

Measured and responsible growth.



AGNICO EAGLE

2019

Agnico Eagle Mines Limited
Annual Report



Agnico Eagle Mines Limited is a senior Canadian gold mining company that has produced precious metals since 1957. Our operating mines are located in Canada, Finland and Mexico, with exploration and development activities in each of these regions, as well as in the United States and Sweden. Agnico Eagle and our shareholders have full exposure to gold prices due to our long-standing policy of no forward gold sales. We have declared a cash dividend every year since 1983.

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On the cover

Agnico Eagle has established a valuable reputation for staying true to our mission, faithfully executing our business strategy, and for delivering measured responsible growth. In 2019, our responsible growth story took on a new dimension as we began an awareness campaign to ensure stakeholders are aware of Agnico Eagle's track record of business success, value creation and social responsibility.

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Our Civic and Global Corporate Responsibilities in this Time of Crisis

These are challenging and uncertain times for Agnico Eagle employees and our operating communities. The outbreak of the COVID-19 pandemic has disrupted the way we do business and more broadly, shaken the foundation of society and our global economy.

While we cannot predict or know the full gravity of this disaster at this time, we want to assure you that Agnico Eagle is doing everything within our power to protect our people and keep our business strong.

We have closed or pared back our mining operations where necessary, and we have taken the precaution of sending our entire Nunavut-based workforce home in order to reduce the chance of the virus spreading to the local Indigenous community.

While the situation is changing rapidly, Agnico Eagle has the financial strength and resilience to help weather this pandemic crisis.

Our resilience extends to our employees, who are using their creativity to do the right thing by their colleagues, their communities and their families. It is through their leadership, discipline and responsible behaviour that we will protect one another and meet the challenging days ahead with calmness, professionalism and a pioneering team spirit that has helped us through tough times during our 60-plus years in business.



Message from the CEO

Agnico Eagle has established a valuable reputation for staying true to our mission, faithfully executing our business strategy, and for delivering measured responsible growth.



\$881.7M

Record cash provided by operating activities

25%

Increase in dividends in 2019

18%

Forecast increase in gold production from 2019 to 2022

Investors have naturally focused on the “measured” aspect of our growth story – our track record of operational performance, our exploration and mine building expertise, and our commitment to building a high-quality, low-risk and self-funding business.

But for Agnico Eagle, the story we are equally proud to tell is one that is at the heart of our company, our culture and our business success. It is the one that emphasizes responsible growth, socially accepted growth, sustainable growth.

Our ability to consistently deliver on this aspect of our strategy has earned Agnico Eagle a reputation as a leader and partner of choice within our industry. In 2019, as the gold industry continued to consolidate and calls for environmental, social and governance (ESG)¹ standards grew, it was the right time for Agnico Eagle to highlight our track record of ESG leadership: to step forward for ourselves, speak out for others, and to drive home the message that responsible mining can bring prosperity and a better quality of life for the benefit of future generations.

Measured Growth

In 2019, we successfully brought two new mines into production in the Canadian Arctic, leading to record gold production. For the eighth consecutive year we exceeded our production forecast, delivering 1.78 million ounces of gold. We remain confident in our business with 18% production growth forecast through 2022, leading us to increase our quarterly dividend by a further 14%.

Our operations generated record cash flow for 2019, mainly due to higher gold sales volumes and prices. This helped offset the teething pains and higher initial costs we experienced at bringing our Amaruq satellite deposit and Meliadine mine into production. We have plans in place to improve productivity and optimize these operations as they continue to ramp up during 2020.

Our record production was safely achieved, with a 9% reduction in our combined global accident frequency rate and record safety performance posted by our LaRonde, Goldex and Kittila mines. We aspire for continuous improvement in all areas of our business and in 2020, we will redouble our efforts to reduce workplace injuries and reach our goal of zero lost-time accidents.

Agnico Eagle has the highest mineral reserve grades among our North American peers, with 2019 being the fourth consecutive year of improved gold grades.

Sustainable Growth

With our Nunavut platform now built and ramping up to full production, we will use our free cash flow to advance key near-term pipeline projects to drive future production growth.

In Canada, we plan to accelerate the Phase 2 expansion of the Meliadine mine, using extra capacity to process open pit ore from the Tiriganiaq deposit beginning in 2020. We continue to advance the Amaruq underground project and expect to announce our plans for this project later this year. Meanwhile, evaluations continue at our other projects in Canada at Kirkland Lake, Hammond Reef, and the potential for an underground operation at Canadian Malartic.

In Mexico, the Amelia deposit continued to grow with drilling at the Santa Gertrudis project extending high-grade mineral resources, opening up the potential to restart operations at this past-producing heap leach mine. In Finland, the Kittila shaft and mill expansion project advanced on schedule, with completion expected in late 2021. This project is expected to grow production at Kittila by approximately 25–30% over current levels to more than 250,000 ounces as new sources of ore are developed underground.



Market Growth Outlook

Gold shone during 2019 with its best performance since 2010 and we remain bullish on the outlook for 2020. Gold continued to prove its worth as a store of wealth and as an investment of choice in uncertain times. Economic growth remains lacklustre, global debt ratios keep rising, low interest rates are expected to continue, and gold purchases by central banks will likely remain robust – all providing a supportive environment for gold investment in 2020 and beyond.

Responsible Growth

In 2019, our responsible growth story took on a new dimension as we began an awareness campaign – **We Make Mining Work** – to ensure stakeholders are aware of Agnico Eagle's track record of business success, value creation and social responsibility; and to reinforce our support for the communities, including Indigenous communities, where we operate. We have worked hard to earn our reputation as a partner of choice by being reliable, operating with respect for others, sharing opportunity and building trust.

In 2019, we called for the Canadian Government, the Nunavut Government, and local northern communities to join us in developing a solution – an **Arctic Strategy** – that creates a singular vision for the social and economic development of Canada's North.

For our part, in addition to the \$5 billion we have invested in our Nunavut business to date, Agnico Eagle has made – and continues to make – extensive investments in the social, economic, transportation and energy infrastructure of Nunavut.

We are working with a coalition of stakeholders to bring greener power to Nunavut, whether through territorial hydro projects or other clean sources of power – including the potential for a wind farm at our Meliadine site using a local Inuit renewable energy entity. Not only would we quickly be able to reduce diesel consumption and greenhouse gas emissions in the North, the project would bring many advantages to Nunavut communities, including the creation of jobs.

We have announced a \$5 million (CDN) commitment toward developing the Mining Training Centre in Rankin Inlet and to providing critical funding to help combat mental health issues facing Nunavut youth. These funds complement our previously pledged \$5 million toward building a university in Iqaluit in order to provide a more robust system of post-secondary education for Nunavummiut.

These are all major, nation-building initiatives that are only possible for us to invest in because of the financial strength and flexibility provided by our disciplined, self-sustaining and self-funding business.

Going forward, we will continue to respect our environmental and social commitments and demonstrate leadership and continuous improvement in ESG matters.

On behalf of everyone at Agnico Eagle, I want to thank Don Allan and Alain Blackburn for their years of service to our Company. Don retired as Senior Vice-President Corporate Development after 18 years with Agnico Eagle, while Alain served as our Senior Vice-President of Exploration since 2006 and has been with

the Company for 31 years – both providing vital leadership during the most exciting period of growth in Agnico Eagle's history. We also welcome Carol Plummer to the Executive team who has been appointed Senior Vice-President Sustainability. She is following in the footsteps of Louise Grondin, who retires at the end of 2020, and who has played a pivotal role in ensuring the responsible growth of our business.

SEAN BOYD
Vice-Chairman and
Chief Executive Officer

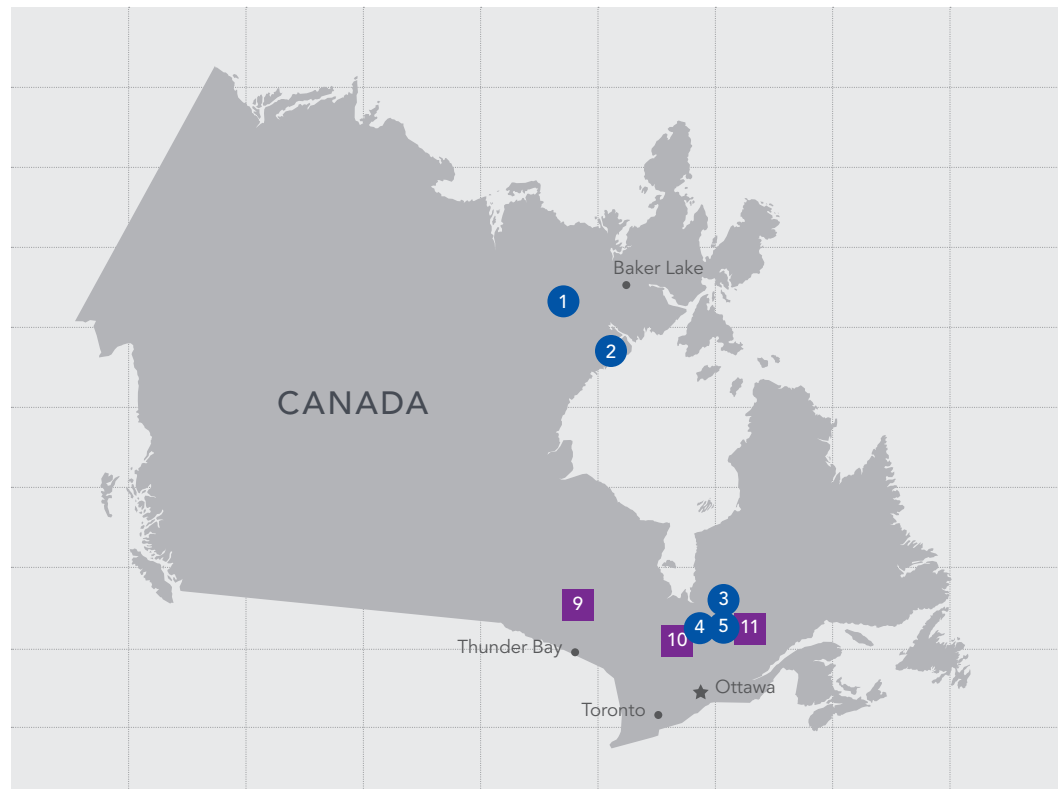
March 17, 2020

1. ESG stands for the Environmental, Social and Governance criteria investors are increasingly applying as part of their analysis to identify material risks and growth opportunities. <https://www.cfainstitute.org/en/research/esg-investing>



Our world-class operations continue to execute our business strategy and deliver high-quality growth while maintaining high performance standards in health, safety, environment and community development.

2019 Agnico Eagle At-a-Glance



2019 Production

Gold (in ounces)
1.78M¹

Silver (in ounces)
4.31M

Zinc (in tonnes)
13.2k

Copper (in tonnes)
3.4k

● Operating Mines

1. Meadowbank Complex (100%)
Nunavut, Canada
Open pit mine in Nunavut Territory, northern Canada

2019 payable production (ounces of gold):
193,489¹

4. Goldex Mine (100%)
Quebec, Canada
Underground mine in Abitibi region, Quebec

2019 payable production (ounces of gold):
140,884

7. La India Mine (100%)
Sonora State, Mexico
Open pit mine with heap leach operation in Mulatos Gold Belt

2019 payable production (ounces of gold):
82,190

2. Meliadine Mine
Nunavut, Canada
Underground mine in Nunavut Territory, northern Canada

2019 payable production (ounces of gold):
238,394¹

5. Canadian Malartic Mine²
Quebec, Canada
Open pit mine in Abitibi region, Quebec

2019 payable production (ounces of gold):
334,596¹

8. Pinos Altos & Creston Mascota Complex (100%)
Chihuahua State, Mexico
Open pit and underground mine with milling and heap leach operation in northern Mexico (gold, silver by-product)

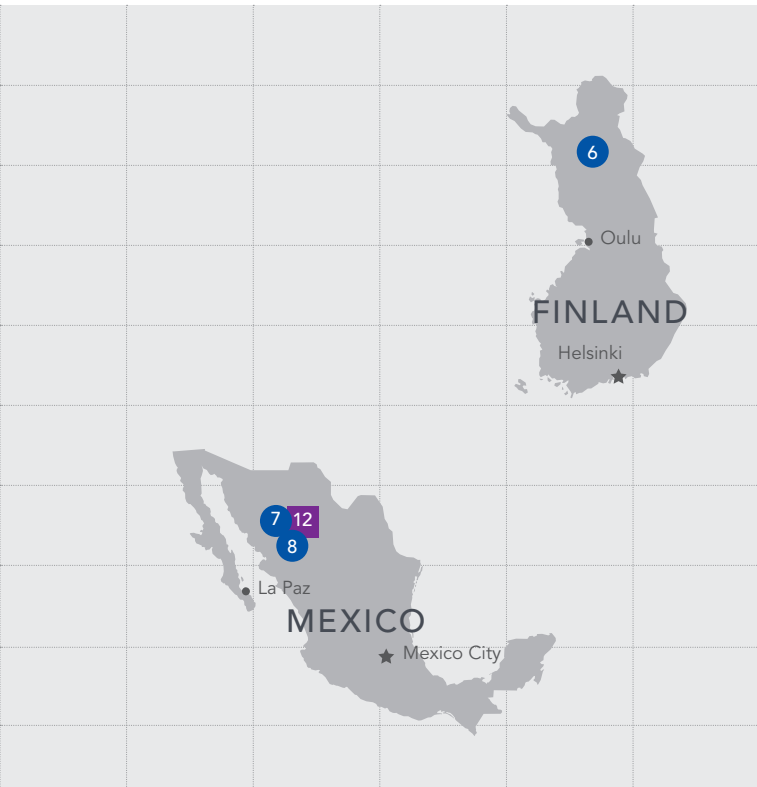
2019 payable production (ounces of gold):
Pinos Altos Mine **155,124**
Creston Mascota Mine **48,380**

3. LaRonde Complex
Quebec, Canada
Underground mines in Abitibi region, Quebec

2019 payable production (ounces of gold):
LaRonde Mine **343,154**
LaRonde Zone 5 Mine **59,830**

6. Kittila Mine (100%)
Lapland, Finland
Underground mine, northern Finland

2019 payable production (ounces of gold):
186,101



■ Exploration Projects

9. Hammond Reef (100%)
Northwestern Ontario,
Canada

The Hammond Reef gold exploration project is an open pit project. Measured and indicated mineral resources have been outlined.

11. Canadian Malartic – Odyssey, East Gouldie & East Malartic Projects²
Quebec, Canada

Potential new source of underground ore located east of the Canadian Malartic mill.

10. Kirkland Lake (100%)
Northeastern Ontario,
Canada

The Kirkland Lake project covers approximately 27,312 hectares and mineral reserves and mineral resources have been outlined on several properties.

12. Santa Gertrudis (100%)
Sonora, Mexico

An historical heap leach operation that produced approximately 565,000 ounces of gold at a grade of 2.1 g/t gold from 1991 to 1994.

1. Includes pre-commercial gold production of 35,281 ounces at the Meadowbank Complex; 47,281 ounces at Meliadine; and 3,137 ounces at Canadian Malartic.
2. 50% ownership.

2019 Operational Highlights

1.78M¹ oz **\$673**

Record annual gold production

Total cash costs per ounce

25%

Increase in dividends in 2019

5%

Increase in mineral reserve gold grades

\$881.7M **11,100**

Record cash provided by operating activities

People

2019 ESG Highlights*

520,832

Tonnes of CO₂ equivalent

20.5M

Cubic metres fresh water use

0.99

Combined lost-time accidents and restricted work frequency achieved

\$7.4M

Community investments



* Does not include data from the Canadian Malartic Mine.



