, which would certainly drive the economics. And that would be, I think, the biggest single swing factor on the ultimate production coming out of the Meadowbank facility, and that'll be driven largely by grade.

So it's still early, but if we look at the Abitibi, our sense is, and what we're still working on, is we know in our mine plan if LaRonde get up to 373,000, 375,000 ounces in our budget and our life of mine planning we know that we're going to have about 2,000 tonnes a day of extra unused capacity in the LaRonde plant, which would allow us to add some ounces possibly from Bousquet, so we're still studying that low-capital investment. So that could take that complex to 400.

Malarctic is 300, a little over, and Goldex we think with Akasaba we could get that up to sort of the 140-ish area, so that's over 800. And our longer-term objective, given Meliadine and given what we see at Amaruq and its proximity to Meadowbank, is that certainly has the potential of being 800-ish.

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So minimum or earliest that could happen is likely five years from now, but if it means we have to take a bit longer because we have to manage risks, then we'll do that.

**Greg Barnes**

Meliadine is the key to that level of production, and it's going to be a difficult decision.

**Sean Boyd**

Yeah. Of course it is, largely because of the capital, but I wouldn't look at Meliadine as a 10 percent rate of return project. I would look at it as a project that we can likely get to our IRR hurdle rate, which is 15 percent. So we have to look at it in that context.

The question then becomes pace, and I think what we're seeing in Nunavut with that platform is it's an area where we've said many times it is an area we're extremely comfortable doing business in. We can get things done there. We have a unique skill set that we've developed there since 2007, and what a 10 million ounce deposit growing at Meliadine tells us and what we're seeing at Amaruq in terms of exploration tells us it's a part of the world that is just getting starting in terms of understanding the mineral wealth that exists there, and we have a huge head start. So why should—for us it's a no brainer, actually.

It's a great place to employ capital. We've got people that have a demonstrated ability to add a lot of value when they get centred on an operating region and a platform. And just like we've been in Quebec for 40 years and we expect to be in Finland for multi decades, we would certainly expect to be in Nunavut for multi decades as well.

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So how we get there, we're not sure yet, but we have the experience and the skills to get us to where we need to be to make that a very meaningful part of our business going forward.

**Greg Barnes**

Okay. Thanks, Sean.

**Operator**

We'll now take the following question from Tanya Jakusconek. Please go ahead.

**Tanya Jakusconek — Scotia Capital**

Good morning, everybody.

**Sean Boyd**

Good morning.

**Tanya Jakusconek**

I have a couple of questions. The first one is on taxes. Maybe Dave can walk us through what exactly happened with the taxes in the quarter and what we should think about; just trying to get my head around that. And then my second question, Sean, is for you, just on the Lapa availability. You mentioned Bousquet as a potential source of ore. Is that anything in the open pit? Or would we be going (unintelligible)?

**Sean Boyd**

Yeah. I'll do that before you get to the excitement of tax.

**Tanya Jakusconek**

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I know. I didn't know who to ask.

**Sean Boyd**

I'll deal with that. It'll be underground. There's several hundred thousand ounces of resource that have been there for the longest time. It never made sense because it didn't make sense to potentially crowd out other, more highly valued tonnage in the region coming from Lapa, but it may make sense as an incremental addition to the LaRonde complex.

We haven't decided one way or the other what we're going to do. We've identified it as an opportunity, and our project development group in our northern business is working on that right now.

We've had studies that have been done over the last sort of five to ten years on that issue, so it's more of sort of updating that work. And it'll still take us a few quarters to get that work done to decide whether it makes sense for us.

**Tanya Jakusconek**

Would we need to refurbish that fast? And do we have to de-water?

**Sean Boyd**

Yeah. You have to de-water.

**Tanya Jakusconek**

Mm-hmm.

**Sean Boyd**

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Yeah. It's not—we don't see it as a massive undertaking to get that operation pre-started if the returns are there.

**Tanya Jakusconek**

Okay. Before going to taxes and our excitement, maybe just the costs at Canadian Malartic; with the throughput increasing, where do we see the \$22 a tonne cost moving to?

**Sean Boyd**

Yvon is going to take that one.

**Tanya Jakusconek**

Okay. Thank you.

**Yvon Sylvestre**

Could you repeat the question, Tanya? I'm not sure I understood.

**Sean Boyd**

Malartic costs, where would they go when we get the throughput up from the current level of 53,700 up to 55,000?

**Tanya Jakusconek**

Yeah.