Environmental, Social and Governance Summary Performance

In 2019, we continued to improve Agnico Eagle's health and safety performance and had no major incidents impacting the environment or our operating communities. Throughout the year, we strengthened the governance of our water and tailings management programs and reduced our overall greenhouse gas emissions. We continued to contribute to the quality of life in our host communities and developed a Diversity and Inclusion Action Plan. For 2020, we plan to implement our Indigenous Peoples Strategy and set climate change targets.

	2019 Priorities	2019 Progress
Workplace*	No Fatalities	No Fatalities
	1.10 Combined Lost-time accidents and restricted work cases frequency (per 200,000 person hours worked)	Achieved a combined lost-time accident and restricted work cases frequency (per 200,000 person hours worked) of 0.99
People	Developing an action plan on Diversity and Inclusion	Completed
Environmental Incidents*	Zero major or catastrophic environmental incidents	Zero major or catastrophic environmental incidents
Water Management*	Developing a water governance program for 2020	In 2019, we used 8.7Mm ³ of fresh water or 6.0 m ³ /oz produced – Developed a new Responsible Mining Management System (RMMS) Corporate Standard for water management.
Climate Change*	Set targets around climate change for 2020	In 2019, we emitted 520,832 tonnes of Co ₂ e or 0.36tCo ₂ e/onz produced. Lowest emitter compared to our peers (average of industry 0.67)**
Tailings Management	Strengthen the governance of our tailings management program	An Engineer of Record (EoR) was assigned to each operation: – A Responsible Person (RP) was designated at each operation; – Functioning Independent Review Boards (IRB) were established for each operation; – A quantitative risk assessment for all Tailing Site Facilities was developed and initiated; – Implemented a new RMMS Corporate Standard for critical infrastructures.
Community Relations*	Zero severe incidents involving local communities	Zero severe incidents involving local communities
	Invest in community programs that contribute to quality of life in host communities	Community investment was \$7.4 million
	By FY2020 Implement our Indigenous Peoples Strategy	In progress

* Does not include data from the Canadian Malartic Mine.

** MF Gold ESG Analysis 2019.



Corporate Governance

We strive to earn and retain the trust of shareholders through a steadfast commitment to sound and effective corporate governance. Our governance practices reflect the structure and processes we believe are necessary to improve the Company's performance and enhance shareholder value.

Our Board of Directors consists of 10 directors, of which all but one director are independent from management. The Board of Directors is ultimately responsible for overseeing the management of the business and affairs of the Company and, in doing so, is required to act in the best interests of the Company. It discharges its responsibilities either directly or through four committees – the Corporate Governance Committee, the Audit Committee, the Compensation Committee, and the Health, Safety, Environment and Sustainable Development Committee.

The Board of Directors recognizes that diversity is important to ensuring that the Board of Directors as a whole possesses the qualities, attributes, experience and skills to effectively oversee the strategic direction and management of the Company. It recognizes and embraces the benefits of having a diverse Board of Directors and has identified diversity within the Board of Directors as an essential element in attracting high-calibre directors and maintaining a high-functioning Board of Directors. It considers diversity to include different genders, ages, cultural backgrounds, race/ethnicity, geographic areas and other characteristics of its stakeholders and the communities in which the Company is present and conducts its business.

The Board of Directors does not set any fixed percentages for any specific selection criteria as it believes all factors should be considered when assessing and determining the merits of an individual director and the composition of a high-functioning Board of Directors. The proportion of women is currently 33% of the non-executive directors and the proportion of non-residents of Canada is currently 22% of the non-executive directors. The proportion of women chairing Committees of the Board of Directors is currently 50%.

The Board of Directors believes that the diversity represented by the directors seeking election at the 2020 annual general and special meeting supports an efficient and effective Board of Directors.

Board Committees

The **Corporate Governance Committee** advises and makes recommendations to the Board of Directors on corporate governance matters, the effectiveness of the Board of Directors and its committees, the contributions of individual directors and the identification and selection of director nominees.

The **Audit Committee** assists the Board of Directors in its oversight responsibilities with respect to the integrity of the Company's financial statements, compliance with legal and regulatory requirements, external auditor qualifications and the independence and performance of the Company's internal and external audit functions.

The **Compensation Committee** advises and makes recommendations to the Board of Directors on the Company's strategy, policies and programs for compensating and developing senior management and for compensating directors.

The **Health, Safety, Environment and Sustainable Development Committee (HSESD)** advises and makes recommendations to the Board of Directors with respect to monitoring and reviewing HSESD policies, principles, practices and processes, HSESD performance and regulatory issues relating to health, safety and the environment. It also supports the Company's commitment to adopt best practices in mining operations, promotion of a healthy and safe work environment and environmentally sound and socially responsible resource development.

For further information about Agnico Eagle's Board of Directors, Committees, Code of Business Conduct and Ethics, and Anti-Corruption and Anti-Bribery Policy, please visit the Governance section of our website at www.agnicoeagle.com



Board of Directors

James D. Nasso ICD.D⁴
Chairman of the Board
(Director since 1986)

Sean Boyd FCPA, FCA
Vice-Chairman
(Director since 1998)

Dr. Leanne M. Baker¹
(Director since 2003)

Martine A. Celej^{2,3}
(Director since 2011)

Robert J. Gemmell²
(Director since 2011)

Mel Leiderman
FCPA, FCA, TEP, ICD.D¹
(Director since 2003)

Deborah McCombe
P.Geo⁴
(Director since 2014)

Dr. Sean Riley⁴
(Director since 2011)

J. Merfyn Roberts CA^{2,3}
(Director since 2008)

Jamie Sokalsky CPA, CA^{1,3}
(Director since 2015)

- 1 Audit Committee
- 2 Compensation Committee
- 3 Corporate Governance Committee
- 4 Health, Safety, Environment and Sustainable Development (HSESD) Committee

Officers

Sean Boyd
Vice-Chairman and
Chief Executive Officer

Ammar Al-Joundi
President

David Smith
Senior Vice-President,
Finance, and
Chief Financial Officer

Louise Grondin
Senior Vice-President,
People and Culture

Guy Gosselin
Senior Vice-President,
Exploration

R. Gregory Laing
General Counsel and
Senior Vice-President,
Legal

Marc Legault
Senior Vice-President,
Operations – USA and
Latin America

Carol Plummer
Senior Vice-President,
Sustainability

Jean Robitaille
Senior Vice-President,
Corporate Development,
Business Strategy and
Technical Services

Yvon Sylvestre
Senior Vice-President,
Operations – Canada
and Europe

Chris Vollmershausen
Vice-President, Legal and
Corporate Secretary



Financial Highlights

We continue to build Agnico Eagle into a long-term, sustainable, self-funding business with the financial flexibility to invest in the future growth of our Company.

All dollar amounts in this report are in US\$ unless otherwise indicated

Operating Highlights

	2019	2018	2017
Payable gold production (ounces) ¹	1,782,147	1,626,669	1,713,533
Total cash costs per ounce ²	\$ 673	\$ 637	\$ 558
Average realized gold price per ounce	\$ 1,406	\$ 1,266	\$ 1,261

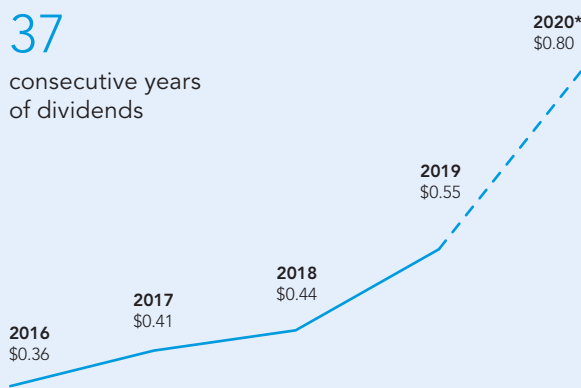
Financial Highlights

(millions, except per share amounts)	2019	2018	2017
Revenue from mining operations	\$ 2,494.9	\$ 2,191.2	\$ 2,242.6
Net income for the year ³	\$ 473.2	\$ (326.7)	\$ 240.8
Net income per share – basic ³	\$ 2.00	\$ (1.40)	\$ 1.05
Annualized dividend declared per share ⁴	\$ 0.55	\$ 0.44	\$ 0.41

1. Payable production of a mineral means the quantity of mineral produced during a period contained in products that are sold by the Company, whether such products are shipped during the period or held as inventory at the end of the period.
2. Total cash costs per ounce is a Non-GAAP measure and unless otherwise specified is reported on a by-product basis. For further information see "Note Regarding Certain Measures of Performance".
3. Net income for the year ended December 31, 2019, includes impairment reversal gain of \$346 million (\$1.45 per share). Net income for the year ended December 31, 2018, includes impairment losses of \$390 million (\$1.66 per share).
4. Agnico Eagle has now declared a cash dividend every year since 1983.

Annualized Dividend

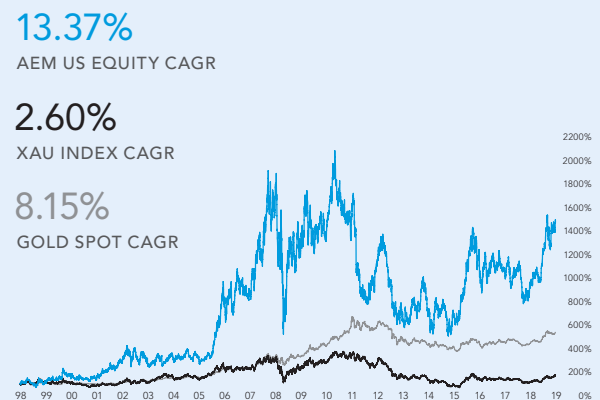
(per share)



* Assuming the Board of Directors continues to declare dividends of \$0.20 per quarter.

Growing Value on a Per Share Basis

— AEM US Equity — XAU Index — Gold Spot



Source: Bloomberg



Mineral Reserves & Mineral Resources

Mineral Reserves

Gold reserve grade improved by 5% and ounces decreased slightly in 2019

In 2019, the overall mineral reserve gold grade improved 5% to 2.83 g/t from 2.70 g/t in the prior year. Agnico Eagle continues to have one of the highest mineral reserve grades among our North American peers.

Highlights from 2019 include: the declaration of initial underground probable mineral reserves at the Amaruq deposit at the Meadowbank Complex of 0.6 million ounces of gold (3.3 million tonnes grading 5.43 g/t gold), which helped increase Amaruq's combined open-pit and underground mineral reserves by 0.4 million ounces gold to 3.3 million ounces of gold (26.1 million tonnes grading 3.96 g/t gold); an increase of 0.3 million ounces of gold in mineral reserves at the Meliadine mine to 4.1 million ounces of gold (20.7 million tonnes grading 6.10 g/t gold) due to the conversion to initial mineral reserves at the new F Zone, Wesmeg, Normeg and Pump open pits, as well as underground conversion; and the addition of 0.1 million ounces of gold in mineral reserves at the Goldex mine (net of 2019 gold production) to 1.1 million ounces of gold (21.0 million tonnes grading 1.61 g/t gold) due to successful conversion drilling in the Deep 1, Deep 2 and South zones.

The Company's proven and probable mineral reserves (net of 2019 gold production) totalled 236.9 million tonnes of ore grading 2.83 g/t gold, containing

approximately 21.6 million ounces of gold. This is a decrease of approximately 0.5 million ounces of gold (2%) compared with the prior year. The ore extracted from mines in 2019 contained 2.0 million ounces of gold in-situ (30.1 million tonnes grading 2.04 g/t gold).

It is the Company's goal to maintain its global mineral reserves at approximately 10 times its annual gold production rate. The current mineral reserves remain within this range when compared to the Company's projected annual 2020 gold production guidance.

The Company's current mineral reserve and mineral resource estimates, including the Canadian Malartic mine, are based on a gold price of \$1,200 per ounce. At an assumed gold price of \$1,325 per ounce (leaving all other assumptions unchanged), the Company estimates there would be an approximate 5.2% increase in the gold contained in proven and probable mineral reserves. Conversely, using a gold price of \$1,075 (leaving all other assumptions unchanged), the Company estimates there would be an approximate 6.6% decrease in the gold contained in proven and probable mineral reserves.

As of December 31, 2019

OPERATION			PROVEN			PROBABLE			PROVEN & PROBABLE		
GOLD	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au
LaRonde	Underground	100%	4,802	5.05	780	10,117	6.48	2,108	14,920	6.02	2,888
LaRonde Zone 5	Underground	100%	3,307	2.13	226	5,980	2.39	460	9,287	2.30	686
Canadian Malartic	Open Pit	50%	23,847	0.83	635	43,057	1.27	1,754	66,904	1.11	2,389
Goldex	Underground	100%	272	1.85	16	20,709	1.61	1,072	20,980	1.61	1,088
Akasaba West	Open Pit	100%	–	–	–	5,413	0.85	147	5,413	0.85	147
Amaruq	Open Pit	100%	172	1.83	10	22,600	3.76	2,731	22,773	3.74	2,741
Amaruq	Underground	100%	–	–	–	3,303	5.43	577	3,303	5.43	577
Amaruq Total			172	1.83	10	25,903	3.97	3,308	26,075	3.96	3,318
Meadowbank	Open Pit	100%	37	2.24	3	–	–	–	37	2.24	3
Meadowbank Complex Total			209	1.90	13	25,903	3.97	3,308	26,112	3.96	3,320
Meliadine	Open Pit	100%	144	3.19	15	5,671	4.72	861	5,816	4.69	876
Meliadine	Underground	100%	722	7.92	184	14,212	6.58	3,007	14,933	6.65	3,191
Meliadine Total			866	7.14	199	19,883	6.05	3,868	20,749	6.10	4,067
Upper Beaver	Underground	100%	–	–	–	7,992	5.43	1,395	7,992	5.43	1,395
Kittila	Underground	100%	1,444	4.55	211	27,481	4.40	3,885	28,925	4.40	4,096
Pinos Altos	Open Pit	100%	60	1.55	3	3,550	0.97	111	3,611	0.98	114
Pinos Altos	Underground	100%	3,274	2.56	270	7,573	2.35	573	10,847	2.42	843
Pinos Altos Total			3,334	2.55	273	11,124	1.91	684	14,457	2.06	957
Creston Mascota	Open Pit	100%	1	5.55	0	757	2.49	61	758	2.49	61
La India	Open Pit	100%	279	0.49	4	20,152	0.75	486	20,432	0.75	490
Totals			38,361	1.91	2,357	198,569	3.01	19,227	236,930	2.83	21,585
SILVER	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag
LaRonde	Underground	100%	4,802	17.09	2,639	10,117	18.92	6,156	14,920	18.33	8,794
Pinos Altos	Open Pit	100%	60	39.07	76	3,550	26.09	2,978	3,611	26.31	3,054
Pinos Altos	Underground	100%	3,274	59.33	6,244	7,573	62.29	15,166	10,847	61.40	21,411
Pinos Altos Total			3,334	58.96	6,320	11,124	50.74	18,145	14,457	52.63	24,464
Creston Mascota	Open Pit	100%	1	331.49	12	757	62.65	1,525	758	63.05	1,537
La India	Open Pit	100%	279	1.64	15	20,152	2.63	1,704	20,432	2.62	1,719
Totals			8,417	33.20	8,985	42,151	20.31	27,530	50,567	22.46	36,515
COPPER	Mining Method	Ownership	000 Tonnes	%	tonnes Cu	000 Tonnes	%	tonnes Cu	000 Tonnes	%	tonnes Cu
LaRonde	Underground	100%	4,802	0.22	10,461	10,117	0.28	28,690	14,920	0.26	39,151
Akasaba West	Open Pit	100%	–	–	–	5,413	0.48	25,891	5,413	0.48	25,891
Upper Beaver	Underground	100%	–	–	–	7,992	0.25	19,980	7,992	0.25	19,980
Totals			4,802	0.22	10,461	23,522	0.32	74,561	28,325	0.30	85,022
ZINC	Mining Method	Ownership	000 Tonnes	%	tonnes Zn	000 Tonnes	%	tonnes Zn	000 Tonnes	%	tonnes Zn
LaRonde	Underground	100%	4,802	0.59	28,112	10,117	0.90	91,524	14,920	0.80	119,636
Totals			4,802	0.59	28,112	10,117	0.90	91,524	14,920	0.80	119,636



Mineral Resources

Measured and indicated mineral resources increase by 4% and inferred mineral resources by 19%

In 2019, Agnico Eagle's measured and indicated mineral resources increased to 425.3 million tonnes grading 1.32 g/t gold, or 18.1 million ounces of gold. This represents an approximate 4% increase in ounces of gold, and an approximate 3% decrease in grade.

The increase in the Company's measured and indicated mineral resources is mainly due to the inclusion of an initial indicated mineral resource of 0.7 million ounces of gold (9.7 million tonnes grading 2.23 g/t gold) at the Upper Canada deposit at the Kirkland Lake project, where the mineral resource confidence level improved based on the validation of historic data.

Indicated mineral resources at Goldex have increased 19% (0.3 million ounces of gold) as approximately 0.6 million ounces of gold were added due to conversion drilling and improved resource estimation parameters. This was partially offset by the re-categorization to mineral reserves of several zones that reduced measured and indicated mineral resources by approximately 0.3 million ounces of gold.

Conversion drilling at the Goldex, Pinos Altos, Amaruq, Kittila and Chipriona properties resulted in gains of approximately 0.2 million ounces of gold to measured and indicated mineral resources. Studies at

LaRonde Zone 5 resulted in the addition of approximately 0.2 million ounces of gold (3.0 million tonnes grading 2.00 g/t gold) in measured and indicated mineral resources on levels 54 to 65. Offsetting these gains was the conversion of approximately 0.8 million ounces of gold to mineral reserves at Amaruq and Meliadine.

Agnico Eagle's inferred mineral resources now total 249.9 million tonnes grading 2.67 g/t gold, or approximately 21.5 million ounces of gold. This represents an approximate 19% (3.4 million ounce) increase in ounces of gold, and an approximate 1% decrease in grade.

At the East Gouldie Zone discovery on the Canadian Malartic mine property, continued exploration and infill drilling has resulted in the declaration of an initial inferred mineral resource of 1.4 million ounces of gold (12.8 million tonnes grading 3.34 g/t gold) (reflecting Agnico Eagle's 50% interest). At East Malartic on the Canadian Malartic mine property, the revision of the cut-off grade and mining assumptions resulted in the inclusion of new mineral resources below 1,000 metres depth and have increased inferred mineral resources by 1.2 million ounces of gold (reflecting Agnico Eagle's 50% interest), bringing total inferred mineral resources at East Malartic to 2.6 million ounces of gold (39.0 million tonnes grading 2.05 g/t gold) (50% basis).



Agnico Eagle has one of the highest mineral reserve grades among its North American peers.

At Kittila, inferred mineral resources have increased by 70% (0.7 million ounces gold) with approximately 0.3 million ounces of gold added due to exploration drilling at Roura and Rimpi; approximately 0.2 million ounces of gold added from the adoption of new estimation parameters for the mineral resources estimate; and approximately 0.1 million ounces of gold added by lowering the bottom limit for estimating mineral resources from 1,400 metres to 1,540 metres depth below surface. At Kittila, inferred mineral resources now total 1.7 million ounces of gold (13.8 million tonnes grading 3.90 g/t gold).

At Santa Gertrudis, the Company has estimated an initial underground inferred mineral resource in the Amelia deposit of approximately 0.5 million ounces of gold (3.1 million tonnes grading 4.58 g/t gold). This more than offset the conversion of 0.1 million ounces of gold from inferred mineral resources at open pit depth to indicated mineral resources. Santa Gertrudis now has a total inferred mineral resource of 1.2 million ounces of gold (22.0 million tonnes grading 1.64 g/t gold).

Notes: Mineral reserves are not a subset of mineral resources. Tonnage amounts and contained metal amounts set out in these tables have been rounded to the nearest thousand, so aggregate amounts may differ from column totals. Please refer to the Company's news release dated February 13, 2020 and the Company's Annual Information Form for the year ended December 31, 2019 for further details on mineral reserves and mineral resources. The scientific and technical information relating to Agnico Eagle's mineral reserves and mineral resources contained herein (other than the Canadian Malartic mine) has been approved by Dyane Duquette, P.Geo., Corporate Director, Reserves Development of the Company; relating to mineral reserves and mineral resources at the Canadian Malartic mine and other Partnership projects such as Odyssey, East Malartic and East Gouldie projects, has been approved by Sylvie Lampron, Eng., Senior Project Mine Engineer at Canadian Malartic Corporation (for engineering) and Pascal Lehouiller, P.Geo., Senior Resource Geologist at Canadian Malartic Corporation (for geology), each of whom is a "Qualified Person" for the purposes of NI 43-101.

The assumptions used for the December 31, 2019 mineral reserves estimate at all mines and advanced projects reported by the Company were as follows:

	METAL PRICES				EXCHANGE RATES		
	Gold (US\$/oz)	Silver (US\$/oz)	Copper (US\$/lb)	Zinc (US\$/lb)	C\$ per US\$1.00	Mexican peso per US\$1.00	US\$ per €1.00
Long-life operations and projects	\$1,200	\$15.50	\$2.50	\$1.00	\$1.25	MXP17.00	\$1.15
Short-life operations – Creston Mascota (Bravo) and Sinter satellite operations at Pinos Altos	\$1,200	\$15.50	n/a	n/a	\$1.30	MXP18.00	n/a
Upper Beaver*, Canadian Malartic mine**	\$1,200	n/a	\$2.75	n/a	\$1.25	n/a	n/a

* The Upper Beaver project has a net smelter return (NSR) cut-off value of C\$125/tonne.

** The Canadian Malartic mine uses a cut-off grade between 0.40 g/t and 0.43 g/t gold (depending on the deposit).



Mineral
Reserves &
Resources

As of December 31, 2019

OPERATION			MEASURED			INDICATED			MEASURED & INDICATED			INFERRED		
			000 Tonnes	000 Oz g/t	000 Oz Au	000 Tonnes	000 Oz g/t	000 Oz Au	000 Tonnes	000 Oz g/t	000 Oz Au	000 Tonnes	000 Oz g/t	000 Oz Au
GOLD	Mining Method	Ownership												
LaRonde	Underground	100%	–	–	–	4,436	3.42	488	4,436	3.42	488	5,940	4.47	854
LaRonde Zone 5	Underground	100%	–	–	–	8,466	2.29	624	8,466	2.29	624	4,701	4.04	611
Ellison	Underground	100%	–	–	–	722	3.04	71	722	3.04	71	5,466	2.62	461
Canadian Malartic	Open Pit	50%	177	0.53	3	468	0.59	9	644	0.57	12	745	0.94	23
Canadian Malartic	Underground	50%	1,843	1.51	89	6,252	1.64	330	8,096	1.61	420	1,609	1.35	70
Canadian Malartic Total			2,020	1.42	92	6,720	1.57	339	8,740	1.54	431	2,354	1.22	92
Odyssey	Underground	50%	–	–	–	1,011	2.10	68	1,011	2.10	68	11,684	2.22	833
East Malartic	Underground	50%	–	–	–	4,962	2.18	347	4,962	2.18	347	39,382	2.05	2,596
East Gouldie	Underground	50%	–	–	–	–	–	–	–	–	–	12,760	3.34	1,369
Goldex	Underground	100%	12,360	1.86	739	26,838	1.47	1,272	39,197	1.60	2,011	25,180	1.50	1,212
Akasaba West	Open Pit	100%	–	–	–	4,870	0.63	98	4,870	0.63	98	–	–	–
Zulapa	Open Pit	100%	–	–	–	–	–	–	–	–	–	391	3.14	39
Meadowbank	Open Pit	100%	–	–	–	1,145	2.46	90	1,145	2.46	90	4	2.06	0
Amaruq	Open Pit	100%	–	–	–	6,679	3.20	687	6,679	3.20	687	568	4.78	87
Amaruq	Underground	100%	–	–	–	3,102	3.84	383	3,102	3.84	383	8,073	5.52	1,432
Amaruq Total			–	–	–	9,782	3.40	1,070	9,782	3.40	1,070	8,642	5.47	1,520
Meadowbank Complex Total			–	–	–	10,927	3.30	1,160	10,927	3.30	1,160	8,645	5.47	1,520
Meliadine	Open Pit	100%	–	–	–	11,065	3.11	1,106	11,065	3.11	1,106	1,321	4.42	188
Meliadine	Underground	100%	72	4.00	9	13,583	3.85	1,683	13,655	3.85	1,692	13,290	5.72	2,443
Meliadine Total			72	4.00	9	24,648	3.52	2,789	24,721	3.52	2,799	14,611	5.60	2,631
Hammond Reef	Open Pit	100%	165,662	0.70	3,724	42,754	0.57	777	208,416	0.67	4,501	501	0.74	12
Upper Beaver	Underground	100%	–	–	–	3,636	3.45	403	3,636	3.45	403	8,688	5.07	1,416
AK Project	Underground	100%	–	–	–	1,268	6.51	265	1,268	6.51	265	2,373	5.32	406
Anoki-McBean	Underground	100%	–	–	–	1,868	5.33	320	1,868	5.33	320	2,526	4.70	382
Upper Canada	Open Pit	100%	–	–	–	1,842	1.72	102	1,842	1.72	102	1,034	1.38	46
Upper Canada	Underground	100%	–	–	–	7,808	2.36	592	7,808	2.36	592	16,037	3.34	1,723
Upper Canada Total			–	–	–	9,650	2.23	693	9,650	2.23	693	17,071	3.22	1,768
Kittila	Open Pit	100%	–	–	–	229	3.41	25	229	3.41	25	373	3.89	47
Kittila	Underground	100%	2,895	2.54	237	15,022	2.60	1,258	17,916	2.59	1,495	13,447	3.90	1,688
Kittila Total			2,895	2.54	237	15,251	2.62	1,283	18,145	2.60	1,520	13,820	3.90	1,735
Kuotko	Open Pit	100%	–	–	–	–	–	–	–	–	–	284	3.18	29
Kylmäkangas	Underground	100%	–	–	–	–	–	–	–	–	–	1,896	4.11	250
Barsele	Open Pit	55%	–	–	–	3,178	1.08	111	3,178	1.08	111	2,260	1.25	91
Barsele	Underground	55%	–	–	–	1,158	1.77	66	1,158	1.77	66	13,552	2.10	914
Barsele Total			–	–	–	4,335	1.27	176	4,335	1.27	176	15,811	1.98	1,005
Pinos Altos	Open Pit	100%	–	–	–	2,728	0.92	80	2,728	0.92	80	981	0.92	29
Pinos Altos	Underground	100%	–	–	–	16,853	1.80	977	16,853	1.80	977	6,051	2.09	407
Pinos Altos Total			–	–	–	19,581	1.68	1,057	19,581	1.68	1,057	7,032	1.93	435
Creston														
Mascota	Open Pit	100%	–	–	–	988	0.75	24	988	0.75	24	281	1.10	10
La India	Open Pit	100%	10,840	0.60	209	1,402	0.64	29	12,241	0.60	238	809	0.57	15
Tarachi	Open Pit	100%	–	–	–	22,665	0.40	294	22,665	0.40	294	6,476	0.33	68
Chipriona	Open Pit	100%	–	–	–	1,255	1.11	45	1,255	1.11	45	10,744	0.69	238
El Barqueño														
Gold	Open Pit	100%	–	–	–	8,176	1.21	318	8,176	1.21	318	8,326	1.21	325
Santa Gertrudis	Open Pit	100%	–	–	–	5,065	0.64	104	5,065	0.64	104	19,054	1.17	717
Santa Gertrudis	Underground	100%	–	–	–	–	–	–	–	–	–	3,064	4.58	451
Santa Gertrudis Total			–	–	–	5,065	0.64	104	5,065	0.64	104	22,118	1.64	1,168
Totals			193,848	0.80	5,010	231,491	1.75	13,045	425,340	1.32	18,055	249,869	2.67	21,480

As of December 31, 2019

OPERATION			MEASURED			INDICATED			MEASURED & INDICATED			INFERRRED		
SILVER	Mining Method	Ownership	000 Tonnes	000 Oz g/t	000 Oz Ag	000 Tonnes	000 Oz g/t	000 Oz Ag	000 Tonnes	000 Oz g/t	000 Oz Ag	000 Tonnes	000 Oz g/t	000 Oz Ag
LaRonde	Underground	100%	–	–	–	4,436	27.33	3,897	4,436	27.33	3,897	5,940	14.95	2,855
Kylmäkangas	Underground	100%	–	–	–	–	–	–	–	–	–	1,896	31.11	1,896
Pinos Altos	Open Pit	100%	–	–	–	2,728	24.60	2,157	2,728	24.60	2,157	981	25.38	801
Pinos Altos	Underground	100%	–	–	–	16,853	43.25	23,437	16,853	43.25	23,437	6,051	42.24	8,218
Pinos Altos Total			–	–	–	19,581	40.66	25,594	19,581	40.66	25,594	7,032	39.89	9,018
Creston														
Mascota	Open Pit	100%	–	–	–	988	7.88	250	988	7.88	250	281	5.05	46
La India	Open Pit	100%	10,840	3.24	1,130	1,402	3.17	143	12,241	3.23	1,273	809	3.56	93
Chipriona	Open Pit	100%	–	–	–	1,255	50.99	2,057	1,255	50.99	2,057	10,744	85.44	29,511
El Barqueño Silver	Open Pit	100%	–	–	–	–	–	–	–	–	–	3,998	129.49	16,646
El Barqueño Gold	Open Pit	100%	–	–	–	8,176	4.63	1,216	8,176	4.63	1,216	8,326	17.25	4,617
Totals			10,840	3.24	1,130	35,836	28.78	33,157	46,676	22.85	34,287	39,025	51.55	64,682
COPPER	Mining Method	Ownership	000 Tonnes	%	Tonnes Cu	000 Tonnes	%	Tonnes Cu	000 Tonnes	%	Tonnes Cu	000 Tonnes	%	Tonnes Cu
LaRonde	Underground	100%	–	–	–	4,436	0.19	8,629	4,436	0.19	8,629	5,940	0.23	13,751
Akasaba West	Open Pit	100%	–	–	–	4,870	0.37	18,246	4,870	0.37	18,246	–	–	–
Upper Beaver	Underground	100%	–	–	–	3,636	0.14	5,135	3,636	0.14	5,135	8,688	0.20	17,284
Chipriona	Open Pit	100%	–	–	–	1,255	0.03	359	1,255	0.03	359	10,744	0.14	15,411
El Barqueño Gold	Open Pit	100%	–	–	–	8,176	0.18	15,028	8,176	0.18	15,028	8,326	0.22	18,210
Totals			–	–	–	22,372	0.21	47,397	22,372	0.21	47,397	33,697	0.19	64,657
ZINC	Mining Method	Ownership	000 Tonnes	%	Tonnes Zn	000 Tonnes	%	Tonnes Zn	000 Tonnes	%	Tonnes Zn	000 Tonnes	%	Tonnes Zn
LaRonde	Underground	100%	–	–	–	4,436	1.15	51,161	4,436	1.15	51,161	5,940	0.64	38,066
Chipriona	Open Pit	100%	–	–	–	1,255	1.36	17,031	1,255	1.36	17,031	10,744	0.81	86,897
Totals			–	–	–	5,691	1.20	68,192	5,691	1.20	68,192	16,684	0.75	124,963