**Yvon Sylvestre**

Well, I think there's always going to be pressure for costs to go up a bit because—

**Tanya Jakusconek**

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Mm-hmm.

**Yvon Sylvestre**

—there's going to be costs (phon) for deferred stripping as the stripping ratio goes down in the pit. So it's more the deferred stripping that's going to define the OpEx structure down the road.

**Tanya Jakusconek**

Okay. And the processing costs per tonne?

**Yvon Sylvestre**

They're going to be relatively flat going forward.

**Tanya Jakusconek**

Okay. So in that (uintelligible) offering?

**Yvon Sylvestre**

Yeah.

**Tanya Jakusconek**

Yeah. Okay. Thank you.

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

I was kind of hoping you were going to forget about the tax question, Tanya.

**Tanya Jakusconek**

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Oh this is the exciting time (phon).

**David Smith**

Okay. So it is highly unpredictable, and I don't blame you for not understanding it, but with the effective—IFRS effective tax rate method, it's going to be highly volatile quarter to quarter. But overall for the full year, we still reiterated our guidance at 40 to 45 percent overall. But apologies that it's quite unpredictable during the year.

**Tanya Jakusconek**

Yeah. But maybe just what happens against that gain in the quarter?

**David Smith**

Yeah. So there's a variety—the tax rate, the effective tax rate is applied asset by asset, and then there would be exploration expense and so on. Just the way the effective tax rate works out, there's this huge recovery this quarter, and it's just literally applying the IFRS methodology.

It is literally as simple as that, but it does effectively reverse throughout the full year if you have a gain like that, which is unusual.

**Tanya Jakusconek**

But it's not treated as an unusual item?

**David Smith**

No. I guess there's no avoiding the volatility, unfortunately, and it averages out. If you want to get into the details—

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**Tanya Jakusconek**

Yeah. We could take it off line.

**David Smith**

Yeah. Give me a call...

**Tanya Jakusconek**

Yeah.

**David Smith**

And we'll get Pat (phon), the tax guy, to sit, but it's really quite complicated.

**Sean Boyd**

You'll need to book a lunch.

**Tanya Jakusconek**

Oh my god. All right. Thank you, guys.

**Operator**

Ladies and gentlemen, as a reminder, if you'd like to ask a question, please press \*, 1 on your touch-tone phone.

We'll now take the following question from Anita Soni. Please go ahead.

**Anita Soni — Credit Suisse Securities**

Good morning, guys.

**Sean Boyd**

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Good morning.

**Anita Soni**

I mostly just continued with my question just to see how my name would be pronounced, but it seemed like she did okay. So my question, I guess, the one that remains is with regards to Goldex and the grades that you have. It seems like you had a pretty good quarter with some good grades coming out of the M zone. How do you expect that to pan out over the next quarter and into the next year?

**Yvon Sylvestre**

Well, I think the production profile for Q4 will be quite similar to the production profile in Q3. We continue to get better-than-expected reconciliation in the M zone because of a greater proportion of free gold in that area.

We've also had in some areas some better reconciliation in the E zone, so it's—I think at this stage maybe your block model mainly for the M zone is a little bit conservative.

**Anita Soni**

Okay. A similar question with LaRonde; I think you were pulling a little bit more from the—sorry, I'm a little bit tired here—but the underground area—sorry, I forgot what it's called now—the deeper zone at LaRonde. Is that going to continue for the next little while? Or do you anticipate going back up to the higher areas?

**Yvon Sylvestre**

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Well, I think the production profile for Q3 and Q4 will be quite similar at LaRonde. And as we move into 2016/'17, we'll continue to increase the level of numbers of stopes in the—at depth and as we move to the west, and we'll get into the reserve grade after '18, essentially.

**Anita Soni**

Thank you very much and congratulations on a good quarter.

**Sean Boyd**

Thank you.

**Operator**

I will now take the following question from Boteer Shapov (phon). Please go ahead.

**Unidentified Speaker**

Hi, everyone. Just a couple of questions for me. First on Kittila; if, let's say, all goes well and the parallel zone extends to, let's say, closer to the ramp there, conceptually when do you see a potential increase maybe in the mining rate and tonnage there to fill that 20 percent extra capacity out of the mill?

**Yvon Sylvestre**

Well, I think we're focused at this stage at improving the overall economics. And there was an earlier question to the same effect, and we're working on a life of mine number or improvement program down the road that would see a larger throughput rate to match the current capacity it's built.