Management's Discussion & Analysis

For the year ended December 31, 2019



Forward-Looking Statements

The information in this annual report has been prepared as at March 17, 2020. Certain statements contained in this annual report constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” under the provisions of Canadian provincial securities laws and are referred to herein as “forward-looking statements”. When used in this annual report, the words “anticipate”, “estimate”, “expect”, “forecast”, “future”, “plan”, “potential”, “will” and similar expressions are intended to identify forward-looking statements. Such statements include, without limitation: the Company’s forward-looking production guidance, including estimated ore grades, recovery rates, project timelines, drilling results, metal production, life of mine estimates, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne, other expenses, cash flows and free cash flow; the methods by which ore will be extracted or processed; statements concerning the Company’s expansion plans at Kittila, Meliadine Phase 2 and Amaruq Phase 2, and the Company’s ramp up of activities at Meliadine and Amaruq, including the timing, funding, completion and commissioning thereof; statements concerning other expansion projects, recovery rates, mill throughput, optimization and projected exploration, including costs and other estimates upon which such projections are based; statements regarding timing and amounts of capital expenditures and other expenditures; estimates of future mineral reserves, mineral resources, mineral production, optimization efforts and sales; estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof; future dividend amounts and payment dates; the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect to such exploration, development and production; estimates of mineral reserves and mineral resources and the effect of drill results on future mineral reserves and mineral resources; statements regarding anticipated future exploration; the anticipated timing of events with respect to the Company’s mine sites; and statements regarding the sufficiency of the Company’s cash resources and other statements regarding anticipated trends with respect to the Company’s operations, exploration and the funding thereof. Such statements reflect the Company’s views as at the date of this annual report and are subject to certain risks, uncertainties and assumptions, and undue reliance should not be placed on such statements. Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The material factors and assumptions used in the preparation of the forward looking statements contained herein, which may prove to be incorrect, include, but are not limited to, the assumptions set forth herein and in management’s discussion and analysis (“MD&A”) and the Company’s Annual Information Form (“AIF”) for the year ended December 31, 2019 filed with Canadian securities regulators and that are included in its Annual Report on Form 40-F for the year ended December 31, 2019 (“Form 40-F”) filed with the U.S. Securities and Exchange Commission (the “SEC”) as well as: that governments, the Company or others do not take other measures in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company’s ability to operate its business; that there are no significant disruptions affecting operations; that production, permitting, development, expansion and the ramp up of operations at each of Agnico Eagle’s properties proceeds on a basis consistent with current expectations and plans; that the relevant metal prices, foreign exchange rates and prices for key mining and construction supplies will be consistent with Agnico Eagle’s expectations; that Agnico Eagle’s current estimates of mineral reserves, mineral resources, mineral grades and metal recovery are accurate; that there are no material delays in the timing for completion of ongoing growth projects; that seismic activity at the Company’s operations at LaRonde and other properties is as expected by the Company; that the Company’s current plans to optimize production are successful; and that there are no material variations in the current tax and regulatory environment. Many factors, known and unknown, could cause the actual results to be materially different from those expressed or implied by such forward looking statements. Such risks include, but are not limited to: the extent and manner to which COVID-19, and measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19, may affect the Company, which could have an adverse impact on many aspects of the Company’s business including, employee health, workforce productivity and availability (including the ability to transport personnel to the Meadowbank Complex and Meliadine mine which operate as fly-in/fly-out camps), travel restrictions, contractor availability, supply availability, ability to sell or deliver gold dore bars or concentrate, availability of insurance and the cost thereof, and the ability to procure inputs required for the Company’s operations and projects; uncertainties with respect to the effect on the global economy associated with the COVID-19 pandemic and measures taken to reduce the spread of COVID-19, any of which could continue to negatively affect financial markets, including the trading price of the Company’s shares and the price of gold, and could adversely affect the Company’s ability to raise capital; the volatility of prices of gold and other metals; uncertainty of mineral reserves, mineral resources, mineral grades and mineral recovery estimates; uncertainty of future production, project development, capital expenditures and other costs; foreign exchange rate fluctuations; financing of additional capital requirements; cost of exploration and

development programs; seismic activity at the Company’s operations, including the LaRonde mine; mining risks; community protests, including by First Nations groups; risks associated with foreign operations; governmental and environmental regulation; the volatility of the Company’s stock price; and risks associated with the Company’s currency, fuel and by-product metal derivative strategies. For a more detailed discussion of such risks and other factors that may affect the Company’s ability to achieve the expectations set forth in the forward-looking statements contained in this annual report, see the AIF and MD&A filed on SEDAR at www.sedar.com and included in the Form 40-F filed on EDGAR at www.sec.gov, as well as the Company’s other filings with the Canadian securities regulators and the SEC. Other than as required by law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Notes to Investors Regarding the Use of Mineral Resources

The mineral reserve and mineral resource estimates contained in this annual report have been prepared in accordance with the Canadian securities regulatory authorities’ (the “CSA”) National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”). These standards are similar to those used by SEC Industry Guide 7, as interpreted by the SEC staff. However, the definitions in NI 43-101 differ in certain respects from those under SEC Industry Guide 7. Accordingly, mineral reserve and mineral resource information contained in this annual report may not be comparable to similar information disclosed by United States companies. Under the SEC’s Industry Guide 7, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. For United States reporting purposes, the SEC has adopted amendments to its disclosure rules (the “SEC Modernization Rules”) to modernize the mining property disclosure requirements for issuers whose securities are registered with the SEC under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), which became effective February 25, 2019. The SEC Modernization Rules more closely align the SEC’s disclosure requirements and policies for mining properties with current industry and global regulatory practices and standards, including NI 43-101, and replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7. Issuers must begin to comply with the SEC Modernization Rules in their first fiscal year beginning on or after January 1, 2021, though Canadian issuers that report in the United States using the MJDS may still use NI 43-101 rather than the SEC Modernization Rules when using the SEC’s MJDS registration statement and annual report forms. SEC Industry Guide 7 will remain effective until all issuers are required to comply with the SEC Modernization Rules, at which time SEC Industry Guide 7 will be rescinded. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources.” In addition, the SEC has amended definitions of “proven mineral reserves” and “probable mineral reserves” in the SEC Modernization Rules, with definitions that are substantially similar to those used in NI 43-101. United States investors are cautioned that while the SEC now recognizes “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, investors should not assume that any part or all of the mineral deposits in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. These terms have a great amount of uncertainty as to their economic and legal feasibility. Accordingly, investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that the Company reports in this annual report are or will be economically or legally mineable. Further, “inferred mineral resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that any part or all of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian regulations, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in limited circumstances. Investors are cautioned not to assume that any part or all of an inferred mineral resource exists, or is or will ever be economically or legally mineable. The mineral reserve and mineral resource data set out in this annual report are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The Company does not include equivalent gold ounces for by-product metals contained in mineral reserves in its calculation of contained ounces and mineral reserves are not reported as a subset of mineral resources. See “Mineral Reserves and Mineral Resources” in the AIF additional information.

Note Regarding Certain Measures of Performance

This annual report discloses certain measures, including “total cash costs per ounce”, that are not standardized measures under IFRS. These data may not be comparable to data reported by other issuers. For a reconciliation of these measures to the most directly comparable financial information reported in the consolidated financial statements prepared in accordance with IFRS and a discussion of how management uses these measures see “Non-GAAP Financial Performance Measures” in the MD&A.

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This Management's Discussion and Analysis ("MD&A") dated March 27, 2020 of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019 that were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") (the "Annual Financial Statements"). The annual consolidated financial statements and this MD&A are presented in United States dollars ("US dollars", "\$" or "US\$") and all units of measurement are expressed using the metric system unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("C\$"), Mexican pesos or European Union euros ("Euros" or "€"). Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2019 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's (the "SEC") website at www.sec.gov.

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, referred to herein as “forward-looking statements”, constitute “forward-looking information” under the provisions of Canadian provincial securities laws and constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, the Company’s plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as “anticipate”, “believe”, “budget”, “could”, “estimate”, “expect”, “forecast”, “likely”, “may”, “plan”, “project”, “schedule”, “should”, “target”, “will”, “would” or other variations of these terms or similar words. Forward-looking statements in this MD&A include, but are not limited to, the following:

- the Company’s outlook for 2020 and future periods;
- statements regarding future earnings and the sensitivity of earnings to gold and other metal prices;
- anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne and other costs;
- estimates of future capital expenditures, exploration expenditures and other cash needs, and expectations as to the funding thereof;
- statements regarding the projected exploration, development and exploitation of ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto;
- estimates of mineral reserves and mineral resources and their sensitivities to gold prices and other factors, ore grades and mineral recoveries and statements regarding anticipated future exploration results;
- estimates of cash flow;
- estimates of mine life;
- anticipated timing of events at the Company’s mines, mine development projects and exploration projects;
- estimates of future costs and other liabilities for environmental remediation;
- statements regarding anticipated legislation and regulations, including with respect to climate change, and estimates of the impact on the Company;
- other anticipated trends with respect to the Company’s capital resources and results of operations;
- statements regarding the Company’s plans to suspend all mining activities at its operations in the Abitibi region of Quebec and the expected duration of such suspension;
- statements regarding the Company’s plans to reduce activities at the Meliadine mine and the Meadowbank Complex and the operations that are expected to be carried out during, and the duration of, the period of such reduced activities;
- statements regarding the Company’s plans to suspend exploration activities in Canada;
- statements regarding the timeline for resuming normal operating levels at each of the Company’s operations;
- statements regarding the Company’s plans with respect to the use of the \$1.0 billion drawn on its US\$1.2 billion unsecured revolving bank credit facility; and
- other statements regarding the impact of the COVID-19 pandemic and measures taken to reduce the spread of COVID-19 on the Company’s operations and overall business.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico Eagle upon which the forward-looking statements in this MD&A are based, and which may prove to be incorrect, include the assumptions set out elsewhere in this MD&A as well as: that the duration or scope of the order by the Government of Quebec issued on March 23, 2020 to close all non-essential businesses in response to the COVID-19 outbreak is not extended or modified; that governments, the Company

or others do not take other measures in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company's ability to operate its business and that there are no other significant disruptions affecting Agnico Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural or man-made occurrences, disruptions related to the COVID-19 pandemic or other health and safety issues, or the responses of governments, communities, Agnico Eagle and others to such pandemic or other issues, mining or milling issues, political changes, title issues, community protests, including by First Nations groups, or otherwise; that permitting, development, expansion and the ramp up of operations at each of Agnico Eagle's mines, mine development projects and exploration projects proceed on a basis consistent with expectations and that Agnico Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the US dollar will be approximately consistent with current levels or as set out in this MD&A; that prices for gold, silver, zinc and copper will be consistent with Agnico Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico Eagle's expectations; that production meets current expectations; that Agnico Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recoveries are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environments that affect Agnico Eagle.

The forward-looking statements in this MD&A reflect the Company's views as at the date of this MD&A and involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, the risk factors set out in "Risk Factors" in our most recent Form 40-F/AIF on file with the SEC and Canadian provincial securities regulatory authorities. Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based.

Unless otherwise expressly stated, milestones set out in this MD&A have not been based on a technical report under NI 43-101 (as defined below).

Meaning of "including" and "such as": When used in this MD&A, the terms "including" and "such as" mean including and such as, without limitation.

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

The mineral reserve and mineral resource estimates contained in this MD&A have been prepared in accordance with the CSA National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). These standards are similar to those used by SEC Industry Guide No. 7, as interpreted by Staff at the SEC ("Guide 7"). However, the definitions in NI 43-101 differ in certain respects from those under Guide 7. Accordingly, mineral reserve and mineral resource information contained in this MD&A may not be comparable to similar information disclosed by United States companies. Under Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made.

For United States reporting purposes, the SEC has adopted amendments to its disclosure rules (the "SEC Modernization Rules") to modernize the mining property disclosure requirements for issuers whose securities are registered with the SEC under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), which became effective February 25, 2019. The SEC Modernization Rules more closely align the SEC's disclosure requirements and policies for mining properties with current industry and global regulatory practices and standards, including NI 43-101, and replace the historical property disclosure requirements for mining registrants that were included in Guide 7. Issuers must begin to comply with the SEC Modernization Rules in their first fiscal year beginning on or after January 1, 2021, though Canadian issuers that report in the United States using the Multijurisdictional Disclosure System ("MJDS") may still use NI 43-101 rather than the SEC Modernization Rules when using the SEC's MJDS registration statement and annual report forms. Guide 7 will remain effective until all issuers are required to comply with the SEC Modernization Rules, at which time Guide 7 will be rescinded.

As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of measured mineral resources", "indicated mineral resources" and "inferred mineral resources." In addition, the SEC has amended the definitions of "proven mineral reserves" and "probable mineral reserves" in the SEC Modernization Rules, with definitions that are substantially similar to those used in NI 43-101.

United States investors are cautioned that while the SEC now recognizes “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”, investors should not assume that any part or all of the mineral deposits in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. These terms have a great amount of uncertainty as to their economic and legal feasibility. Accordingly, investors are cautioned not to assume that any “measured mineral resources”, “indicated mineral resources”, or “inferred mineral resources” that the Company reports in this management’s discussion and analysis are or will be economically or legally mineable.

Further, “inferred mineral resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that any part or all of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian regulations, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in limited circumstances. **Investors are cautioned not to assume that any part or all of an inferred mineral resource exists, or is or will ever be economically or legally mineable.**

The mineral reserve and mineral resource data set out in this MD&A are estimates, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. The Company does not include equivalent gold ounces for by-product metals contained in mineral reserves in its calculation of contained ounces and mineral reserves are not reported as a subset of mineral resources. See “Mineral Reserves and Mineral Resources” in the AIF for additional information.

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This MD&A discloses certain measures, including “total cash costs per ounce”, “all-in sustaining costs per ounce”, “minesite costs per tonne” and “adjusted net income” that are not recognized measures under IFRS. These measures may not be comparable to similar measures reported by other gold mining companies. For a reconciliation of these measures to the most directly comparable financial information presented in the Annual Financial Statements prepared in accordance with IFRS, and for an explanation of how management uses these measures, see Non-GAAP Financial Performance Measures in this MD&A.

The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company’s mining operations. Management also uses these measures to monitor the performance of the Company’s mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine’s cash-generating capabilities at various gold prices. Unless otherwise specified, all references to total cash costs per ounce in this MD&A are to total cash costs per ounce reported on a by-product basis.

All-in sustaining costs per ounce is used to show the full cost of gold production from current operations. The Company calculates all-in sustaining costs per ounce of gold produced on a by-product basis as the aggregate of total cash costs per ounce on a by-product basis, sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options), lease payments related to sustaining assets and reclamation expenses, and then dividing by the number of ounces of gold produced. The all-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as the all-in sustaining costs per ounce of gold produced on a by-product basis, except that the total cash costs per ounce on a co-product basis is used, meaning no adjustment is made for by-product metal revenues. The Company’s methodology for calculating all-in sustaining costs per ounce may differ from the methodology used by other gold mining companies that disclose all-in sustaining costs per ounce. The Company may change the methodology it uses to calculate all-in sustaining costs per ounce in the future. Unless otherwise specified, all references to all-in sustaining costs per ounce in this MD&A are to all-in sustaining costs per ounce reported on a by-product basis.

Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs per ounce of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. The World Gold Council (“WGC”) is a non-regulatory market development

organization for the gold industry. Although the WGC is not a mining industry regulatory organization, it has worked closely with its member companies to develop relevant non-GAAP measures. The Company follows the guidance on all-in sustaining costs released by the WGC in November 2018. Adoption of the all-in sustaining costs metric is voluntary and, notwithstanding the Company's adoption of the WGC's guidance, all-in sustaining costs per ounce of gold produced reported by the Company may not be comparable to data reported by other gold mining companies. The Company believes that this measure provides helpful information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.

Adjusted net income is calculated by adjusting the net income as recorded in the consolidated statements of income for foreign currency translation gains and losses, mark-to-market adjustments, non-recurring gains and losses and unrealized gains and losses on financial instruments. Management uses adjusted net income to evaluate the underlying operating performance of the Company and to assist with the planning and forecasting of future operating results. Management believes that adjusted net income is a useful measure of performance because foreign currency translation gains and losses, mark-to-market adjustments, non-recurring gains and losses and unrealized gains and losses on financial instruments do not reflect the underlying operating performance of the Company and may not be indicative of future operating results.

Management also performs sensitivity analyses in order to quantify the effects of fluctuating exchange rates and metal prices. The Company, from time to time, also provides information as to estimated future total cash costs per ounce, all-in sustaining costs per ounce and minesite costs per tonne. Such estimates are based upon the total cash costs per ounce, all-in sustaining costs per ounce and minesite costs per tonne that the Company expects to incur to mine gold at its mines and projects and, consistent with the reconciliation of these actual costs referred to above, do not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-GAAP financial measures to the most comparable IFRS measure.

Unless otherwise indicated herein all references to total cash costs per ounce and all-in sustaining costs per ounce refer to such measures as calculated on a by-product basis. For information regarding these measures as calculated on a co-product basis, please see "Non-GAAP Financial Performance Measures".

Payable production (a non-GAAP non-financial performance measure) is the quantity of mineral produced during a period contained in products that have been or will be sold by the Company, whether such products are sold during the period or held as inventories at the end of the period.

Executive Summary

Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since its formation in 1972. The Company's mines are located in Canada, Mexico and Finland, with exploration and development activities in Canada, Europe, Latin America and the United States. The Company and its shareholders have full exposure to gold prices due to its long-standing policy of no forward gold sales. Agnico Eagle has declared a cash dividend every year since 1983.

Agnico Eagle earns a significant proportion of its revenue and cash flow from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals, primarily silver, zinc and copper. In 2019, Agnico Eagle recorded production costs per ounce of gold of \$735⁽ⁱ⁾ and total cash costs per ounce of gold produced of \$673⁽ⁱ⁾ on a by-product basis and \$745⁽ⁱ⁾ on a co-product basis on payable gold production of 1,782,147 ounces. The average realized price of gold increased by 11.1% from \$1,266 per ounce in 2018 to \$1,406 per ounce in 2019.

Agnico Eagle's operating mines and development projects are located in what the Company believes to be politically stable countries that are supportive of the mining industry. The political stability of the regions in which Agnico Eagle operates helps to provide confidence in its current and future prospects and profitability. This is important for Agnico Eagle as it believes that many of its new mines and recently acquired mining projects have long-term mining potential.

Highlights

- Continued strong operational performance with payable gold production of 1,782,147 ounces and production costs per ounce of gold of \$735⁽ⁱ⁾ during 2019.
- Total cash costs per ounce of gold produced of \$673⁽ⁱ⁾ on a by-product basis and \$745⁽ⁱ⁾ on a co-product basis in 2019.
- All-in sustaining costs per ounce of gold produced of \$938⁽ⁱ⁾ on a by-product basis and \$1,010⁽ⁱ⁾ on a co-product basis in 2019.
- Proven and probable gold reserves totaled 21.6 million ounces at December 31, 2019, a 2.1% decrease compared with 22.0 million ounces at December 31, 2018 while the gold reserve grade increased by 4.8%.
- As at December 31, 2019, Agnico Eagle had strong liquidity with \$327.9 million in cash and cash equivalents and short-term investments along with approximately \$1.2 billion in undrawn credit lines.
- The Company's operations are located in mining-friendly regions that the Company believes have low political risk and long-term mining potential.
- The Company continues to maintain its investment grade credit rating and has adequate financial flexibility to finance capital requirements at its mines and development projects from operating cash flow, cash and cash equivalents, short-term investments and undrawn credit lines.
- The Company has strong senior management continuity as its Chief Executive Officer has over 30 years of service with the Company.
- In February 2020, the Company declared a quarterly cash dividend of \$0.20 per common share, an increase of \$0.025 per share or approximately 14%. Agnico Eagle has now declared a cash dividend every year since 1983.

Strategy

Agnico Eagle's ability to consistently execute its business strategy has provided a solid foundation for growth.

The Company's goals are to:

- Deliver high quality growth while meeting market expectations and maintaining high *performance* standards in health, safety, environment and community development;
- Build a strong *pipeline* of projects to drive future production; and
- Employ the best *people* and motivate them to reach their potential.

Note:

- (i) Excludes 85,699 ounces of payable gold production associated with the Meliadine mine, the Amaruq satellite deposit at the Meadowbank Complex and the Barnat deposit at the Canadian Malartic mine which were produced prior to the achievement of commercial production at such sites, and 5 ounces of payable gold production credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the Lapa mine.

These three pillars – *performance, pipeline and people* – form the basis of Agnico Eagle’s success and competitive advantage. By delivering on them, the Company strives to continue to build its production base and generate increased value for shareholders, while making meaningful contributions to its employees and communities.

Portfolio Overview

Northern Business

Canada – LaRonde Complex

The 100% owned LaRonde Complex in northwestern Quebec, includes the LaRonde mine, the Company’s oldest mine, which achieved commercial production in 1988 and the LaRonde Zone 5 mine (“LZ5”). In 2019, the Company was granted a revision to the Certificate of Authorization at the LaRonde Complex, which allowed for the processing of ore from LZ5 through the LaRonde mill circuit. As a result, the Company now reports the operational parameters from both the LaRonde mine and the LZ5 mine on a combined basis as of the first quarter of 2020.

LaRonde Mine

The LaRonde mine extension, the portion of the mine below the 245 level, achieved commercial production in December 2011, and under current mine plans is expected to be in production through 2029.

In early December 2019, the Company saw an increase in seismicity in the West mine area outside of normal protocols, which resulted in lower anticipated gold production. In addition, as development has progressed in the West mine area, additional geological structures (faulting and fracturing) have been recognized. This information has now been incorporated into a revised ground support plan for the West mine area.

This revised plan has been developed to ensure the safety of the Company’s employees, secure the higher-grade orebody to the west and preserve existing mine infrastructure in the area. To implement this plan, mining activity in the West mine area was temporarily suspended in mid-December 2019 and refocused in the East mine area.

In the West mine area, the Company is currently reinforcing ground support including installation of additional support (shotcrete, bolts and cables) in the main ramp and access points on various levels. Seismicity is expected to continue but ground support will be better adapted to manage stress levels.

The LaRonde mine’s proven and probable mineral reserves were approximately 2.9 million ounces at December 31, 2019.

LaRonde Zone 5 Mine

In 2003, the Company acquired the Bousquet gold property, which adjoins the LaRonde complex to the west and hosts the Bousquet Zone 5, which the Company has renamed LZ5 due to the proximity to the LaRonde mine. Commercial production at LZ5 was achieved in June 2018 and under current mine plans, is expected to be in production through 2027.

Given the success in mining the upper portions of the LZ5 deposit (from surface to 330 metres), mining activities will be extended to 480 metres depth. The Company is also evaluating the potential to develop deeper portions of LZ5 (480 metres to 700 metres) and potentially mine portions of the neighboring Ellison property from the LZ5 underground infrastructure.

The LZ5 mine’s proven and probable mineral reserves were approximately 0.7 million ounces at December 31, 2019.

Canada – Goldex Mine

The 100% owned Goldex mine in northwestern Quebec achieved commercial production from the M and E satellite zones in October 2013. The Deep 1 Zone achieved commercial production in July 2017. Production from the Deep 1 Zone is expected to extend the Goldex mine life through 2027 under current mine plans.

In 2019, mining in the South Zone continued with a total of 11 stopes mined. Stopes mined to date have shown better grades than anticipated and have confirmed dilution and recovery assumptions. The South Zone consists of quartz veins that have higher grades than those in the primary mineralized zones at Goldex. The Company continues to evaluate the potential for increased throughput from Deep 1 and the potential for additional development of Deep 2 and also the potential for increased gold production from the South Zone.

Following a successful test stope in 2018, the eastern part of the South Zone was added to the mine plan. Additional stopes were added to the mine plan for 2020 to 2026 based on the successful conversion drilling in 2019.

The Goldex mine’s proven and probable mineral reserves were approximately 1.1 million ounces at December 31, 2019.

Canada – Meadowbank Complex (Including the Meadowbank Mine and Amaruq Satellite Deposit)

In 2007, the Company acquired Cumberland Resources Ltd., which held a 100% interest in the Meadowbank gold project in Nunavut, Canada. Commercial production was achieved at the Meadowbank mine in March 2010. Mining operations at the Meadowbank site ceased in 2019.

The 100% owned Amaruq satellite deposit is located approximately 50 kilometres northwest of the Meadowbank mine and was identified by the Company in 2013. In 2016, the Company approved the project for development. Commercial production was achieved at the Amaruq satellite deposit in September 2019.

At December 31, 2019, the Company reported an initial underground probable mineral reserve in the Whale Tail deposit of approximately 0.6 million ounces of gold (3.3 million tonnes grading 5.43 g/t gold). Work is continuing at Amaruq to evaluate the potential for an underground operation, which could run concurrently with mining the open pit deposits.

Preliminary work suggests that there is an opportunity to selectively mine portions of the higher-grade underground deposits at Amaruq in permafrost only. This approach is expected to reduce operating and capital costs (limited heating requirements) and lower water management risk, while preserving the optionality to mine additional underground mineral reserves and/or mineral resources. The Company will continue to use a phased approach to the underground development program at Amaruq.

The Meadowbank Complex's proven and probable mineral reserves were approximately 3.3 million ounces at December 31, 2019.

Canada – Meliadine Mine

In 2010, Agnico Eagle acquired its 100% interest in the Meliadine mine project in Nunavut, Canada through its acquisition of Comaplex Minerals Corp.

In 2016, the Company's Board of Directors ("Board") approved the construction of the Meliadine mine project. Commercial production was achieved at the Meliadine mine in May 2019. In 2020, the Company approved the Phase 2 expansion which accelerates the Tiriganiaq open pits from year five of the mine life.

In the fourth quarter of 2019, the processing plant averaged approximately 3,543 tpd, with average recoveries of 94.6%. Bottlenecks at the front end of the crushing circuit and wear issues with the apron feeder hampered maximization of throughput in the mill.

In order to optimize production and lower operating costs at Meliadine, an action plan has been put in place with a primary focus on improvements to the process plant area, improving mining flexibility and water management. The plan includes:

- apron feeder and chute re-engineering to correct wear issues;
- filter press corrosion mitigation;
- paste backfill capacity optimization;
- underground maintenance continuous improvement, focus on trucks and scoops;
- phase 2 expansion acceleration, development of Tiriganiaq open pits; and
- saline water line discharge to sea.

The current Meliadine water management plan includes segregation of underground dewatering and surface runoff waters in specific ponds, treatment and year-round discharge to Meliadine Lake or seasonal discharge to Hudsons Bay, depending on the type of water. One of the objectives of the water management plan is to minimize the volume of water in the water containment infrastructures prior to the freshet (spring melt). In 2019, the total dissolved solids ("TDS") in the runoff water pond was higher than predicted and the volume of water that could be discharged within the prescribed TDS limit was reduced. This water was subjected to a series of tests and was deemed non-toxic. The Company is in discussion with the regulatory agencies to modify the discharge criteria and allow flexibility for the mine to manage precipitation variations and the freshet while preserving the integrity of water containment infrastructures and protecting aquatic life.

While discharge to Hudsons Bay is currently performed by trucks, the Company is investigating the possibility of installing a permanent pipeline. This is expected to reduce costs and the environmental impact of trucking. Consultations are currently underway with local stakeholders and regulatory agencies.

The Meliadine mine project had proven and probable mineral reserves of approximately 4.1 million ounces at December 31, 2019.

Canada – Canadian Malartic Mine

Agnico Eagle and Yamana Gold Inc. (“Yamana”) jointly acquired 100% of Osisko Mining Corporation now Canadian Malartic Corporation (“CMC”). In 2014 pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* (the “Osisko Arrangement”). As a result of the Osisko Arrangement, Agnico Eagle and Yamana each indirectly own 50% of CMC and Canadian Malartic General Partnership (“CMGP”), a general partnership (the “Partnership”), which now holds the Canadian Malartic mine in northwestern Quebec.

Deep drilling east of the open pit in late 2018 resulted in the discovery of a new gold mineralized zone, located south of the East Malartic and Odyssey zones, named the East Gouldie Zone. The East Gouldie Zone has a strike length of 1,300 metres in an east-west direction, dips 60 degrees north, and extends from 700 metres to 1,900 metres depth below surface. East Gouldie is a silicified and carbonatized mineralized zone with fine disseminated pyrite developed in sheared greywacke units. There was a total of 82,379 metres (100% basis) drilled in 2019 aimed to reduce drill spacing in the central portion of the East Gouldie Zone. This drilling allowed for the estimation of initial inferred mineral resources at East Gouldie of 1.4 million ounces of gold (12.8 million tonnes grading 3.34 g/t gold) (reflecting the Company’s 50% interest), as of December 31, 2019.

At the Odyssey project, the Partnership is evaluating the underground potential of several other gold deposits close to the Canadian Malartic/Barnat open pit. These include the East Malartic, Sladen, South Sladen, Sheehan, Odyssey North and Odyssey South Zones, located under and immediately east of the pit, extending approximately 2.5 kilometres to the east.

At the East Malartic Zone, the inclusion of deeper mineral resources (between 1,000 metres and 1,800 metres depth) has increased inferred mineral resources by 85% or 1.2 million ounces of gold (reflecting the Company’s 50% interest), bringing total inferred mineral resources at East Malartic to 2.6 million ounces of gold (39.0 million tonnes grading 2.05 g/t gold). In addition, the East Malartic Zone has indicated mineral resources of 0.3 million ounces of gold (5.0 million tonnes grading 2.18 g/t gold) (50% interest), as of December 31, 2019.

Mineral resources at the nearby Odyssey deposit were basically unchanged between 2018 and 2019, with indicated mineral resources of 0.1 million ounces of gold (1.0 million tonnes grading 2.10 g/t gold) and inferred mineral resources of 0.8 million ounces of gold (11.7 million tonnes grading 2.22 g/t gold) (50% basis), as of December 31, 2019.

In the fourth quarter of 2019, pre-commercial production began at the Barnat extension project. Mining activities at the Barnat pit are expected to continue to ramp up during 2020.

Agnico Eagle’s attributable share of proven and probable mineral reserves at the Canadian Malartic mine were approximately 2.4 million ounces at December 31, 2019.

Canada – Kirkland Lake Assets

On March 28, 2018, the Company acquired 100% of the Canadian exploration assets (the “CMC Exploration Assets”) of Canadian Malartic Corporation (“CMC”), including the Kirkland Lake and Hammond Reef gold projects for an effective purchase price of \$162.5 million. On the closing of the transaction, Agnico acquired all of Yamana’s indirect 50% interest in the CMC Exploration Assets, giving Agnico Eagle 100% ownership. The transaction did not affect the ownership of the Canadian Malartic mine and related assets including Odyssey, East Malartic, Midway and East Amphi properties, which will continue to be jointly owned and operated by the Company and Yamana through CMC and the Partnership.

In 2019, the total exploration drilling at the Kirkland Lake project in 2019 was 40,693 metres (103 holes) comprised of 27,010 metres (73 holes) at the Upper Beaver deposit and 13,683 metres (30 holes) at the Upper Canada deposit.

The Company is still investigating various opportunities and potential synergies in terms of engineering concepts for future development of the Upper Beaver and Upper Canada deposits.

The Company is undertaking work at Upper Beaver that is expected to lead to an updated mineral resource estimate for the deposit. An increase in the mineral resources in the shallow basalts would have a significant positive impact on project economics, and could provide added flexibility for a future underground operation.