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I think the timing for all of that is probably '17, '18 onwards, which is basically the timing for the production to begin in Rimpi parallel zone. We need to better understand in the next year, and we could possibly see some production around the 800-metre level coming into production perhaps '19, '20, down the road.

**Unidentified Speaker**

Okay. And how does it maybe impact your thinking about sinking the shaft there near that zone?

**Yvon Sylvestre**

Well, I think with the next three or four years we continue to mine—the mine plan is focusing on reserves above the 600 level. And as we start mining at a greater depth down the road past 2020, the shaft will become both strategic for operation costs and they'll both be post-strategic for exploration purposes.

So that's all part of our capital allocation process that we're looking into now, and we'll provide a little more colour on that in 2016.

**Unidentified Speaker**

Okay. Great. And just a quick follow-up. In Q2 you increased your CapEx for the year, and then you cut it now by \$50 million in Q3. Maybe if you could provide a bit of detail where is this CapEx coming out from?

**Sean Boyd**

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No. It wasn't really a cut. It's about 35 million of the 50 million is FX-driven, the change in the currency, and about 15 million was a deferral into next year largely from Mexico, next to the (phon) southern business.

**Unidentified Speaker**

Great. Thank you so much.

**Operator**

We'll now take the following question from Don MacLean. Please go ahead.

**Don MacLean — Paradigm Capital**

Hey, guys. I have a four-part question on taxes.

**David Smith**

Great.

**Don MacLean**

Just kidding, Dave. Slightly more exciting—only slightly—is actually about G&A and maybe about the Nunavut platform, Sean. If you look at the G&A cost burden as a percentage of your costs currently for the Meadowbank operations, could you give us a sense of what percentage they are now? And if you look forward to that larger platform what might happen to those?

**Sean Boyd**

Yeah. We'll let Yvon talk about the costs, and then I'll come back and just talk about some of the initiatives we're working on.

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**Yvon Sylvestre**

Well, the G&A costs I don't have the exact number at this stage, but they're roughly one-third of our OpEx number. And the other part of dealing with our reality with other projects down the road because the cost of bringing in the material (phon) people and so on is higher than most operations because it's the—I think it's going to be quite similar to what we're seeing now, in relative terms, as to what we're seeing now at that rate (phon).

**Sean Boyd**

In the bigger picture, though, I think what we haven't fully realized is the synergies with the Quebec logistical support base and skill set there and the sort of emerging platform in Nunavut. And we do have one senior manager assigned to the task of the joint services or the shared services and trying to understand ways that we can provide those services to the Nunavut platform in a more cost-effective way and utilizing the experience base that we have in Quebec, both from a skill point of view, but largely from a planning and logistics point of view.

So with two projects those costs can get spread out and we'd have more opportunities for shared services. So that's still a work in process. We've just sort of made those people reassignments over the last few months or so in conjunction with establishing a new team for the Nunavut strategy and the Nunavut business.

And so we certainly expect to be able to get some costs out of what we're currently seeing now that are being borne by Meadowbank.

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**Don MacLean**

And so, Sean, when you talk about Meliadine as being more conceptually like a 15 percent rate of return your hurdle, are you bringing that into account the synergies on the G&A?

**Sean Boyd**

No, no. Because...

**Don MacLean**

Or that...

**Sean Boyd**

Everything up till now has been done in isolation, so we haven't got to the stage where we understand all of those synergies to be able to incorporate them in. And we won't expect to have that done before the first quarter of next year.

So this is more of a multi-quarter process to identify and unlock those synergies, and part of it is can we do more from the south? Can we do more from our Quebec base to support the operation or the emerging platform in Nunavut because one of the biggest costs is transportation of people and housing of people in the north?

So we're relooking at all of that now in conjunction with a potentially larger platform in Nunavut. We can see the benefits, though, just from exploration. The fact that we're able to tag on the exploration support on to the Meadowbank production infrastructure. And that's why our costs

to drill a metre in Nunavut are \$300 a metre, where a junior would probably be paying triple right now.

So it's a matter of coordination and planning and logistics. The better you're able to plan and the more effective that plan is, the lower your costs are.

I think we had to figure that to move a pound of equipment or material by barge it's under \$0.10 a pound. To fly it in it's close to \$9, so a lot of that thinking still needs to be done as we try to see how those things come together.

**Don MacLean**

Terrific. Thank you.

**Operator**

There are no further questions. Please continue, Mr. Boyd.

**Sean Boyd**

Thank you, Operator, and thank you, everyone. I know it's a busy day, so thanks for your attention to our conference call.

**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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