The Upper Canada deposit lies approximately six kilometres southwest of the Upper Beaver deposit, within a 300- to 400-metre wide strongly altered deformation corridor. Gold mineralization is associated with intensely altered shear zones with fine pyrite and ancillary sulphide mineralization.

Upper Beaver deposit’s proven and probable mineral reserves were approximately 1.4 million ounces at December 31, 2019. No proven and probable mineral reserves have been declared for the Upper Canada or the Hammond Reef projects.

Finland – Kittila Mine

The 100% owned Kittila mine in northern Finland was added to the Company's portfolio through the acquisition of Riddarhyttan Resources AB in 2005. Construction at the Kittila mine was completed in 2008 and commercial production was achieved in May 2009.

In February 2018, the Company's Board of Directors approved an expansion to increase throughput rates at Kittila to 2.0 million tonnes per annum ("mtpa") from the current rate of 1.6 mtpa. Permitting is ongoing for the increase in throughput. This expansion includes the construction of a 1,044-metre deep shaft, a processing plant expansion as well as other infrastructure and service upgrades.

The expansion project is expected to increase the efficiency of the mine and maintain or decrease operating costs while providing access to the deeper mining horizons. In addition, the shaft is expected to provide access to the mineral resources located below 1,150 metres depth, where recent exploration programs have shown promising results. The shaft and mill expansion are continuing to advance.

In the fourth quarter of 2019, Kittila expansion work continued on underground excavations for the new rock handling system and the construction of the headframe. The ultimate height of the headframe was reached on November 1, 2019, and since then work is on-going to install the required steel structures. Shaft sinking is expected to begin once final support and steel sets are installed in the first segment.

As a result of higher than expected costs in shaft sinking and in the rock handling system, the Kittila expansion project is now forecast to cost between 160 to 170 million euros (previous forecast was 160 million euros).

Exploration at the Kittila mine is focused on extending the Main and Sisar zones northward, southward and at depth in the Roura and Rimpi areas to increase the mineral reserves in the large orebody. Sisar is subparallel to and 50 to 300 metres east of the main Kittila mineralization.

Proven and probable mineral reserves at the Kittila mine were approximately 4.1 million ounces at December 31, 2019.

Southern Business

Mexico – Pinos Altos Mine

In 2006, the Company completed the acquisition of the Pinos Altos property, which was then an advanced stage exploration property in northern Mexico. Commercial production was achieved at the Pinos Altos mine in November 2009. A shaft sinking project was completed in June 2016 at the Pinos Altos mine and during 2018, the site transitioned into being a predominantly underground mining operation.

In 2019, the Company began testing samples from the Pinos Altos and La India mines relating to an ore sorting project. To-date, sorting of open pit ore from the Sinter deposit has yielded favourable preliminary results. Similar ore sorting pilot testing is being considered at the Company's other operating sites. In the fourth quarter of 2019, ore from various assets of the Company were tested at the ore sorting pilot plant at the Pinos Altos mine.

At the Cerro Colorado underground operations, mining activities in 2019 encountered an area with challenging ground conditions. To address this, the Company adjusted the mining sequence, and as a result, the mining capacity at Cerro Colorado was reduced by 75% in the third quarter of 2019. Despite efforts to mitigate the challenging ground conditions, the change in mining sequence at Cerro Colorado continued to have adverse effect on fourth quarter production as this zone was expected to provide higher grade ore feed. The Company is continuing to take measures to mitigate the challenging ground conditions at Cerro Colorado and increase the amount of ore extracted. These measures include:

- decreasing the speed of the mining sequence; and
- reducing stope size by 25%,
- potential to add additional stopes at the Santo Nino underground;
- potential to add higher grades at the Sinter deposit.

Exploration at Pinos Altos is focused on the Reyna East Zone (formerly called Reyna de Plata East) in the southeast of the property and at the Cubiro deposit in the property's northwest, where the exploration ramp development is providing additional access for drilling exploration targets from underground.

The Pinos Altos mine's proven and probable mineral reserves (including satellite deposits) were approximately 1.0 million ounces at December 31, 2019.

Mexico – Creston Mascota Mine

The 100% owned Creston Mascota mine is located approximately 7.0 kilometres northwest of the Pinos Altos mine in northern Mexico. First mining activity commenced at the Creston Mascota deposit in 2010 and commercial production was achieved at the mine in March 2011. During 2017, the Bravo zone located south of the Creston Mascota facilities was added to the mine plan. Construction activities continued through 2018 and mining at the main Bravo zone began in the third quarter of 2018.

Creston Mascota open pit mineral reserves are now expected to be depleted by the end of the first half of 2020, largely due to the discovery of additional ore outside of the mineral reserve model. Gold leaching is expected to continue through the end of 2020.

The Creston Mascota mine's proven and probable mineral reserves were approximately 0.1 million ounces at December 31, 2019.

Mexico – La India Mine

Agnico Eagle acquired 100% of Grayd Resource Corporation ("Grayd") in January 2012. Grayd owned the La India project, which is located approximately 70 kilometres northwest of the Pinos Altos mine in northern Mexico. In September 2012, development and construction of the La India mine were approved by the Board and commercial production was achieved in February 2014.

In 2019, production was affected by the high clay content of the ore, which negatively affected recoveries. To mitigate this effect in the short term, belt agglomeration (adding cement to the ore delivered by conveyor from the crusher to the heap leach pad) was initiated in the third quarter of 2019, adjustments were made to the stacking sequence and irrigation rates were decreased on the leach pads to help improve percolation.

During the second half of 2019, modifications were also made to the screens and transfer chutes on the conveyors. An automatic radial stacker was acquired to improve transfer of ore to the leach pads and two agglomeration units were ordered to improve percolation and are expected to be commissioned once all the civil work has been completed.

Additional drilling is also being carried out to better define areas with higher clay content in the geological model. These improvements are expected to result in more normal production rates going forward.

The regional exploration program continues to return encouraging results at the Chipriona polymetallic sulphide target, located approximately one kilometre north of the North Zone at the La India mine. The positive drill results have led to a new indicated mineral resource and a 48% year-over-year increase of gold contained in inferred mineral resources at the Chipriona project, all at open pit depth. As of December 31, 2019, the Chipriona deposit has indicated mineral resources of 0.05 million ounces of gold, 2.1 million ounces of silver, 359 tonnes of copper and 17,000 tonnes of zinc (1.3 million tonnes grading 1.11 g/t gold, 50.99 g/t silver, 0.03% copper and 1.36% zinc) and inferred mineral resources of 0.2 million ounces of gold, 29.5 million ounces of silver, 15,400 tonnes of copper and 86,900 tonnes of zinc (10.7 million tonnes grading 0.69 g/t gold, 85.44 g/t silver, 0.14% copper and 0.81% zinc).

The La India mine's proven and probable mineral reserves (including satellite deposits) were approximately 0.5 million ounces at December 31, 2019.

Mexico – Santa Gertrudis Project

In November 2017, the Company acquired its 100% interest in the Santa Gertrudis property which is located approximately 180 kilometers north of Hermosillo in Sonora, Mexico.

The property was the site of historic heap leach operations that produced approximately 0.6 million ounces of gold at a grade of 2.10 g/t gold between 1991 and 2000. The project also has a substantial surface infrastructure already in place including pre-stripped pits, haul roads, water sources and buildings.

Extensive drilling in 2019 has led to initial indicated mineral resources of 0.1 million ounces of gold (5.1 million tonnes grading 0.64 g/t gold) at open pit depth, and an increased inferred mineral resource of 1.2 million ounces of gold (22.1 million tonnes grading 1.64 g/t gold) mainly at open pit depth, as of December 31, 2019.

The full-year 2019 exploration program at Santa Gertrudis totaled 143 holes (19,352 metres in Amelia and 23,426 metres in the rest of the project), compared with an initial budget of 29,000 metres of drilling. The focus of the program was on mineral resource expansion and refining the understanding of new targets within the Trinidad Zone.

Amelia is one of three deposits that comprise the Trinidad Zone and is the site of a previously operating open-pit gold mine. High-grade gold mineralization can be found in multiple parallel structures that commonly correspond to lithological contacts. The Amelia deposit has been extended 100 metres to an east-west strike length of approximately 900 metres and dips steeply to the north; it includes an ore shoot on the west side that plunges steeply to the east. Most of the open pit (oxide) material lies between surface and 100 metres depth, while the underground material reaches below the open pit mineral resources to a depth of approximately 350 metres, but recent drilling has intersected an extension of the mineralization at 677 metres below surface. The Amelia deposit remains open along strike and at depth. The Company has updated the inferred mineral resources at Amelia to 1.6 million tonnes grading 1.38 g/t gold (0.1 million ounces of gold) at open pit depth, as well as an initial underground inferred mineral resource of 3.1 million tonnes grading 4.58 g/t gold (0.5 million ounces of gold) in the high-grade sulphide material. The Amelia mineral resources are part of the Santa Gertrudis project estimate as of December 31, 2019.

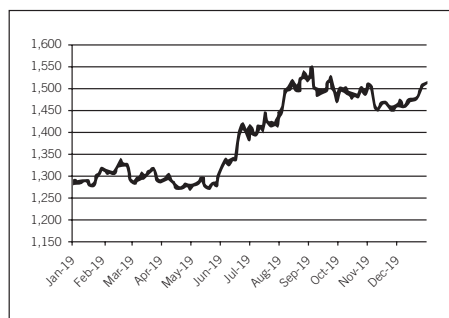
Key Performance Drivers

The key drivers of financial performance for Agnico Eagle include:

- the spot price of gold, silver, zinc and copper;
- production volumes;
- production costs; and
- US dollar/Canadian dollar, US dollar/Mexican peso and US dollar/Euro exchange rates.

Spot Price of Gold, Silver, Zinc and Copper

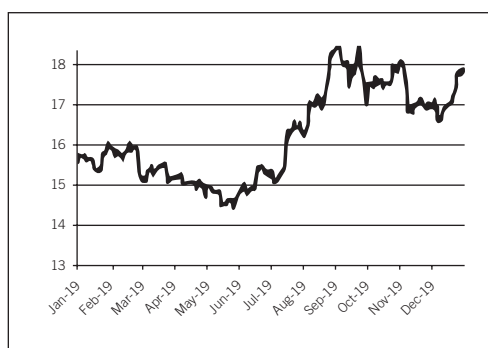
GOLD (\$ per ounce)



	2019	2018	% Change
High price	\$1,557	\$1,366	14.0%
Low price	\$1,266	\$1,160	9.1%
Average market price	\$1,393	\$1,269	9.8%
Average realized price	\$1,406	\$1,266	11.1%

In 2019, the average market price per ounce of gold was 9.8% higher than in 2018. The Company's average realized price per ounce of gold in 2019 was 11.1% higher than in 2018.

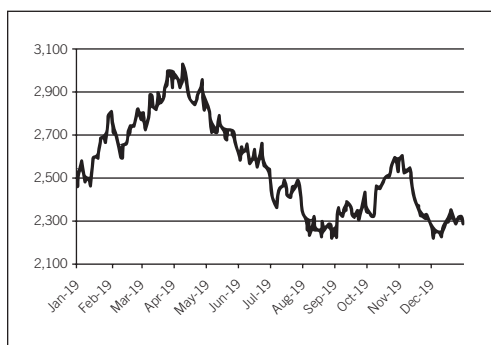
SILVER (\$ per ounce)



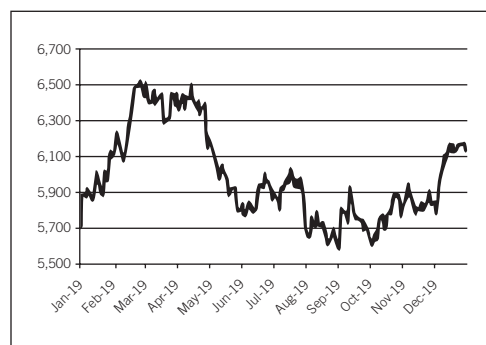
	2019	2018	% Change
High price	\$19.65	\$17.71	11.0%
Low price	\$14.29	\$13.89	2.9%
Average market price	\$16.21	\$15.71	3.2%
Average realized price	\$16.38	\$15.51	5.6%

In 2019, the average market price per ounce of silver was 3.2% higher than in 2018. The Company's average realized price per ounce of silver in 2019 was 5.6% higher than in 2018.

ZINC (\$ per tonne)



COPPER (\$ per tonne)



Agnico Eagle's average realized sales price year-over-year for zinc decreased by 14.1% and the average realized sales price for copper year-over-year decreased by 9.9%. Significant quantities of by-product metals are produced by the LaRonde mine (silver, zinc and copper) and the Pinos Altos mine (silver).

Net by-product (primarily silver, zinc and copper) revenue is treated as a reduction of production costs in calculating total cash costs per ounce of gold produced on a by-product basis and all-in sustaining costs per ounce of gold produced on a by-product basis.

The Company has never sold gold forward, allowing the Company to take full advantage of rising gold prices. Management believes that low cost production is the best protection against a decrease in gold prices.

Production Volumes and Costs

Changes in production volumes have a direct impact on the Company's financial results. Total payable gold production was 1,782,147 ounces in 2019, an increase of 9.6% compared with 1,626,669 ounces in 2018. The increase was primarily due to the achievement of commercial production at the Meliadine mine during the second quarter of 2019. Partially offsetting the overall increase in gold production was a decrease in tonnes processed at the Meadowbank Complex as the site transitioned to the Amaruq satellite deposit which achieved commercial production at the end of the third quarter of 2019.

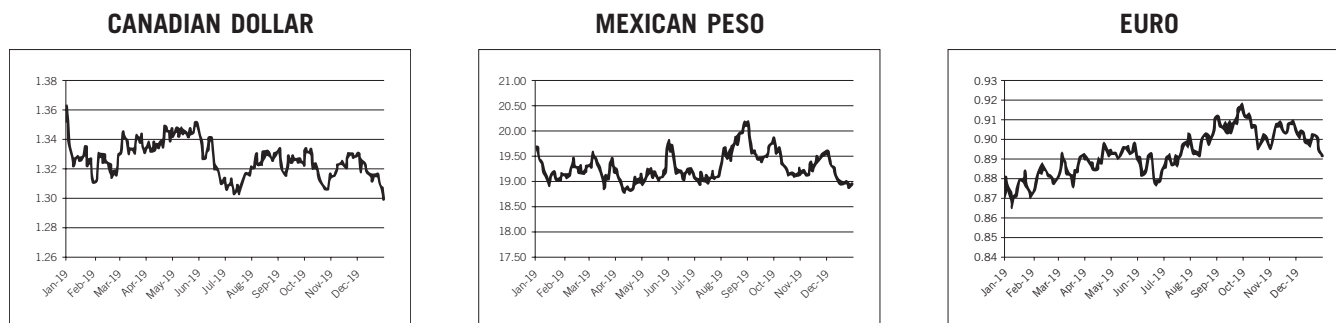
Production costs are discussed in detail in the Results of Operations section below.

Foreign Exchange Rates (Ratio to US\$)

The exchange rate of the Canadian dollar, Mexican peso and Euro relative to the US dollar is an important financial driver for the Company for the following reasons:

- all revenues are earned in US dollars;
- a significant portion of operating costs at the Meadowbank Complex, LaRonde, LaRonde Zone 5, Goldex, Canadian Malartic, and Meliadine mines are incurred in Canadian dollars;
- a significant portion of operating costs at the Pinos Altos, Creston Mascota and La India mines are incurred in Mexican pesos; and
- a significant portion of operating costs at the Kittila mine are incurred in Euros.

The Company mitigates part of its foreign currency exposure by using currency hedging strategies.



On average, the Canadian dollar, Euro and Mexican peso weakened relative to the US dollar in 2019 compared with 2018, decreasing costs denominated in the local currency when translated into US dollars for reporting purposes.

Balance Sheet Review

Total assets at December 31, 2019 of \$8,789.9 million increased compared to December 31, 2018 total assets of \$7,852.8 million. The \$937.1 million increase in total assets between periods was primarily comprised of a \$769.4 million increase in property, plant and mine development and an \$85.9 million increase in inventories. The December 31, 2017 balance of \$7,865.6 million was largely consistent with the total assets as at December 31, 2018.

Cash and cash equivalents were \$321.9 million at December 31, 2019, an increase of \$20.1 million compared with December 31, 2018 primarily due to an increase in cash provided by operating activities of \$881.7 million and proceeds on the exercise of stock options of \$140.6 million, partially offset by \$882.7 million in capital expenditures and \$105.4 million in dividends paid during 2019.

Current inventory balances increased by \$85.9 million from \$494.2 million at December 31, 2018 to \$580.1 million at December 31, 2019 primarily due to a \$45.5 million increase in supplies inventories and a \$23.8 million increase in concentrate inventories from the ramp up at the Meliadine mine and the Amaruq satellite deposit at the Meadowbank Complex which both achieved commercial production during 2019. Non-current ore in stockpiles and on leach pads increased by \$28.9 million from \$116.8 million at December 31, 2018 to \$145.7 million at December 31, 2019 primarily due to the the increase in the stockpiles balance not expected to be processed within 12 months at the Canadian Malartic mine, partially offset by the reclassification from current inventory at the La India mine.

Equity securities increased from \$76.5 million at December 31, 2018 to \$86.3 million at December 31, 2019 primarily due to \$9.6 million in unrealized fair value gains and \$6.0 million in new investments, partially offset by \$5.7 million in disposals during 2019.

Property, plant and mine development increased by \$769.4 million to \$7,003.7 million at December 31, 2019 compared with December 31, 2018 due to \$882.7 million in capital expenditures, primarily at the Meadowbank Complex, Kittila and Meliadine mines, and an impairment reversal at the Meliadine mine of \$345.8 million in 2019. This increase was partially offset by amortization expense of \$546.1 million incurred during 2019.

Total liabilities increased to \$3,678.4 million at December 31, 2019 from \$3,302.8 million at December 31, 2018 primarily due to the net capitalization of \$114.9 million of lease obligations during 2019 in accordance with the adoption of IFRS 16 – Leases (“IFRS 16”) effective January 1, 2019. Total liabilities increased to \$3,302.8 million at December 31, 2018 from

\$2,918.6 million at December 31, 2017 primarily due to \$350.0 million related to the issuance of guaranteed senior unsecured notes on April 5, 2018.

Accounts payable and accrued liabilities increased by \$35.0 million between December 31, 2018 and December 31, 2019 primarily due to the timing of expenditures.

Net income taxes payable increased by \$23.0 million between December 31, 2018 and December 31, 2019 primarily due to the current tax expense exceeding payments to tax authorities.

Long-term debt decreased by \$357.2 million between December 31, 2018 and December 31, 2019 primarily due to \$360.0 million of the Company's long-term debt that was reclassified to current liabilities.

Reclamation provision increased by \$53.6 million between December 31, 2018 and December 31, 2019 primarily due to the re-measurement of the Company's reclamation provisions by applying updated expected cash flows and assumptions at the Meadowbank Complex as well as Meliadine and Kittila mines as at December 31, 2019.

Deferred income and mining tax liabilities increased by \$151.4 million between December 31, 2018 and December 31, 2019 primarily due to the origination and reversal of net taxable temporary differences, including the tax effect of the Meliadine impairment reversal.

Fair Value of Derivative Financial Instruments

The Company occasionally enters into contracts to limit the risk associated with decreased by-product metal prices, increased foreign currency costs (including capital expenditures) and input costs. The contracts act as economic hedges of underlying exposures and are not held for speculative purposes. Agnico Eagle does not use complex derivative contracts to hedge exposures. The fair value of the Company's derivative financial instruments is outlined in the financial instruments note to the Company's annual consolidated financial statements.

Results of Operations

Agnico Eagle reported net income of \$473.2 million, or \$2.00 per share, in 2019 compared with a net loss of \$326.7 million, or \$1.40 per share, in 2018. In 2017, the Company reported net income of \$240.8 million, or \$1.05 per share. Agnico Eagle reported adjusted net income⁽ⁱ⁾ of \$229.4 million, or \$0.97 per share, in 2019 compared with adjusted net income of \$71.9 million, or \$0.31 per share, in 2018. In 2017, the Company reported adjusted net income of \$233.8 million, or \$1.02 per share. In 2019, operating margin (revenues from mining operations less production costs) increased to \$1,247.2 million from \$1,030.9 million in 2018. In 2017, operating margin was \$1,184.8 million.

Revenues from Mining Operations

Revenues from mining operations increased by \$303.7 million, or 13.9%, to \$2,494.9 million in 2019 from \$2,191.2 million in 2018 primarily due to an 11.1% increase in the average realized price of gold between periods. Revenues from mining operations were \$2,242.6 million in 2017.

Revenues from the Northern Business increased by \$313.8 million, or 18.0%, to \$2,053.0 million in 2019 from \$1,739.2 million in 2018 primarily due to a higher average realized price of gold and an increase in the sales volume of gold ounces⁽ⁱⁱ⁾. Revenues from the Southern Business decreased by \$10.1 million, or 2.2%, to \$441.9 million in 2019 from \$452.0 million in 2018, primarily due to a decrease in the sales volume of gold ounces, partially offset by a higher average realized price of gold. Revenues from the Northern Business were \$1,790.9 million and revenues from the Southern Business were \$451.7 million in 2017.

Sales of precious metals (gold and silver) accounted for 98.9% of revenues from mining operations in 2019, an increase from 98.4% in 2018 and a decrease from 99.3% in 2017. The slight increase in the percentage of revenues from precious metals in 2019 compared with 2018 was primarily due to a higher average realized price of gold.

Notes:

- (i) Adjusted net income is a non-GAAP measure. For a discussion of the Company's use of non-GAAP measures and a reconciliation to the nearest GAAP measure, see *Non-GAAP Financial Performance Measures* in this MD&A.
- (ii) Excludes 64,034 ounces of payable gold production sold associated with the Meliadine mine, the Amaruq satellite deposit at the Meadowbank Complex and the Barnat deposit at the Canadian Malartic mine which were sold prior to the achievement of commercial production.

The table below sets out revenues from mining operations, production volumes and sales volumes by metal:

	2019	2018	2017
	<i>(thousands of United States dollars)</i>		
Revenues from mining operations:			
Gold	\$ 2,393,869	\$ 2,080,545	\$ 2,140,890
Silver	73,312	75,310	86,262
Zinc	14,711	14,397	9,177
Copper	13,000	20,969	6,275
Total revenues from mining operations	\$ 2,494,892	\$ 2,191,221	\$ 2,242,604
Payable production⁽ⁱ⁾:			
Gold (ounces)	1,782,147	1,626,669	1,713,533
Silver (thousands of ounces)	4,310	4,524	5,016
Zinc (tonnes)	13,161	7,864	6,510
Copper (tonnes)	3,397	4,193	4,501
Payable metal sold:			
Gold (ounces)	1,755,334	1,629,785	1,693,774
Silver (thousands of ounces)	4,273	4,545	4,852
Zinc (tonnes)	12,292	8,523	6,316
Copper (tonnes)	3,390	4,195	4,599

Revenues from gold increased by \$313.3 million or 15.1% in 2019 compared with 2018 primarily due to an 11.1% increase in the average realized price of gold and a 3.8% increase in the sales volume of gold⁽ⁱⁱ⁾. The Company's average realized price of gold increased to \$1,406 in 2019 compared to \$1,266 in 2018, and the sales volume of gold increased to 1,691,300 ounces⁽ⁱⁱⁱ⁾ in 2019 compared to 1,629,785 gold ounces in 2018.

Revenues from silver decreased by \$2.0 million or 2.7% in 2019 compared with 2018 primarily due to a 6.0% decrease in the sales volume of silver which was partially offset by a 5.6% increase in average realized price of silver to \$16.38 in 2019 from \$15.51 in 2018. Revenues from zinc increased by \$0.3 million or 2.2% to \$14.7 million in 2019 compared with \$14.4 million in 2018 primarily due to a 44.2% increase in the sales volume of zinc, partially offset by a 14.1% decrease in the average realized price of zinc between periods. Revenues from copper decreased by \$8.0 million or 38.0% in 2019 compared with 2018 primarily due to a 19.2% decrease in the sales volume of copper and a 9.9% decrease in the average realized price of copper.

Production Costs

Production costs increased to \$1,247.7 million in 2019 compared with \$1,160.4 million in 2018 primarily due to the ramp up of the Meliadine mine which achieved commercial production in the second quarter of 2019. Partially offsetting the overall increase was an expected decrease in the mining and milling costs at the Meadowbank Complex as production at Meadowbank transitioned to the Amaruq satellite deposit, which achieved commercial production at the end of the third quarter of 2019. Production costs were \$1,057.8 million in 2017.

Notes:

- (i) Payable production is a non-GAAP, non-financial performance measure. See "Notes to Investors Concerning Certain Measures of Performance".
- (ii) Excludes 64,034 ounces of payable gold production sold associated with the Meliadine mine, the Amaruq satellite deposit at the Meadowbank Complex and the Barnat deposit at the Canadian Malartic mine which were sold prior to the achievement of commercial production.

The table below sets out production costs by mine:

	2019	2018	2017
	<i>(thousands of United States dollars)</i>		
LaRonde mine	\$ 215,012	\$ 228,294	\$ 185,488
LaRonde Zone 5 mine	41,212	12,991	–
Lapa mine	2,844	27,870	38,786
Goldex mine	82,533	78,533	71,015
Meadowbank Complex	180,848	211,147	224,364
Meliadine mine	142,932	–	–
Canadian Malartic mine (attributable 50%)	208,178	199,761	188,568
Kittila mine	142,517	157,032	148,272
Pinos Altos mine	130,190	138,362	108,726
Creston Mascota mine	35,801	37,270	31,490
La India mine	65,638	69,095	61,133
Total production costs	\$1,247,705	\$1,160,355	\$1,057,842

Production costs at the LaRonde mine were \$215.0 million in 2019, a 5.8% decrease compared with 2018 production costs of \$228.3 million primarily due to the timing of inventory sales and the weakening of the Canadian dollar relative to the US dollar between periods. During 2019, the LaRonde mine processed an average of 5,636 tonnes of ore per day compared with 5,775 tonnes of ore per day during 2018. Production costs per tonne of C\$139 were the same between 2019 and 2018. Minesite costs per tonne increased to C\$125 in 2019 compared with C\$119 in 2018 primarily due to increased underground costs and slightly lower throughput.

Production costs at the LZ5 mine were \$41.2 million in 2019, compared to \$13.0 million in 2018. The LZ5 mine achieved commercial production in June 2018; therefore, the financial results for the year ended December 31, 2019 represented the first full year of production. During 2019, the LZ5 mine processed an average of 2,384 tonnes of ore per day compared with 1,940 tonnes of ore per day during 2018. The increase in throughput between periods was primarily due to mill optimization and the partial utilization of milling facilities at the LaRonde mine. Production costs per tonne decreased to C\$63 in 2019 compared with C\$76 in 2018 due to higher throughput and the timing of inventory sales, partially offset by higher re-handling costs. Minesite costs per tonne decreased to C\$66 in 2019 compared with C\$80 in 2018 primarily due to higher throughput, partially offset by higher re-handling costs.

Production costs at the Lapa mine were \$2.8 million in 2019, an 89.8% decrease compared with 2018 production costs of \$27.9 million due to the cessation of mining and processing operations at the site. In 2019, only residual gold ounces that remained in inventory at the end of 2018 were recovered from the mill facility and subsequently sold.

Production costs at the Goldex mine were \$82.5 million in 2019, a 5.1% increase compared with 2018 production costs of \$78.5 million primarily due to an increase in underground production and maintenance costs. During 2019, the Goldex mine processed an average of 7,630 tonnes of ore per day compared with 7,192 tonnes of ore per day processed during 2018. The increase in throughput between periods was primarily due to optimization of the Rail-Veyor system during the year. Production costs and minesite costs per tonne of C\$39 were the same between 2019 and 2018.

Production costs at the Meadowbank Complex were \$180.8 million in 2019, a 14.3% decrease compared with 2018 production costs of \$211.1 million primarily due to lower open pit mining and processing costs as the mining transitioned to the Amaruq satellite deposit, the timing of inventory sales and the weakening of the Canadian dollar relative to the US dollar, partially offset by higher re-handling costs. During 2019, the Meadowbank Complex processed an average of 7,731 tonnes of ore per day compared with 8,937 tonnes of ore per day during 2018. The decrease in throughput between periods was expected as the mine transitioned to the Amaruq satellite deposit throughout the year. Production costs per tonne increased to C\$101 in 2019 compared with C\$83 in 2018 primarily due to lower throughput and higher contractor, mine maintenance, re-handling and long-haul costs associated with the transportation of ore from the Amaruq satellite deposit to the

Meadowbank mill. The increase in production costs per tonne was partially offset by the timing of inventory sales. Minesite costs per tonne increased to C\$103 in 2019 compared with C\$82 in 2018 primarily due to the factors noted above.

The Meliadine mine achieved commercial production on May 14, 2019. During 2019, the Meliadine mine processed an average of 3,346 tonnes of ore per day and incurred production costs of \$142.9 million. Production costs per tonne were C\$244 and minesite costs per tonne were C\$246 in 2019. As 2019 was Meliadine mine's first year of production, there is no comparable period in 2018.

Attributable production costs at the Canadian Malartic mine were \$208.2 million in 2019, a 4.2% increase compared with 2018 production costs of \$199.8 million, primarily due to higher open pit production costs and a lower amount of stripping costs being capitalized, partially offset by lower re-handling costs and the weakening of the Canadian dollar relative to the US dollar between periods. During 2019, the Canadian Malartic mine processed an average of 57,669 tonnes of ore per day on a 100% basis compared with 56,121 tonnes of ore per day in 2018. The increase in throughput between periods was primarily due to mill optimization and the availability of additional crushed ore from the portable crusher. Production costs per tonne and minesite costs per tonne increased to C\$26 in 2019 compared with C\$25 in 2018 primarily due to the factors noted above, other than the impact of foreign exchange.

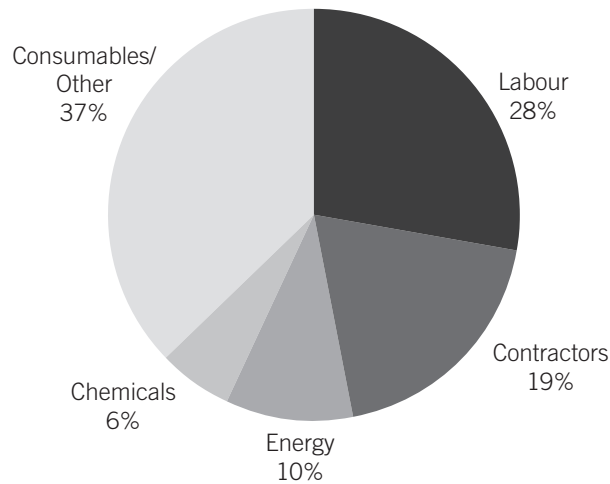
Production costs at the Kittila mine were \$142.5 million in 2019, a 9.2% decrease compared with 2018 production costs of \$157.0 million primarily due to the planned 58-day mill shutdown for autoclave relining during the year, lower re-handling costs and the weakening of the Euro relative to the US dollar, partially offset by higher contractor costs related to underground development. During 2019, the Kittila mine processed an average of 4,359 tonnes of ore per day compared with the 5,005 tonnes of ore per day during 2018. The decrease in throughput was primarily due to the planned mill shutdown as noted above. Production costs per tonne decreased to €80 in 2019 compared with €73 in 2018 primarily due to lower throughput and higher underground development costs, partially offset by lower re-handling costs. Minesite costs per tonne increased to €76 in 2019 compared with €75 in 2018 due to the factors noted above.

Production costs at the Pinos Altos mine were \$130.2 million in 2019, a 5.9% decrease compared with 2018 production costs of \$138.4 million primarily due to lower re-handling costs and the timing of inventory sales. During 2019, the Pinos Altos mine mill processed an average of 5,214 tonnes of ore per day compared with the 5,329 tonnes of ore per day during 2018. In 2019, approximately 103,500 tonnes of ore were stacked on the Pinos Altos mine leach pad, compared with approximately 273,000 tonnes of ore stacked in 2018. The lower number of tonnes processed at the mill and leach pad was primarily due to mine sequencing. Production costs per tonne increased to \$65 in 2019 compared with \$62 in 2018 due to lower throughput and slightly higher underground mining costs as the mine transitioned into a predominantly underground operation, partially offset by lower re-handling costs and the timing of inventory sales. Minesite costs per tonne increased to \$66 in 2019 compared with \$61 in 2018 primarily due to the factors noted above, other than the timing of inventory sales.

Production costs at the Creston Mascota mine were \$35.8 million in 2019, a 3.9% decrease compared with 2018 production costs of \$37.3 million primarily due to the timing of inventory sales, partially offset by an increase in open pit mining costs associated with the extension of the Bravo pit. During 2019, approximately 1,066,900 tonnes of ore were processed at the Creston Mascota mine compared with approximately 1,422,400 tonnes of ore stacked in 2018. The decrease in tonnes stacked was the result of the mine approaching the end of operations. Production costs per tonne increased to \$34 in 2019 compared with \$26 in 2018 primarily due to lower tonnes stacked and higher open pit mining costs, partially offset by the timing of inventory sales. Minesite costs per tonne increased to \$33 in 2019 compared with \$27 in 2018 primarily due to the factors noted above, other than the timing of inventory sales.

Production costs at the La India mine were \$65.6 million in 2019, a 5.0% decrease compared with 2018 production costs of \$69.1 million primarily due to the timing of inventory sales, partially offset by increased heap leach costs, resulting from the higher consumption of reagents and higher contractor costs to facilitate recovery of gold ounces due to higher clay content contained in the ore. During 2019, the La India mine stacked approximately 5,402,400 tonnes of ore on the leach pad compared with approximately 6,127,500 tonnes of ore stacked in 2018. The decrease in tonnes stacked was primarily due to lower crushing capacity as a result of additional maintenance required to process ore with higher clay content. Production costs per tonne increased to \$12 in 2019 compared with \$11 in 2018 primarily due to the factors noted above. Minesite costs per tonne increased to \$13 in 2019 compared with \$12 in 2018 primarily due to increased heap leach costs and lower tonnes stacked.

Total Production Costs by Category 2019



Total production costs per ounce of gold production, representing the weighted average of all of the Company's producing mines, increased to \$735 in 2019 compared with \$713 in 2018 and \$621 in 2017. Total cash costs per ounce of gold produced on a by-product basis increased to \$673 in 2019 compared with \$637 in 2018 and \$558 in 2017. Total cash costs per ounce of gold produced on a co-product basis increased to \$745 in 2019 compared with \$710 in 2018 and \$637 in 2017. Set out below is an analysis of the change in total production costs per ounce and cash costs per ounce at each of the Company's mining operations.

- At the LaRonde mine, total production costs per ounce of gold produced decreased to \$627 in 2019 compared with \$664 in 2018 primarily due to the timing of inventory sales. Total cash costs per ounce of gold produced on a by-product basis increased to \$464 in 2019 compared with \$445 in 2018 primarily due to an increase in treatment and refining fees associated with the processing of zinc concentrate. Total cash costs per ounce of gold produced on a co-product basis increased to \$660 in 2019 compared with \$634 in 2018 due to the factors noted above.
- At the LZ5 mine, total production costs per ounce of gold produced decreased to \$689 in 2019 compared with \$698 in 2018 primarily due to an increase in gold production and the timing of inventory sales, partially offset by higher re-handling costs. Total cash costs per ounce of gold produced on a by-product basis decreased to \$722 in 2019 compared with \$732 in 2018 due to an increase in gold production, partially offset by higher re-handling costs. Total cash costs per ounce of gold produced on a co-product basis decreased to \$725 in 2019 compared with \$733 in 2018 due to the factors noted above.
- At the Lapa mine, there was no production of gold in 2019 due to the cessation of mining and processing operations at the site. Therefore, no production or cash costs per ounce were reported during the year.
- At the Goldex mine, total production costs per ounce of gold produced decreased to \$586 in 2019 compared with \$648 in 2018 primarily due to a 16.3% increase in gold production, partially offset by an increase in underground production and maintenance costs. Total cash costs per ounce of gold produced on a by-product basis decreased to \$584 in 2019 compared with \$646 in 2018 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis decreased to \$584 in 2019 compared with \$646 in 2018 due to the factors noted above.
- At the Meadowbank Complex, total production costs per ounce of gold produced increased to \$1,143 in 2019 compared with \$848 in 2018 primarily due to higher contractor, mine maintenance, re-handling and long-haul costs associated with the transportation of ore from the Amaruq satellite deposit to the Meadowbank mill and a 36.5% decrease in gold production, partially offset by the timing of inventory sales. Total cash costs per ounce of gold produced on a by-product basis increased to \$1,152 in 2019 compared with \$814 in 2018 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$1,161 in 2019 compared with \$825 in 2018 due to the factors noted above.
- The Meliadine mine achieved commercial production on May 14, 2019. Total production costs per ounce of gold produced were \$748 in 2019. Total cash costs per ounce of gold produced on a by-product basis were \$748 and total cash costs per ounce of gold produced on a co-product basis were \$750. As 2019 was Meliadine mine's first year of production, there is no comparable period in 2018.

- At the Canadian Malartic mine, total production costs per ounce of gold produced increased to \$628 in 2019 compared with \$573 in 2018 primarily due to a 4.9% decrease in the production of gold, higher open pit production costs and a lower amount of stripping costs being capitalized, partially offset by lower re-handling costs and the weakening of the Canadian dollar relative to the US dollar between periods. Total cash costs per ounce of gold produced on a by-product basis increased to \$606 in 2019 compared with \$559 during 2018 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$626 in 2019 compared with \$579 during 2018 due to the factors noted above.
- At the Kittila mine, total production costs per ounce of gold produced decreased to \$766 in 2019 compared with \$831 in 2018 primarily due to lower processing costs as a result of a planned 58-day mill shutdown for autoclave relining, lower re-handling costs and the weakening of the Euro relative to the US dollar, partially offset by higher underground development costs. Total cash costs per ounce of gold produced on a by-product basis decreased to \$736 in 2019 compared with \$853 in 2018 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis decreased to \$737 in 2019 compared with \$854 in 2018 due to the factors noted above.
- At the Pinos Altos mine, total production costs per ounce of gold produced increased to \$839 in 2019 compared with \$764 in 2018 primarily due to a 14.3% decrease in gold production, slightly higher underground mining costs as the mine transitioned into a predominantly underground operation, partially offset by lower re-handling costs and the timing of inventory sales. Total cash costs per ounce of gold produced on a by-product basis increased to \$639 in 2019 compared with \$548 in 2018 primarily due to the factors noted above, other than the timing of inventory sales. Total cash costs per ounce of gold produced on a co-product basis increased to \$867 in 2019 compared with \$749 in 2018 due to lower by-product revenues and the factors noted above, other than the timing of inventory sales.
- At the Creston Mascota mine, total production costs per ounce of gold produced decreased to \$740 in 2019 compared to \$928 in 2018 primarily due to a 20.4% increase in gold production and the timing of inventory sales, partially offset by an increase in open pit mining costs associated with the extension of the Bravo pit. Total cash costs per ounce of gold produced on a by-product basis decreased to \$554 in 2019 compared with \$841 in 2018 due to higher by-product revenues and the factors noted above, other than the timing of inventory sales. Total cash costs per ounce of gold produced on a co-product basis decreased to \$754 in 2019 compared with \$961 in 2018 due to the factors noted above, other than the timing of inventory sales.
- At the La India mine, total production costs per ounce of gold produced increased to \$799 in 2019 compared with \$682 in 2018 due to an 18.9% decrease in gold production and increased heap leach costs, resulting from the higher consumption of reagents and higher contractor costs to facilitate recovery of gold ounces due to higher clay content contained in the ore, partially offset by the timing of inventory sales. Total cash costs per ounce of gold produced on a by-product basis increased to \$823 in 2019 compared with \$685 in 2018 due the factors noted above, other than the timing of inventory sales. Total cash costs per ounce of gold produced on a co-product basis increased to \$849 in 2019 compared with \$712 in 2018 due to the factors noted above, other than the timing of inventory sales.

Exploration and Corporate Development Expense

Exploration and corporate development expense decreased by 23.9% to \$104.8 million in 2019 from \$137.7 million in 2018. Exploration and corporate development expense was \$141.5 million in 2017.

A summary of the Company's significant 2019 exploration and corporate development activities is set out below:

- Exploration expenses at various mine sites decreased by 41.5% to \$12.0 million in 2019 compared with 2018 primarily due to lower expensed exploration drilling at various satellite projects at the Kittila, Goldex and Pinos Altos mines.
- Exploration expenses in Canada decreased by 45.2% to \$25.5 million in 2019 compared with 2018 primarily due to lower expensed exploration drilling at the Amaruq satellite deposit.
- Exploration expenses in Latin America decreased by 10.9% to \$24.0 million in 2019 compared with 2018 primarily due to decreased exploration at the El Barqueño project, partially offset by increased exploration at the Santa Gertrudis project in Mexico.
- Exploration expenses in the United States increased by 36.7% to \$8.3 million in 2019 compared with 2018 primarily due to increased exploration at the Gilt Edge project in South Dakota.
- Exploration expenses in Europe decreased by 49.6% to \$6.2 million in 2019 compared with 2018 primarily due to decreased exploration at the Barsele project.

- Corporate development and project evaluation expenses increased by 13.5% to \$28.8 million in 2019 compared with 2018 primarily due to increased project evaluation expenses at the Cubiro project near the Pinos Altos mine.

The table below sets out exploration expense by region and total corporate development expense:

	2019	2018	2017
	<i>(thousands of United States dollars)</i>		
Mine sites	\$ 12,018	\$ 20,542	\$ 20,494
Canada	25,458	46,420	58,434
Latin America	23,960	26,897	21,402
United States	8,317	6,082	3,796
Europe	6,238	12,368	14,785
Corporate development and project evaluation expenses	28,788	25,361	22,539
Total exploration and corporate development expense	\$104,779	\$137,670	\$141,450

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense decreased to \$546.1 million in 2019 compared with \$553.9 million in 2018 and \$508.7 million in 2017. The decrease in amortization of property, plant and mine development between 2019 and 2018 was primarily due to lower tonnes of ore processed at the Meadowbank Complex as the site transitioned to the Amaruq satellite deposit, lower throughput at the Kittila mine from a planned 58-day mill shutdown for autoclave relining, lower throughput at the Pinos Altos mine from a change in the mining sequence, and an increase in the proven and probable reserves at the LaRonde mine. Partially offsetting the decrease in amortization was the ramp up of the Meliadine mine, which achieved commercial production in the second quarter of 2019.

General and Administrative Expense

General and administrative expenses decreased to \$121.0 million in 2019 compared with \$124.9 million in 2018 and \$115.1 million in 2017 primarily due to decreased employee compensation costs.

Finance Costs

Finance costs increased to \$105.1 million in 2019 compared with \$96.6 million in 2018 and \$78.9 million in 2017 primarily due to increased interest expense on the Company's guaranteed senior unsecured notes (the "Notes") resulting from the \$350.0 million private placement of guaranteed senior unsecured notes which were issued on April 5, 2018. The outstanding principal on the Notes was \$1,735.0 million at December 31, 2019 and December 31, 2018.

The table below sets out the components of finance costs:

	2019	2018	2017
	<i>(thousands of United States dollars)</i>		
Interest on Notes	\$ 91,147	\$87,100	\$69,935
Stand-by fees on credit facilities	5,862	5,811	5,611
Amortization of credit facilities, financing and note issuance costs	2,800	2,671	2,566
Interest on Credit Facility	1,270	310	42
Accretion expense on reclamation provisions	5,715	7,107	5,234
Other interest and penalties, including interest on lease obligations	2,336	1,521	1,920
Interest capitalized to assets under construction	(4,048)	(7,953)	(6,377)
Total finance costs	\$105,082	\$96,567	\$78,931

See Note 14 in the annual consolidated financial statements for details on the Company's \$1.2 billion unsecured revolving bank credit facility (the "Credit Facility") and Notes referenced above.

Impairment and Impairment Reversal

As at December 31, 2019, the Company completed its goodwill impairment test and its review of indicators of potential impairment of the Company's cash generating units ("CGUs") and no impairments or indicators of potential impairments were identified. As at December 31, 2018, the Company completed its goodwill impairment test and its review of indicators of potential impairment of the Company's CGUs. As a result, the Company estimated the recoverable amounts of the Canadian Malartic mine, the La India mine and the El Barqueño project and concluded the carrying amounts exceeded the recoverable amounts. The Company recorded an impairment loss of \$389.7 million comprised of \$250.0 million at the Canadian Malartic mine, \$39.0 million at the La India mine and \$100.7 million at the El Barqueño project (see Note 24 in the annual consolidated financial statements for details). No indicators of impairment were identified for the other CGUs. As at December 31, 2017, the Company completed its goodwill impairment test and its review of indicators of potential impairment of the Company's CGUs and no impairments or indicators of potential impairments were identified.

As at December 31, 2019, the Company identified indicators of potential impairment reversal for the Company's Meliadine mine. As a result of the identification of these indicators, the Company estimated the recoverable amounts of the Meliadine mine CGU and concluded the recoverable amounts exceeded the carrying amounts. The Company recorded an impairment reversal of \$345.8 million (\$223.4 million net of tax) at the Meliadine mine (see Note 24 in the annual consolidated financial statements for details). Based on assessments completed by the Company, no impairment reversals were required in 2018 or 2017.

Management's estimates of recoverable amounts are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's long-lived assets and goodwill. This may have a material effect on the Company's future consolidated financial statements.

Foreign Currency Translation Loss

The Company's operating results and cash flow are significantly affected by changes in the closing exchange rate between the US dollar and each of the Canadian dollar, Mexican peso and Euro as all of the Company's revenues are earned in US dollars while a significant portion of its operating and capital costs are incurred in such other currencies. During the period from January 1, 2018 through December 31, 2019, the daily US dollar closing exchange rate fluctuated between C\$1.30 and C\$1.36 as reported by the Bank of Canada, 18.77 Mexican pesos and 20.13 Mexican pesos as reported by the Central Bank of Mexico and €0.87 and €0.92 per US\$1.00 as reported by the European Central Bank.

A foreign currency translation loss of \$4.9 million was recorded in 2019 compared with a foreign currency translation loss of \$2.0 million in 2018 and \$13.3 million in 2017. On average, the US dollar strengthened relative to the Canadian dollar, Mexican peso and Euro in 2019 compared with 2018. The US dollar also strengthened against the Euro and weakened against the Canadian dollar and Mexican peso as at December 31, 2019, compared to December 31, 2018. The net foreign currency translation loss in 2019 was primarily due to the translation impact of the Company's net monetary liabilities denominated in Canadian dollars and Mexican pesos.

Income and Mining Taxes Expense

In 2019, the Company recorded income and mining taxes expense of \$265.6 million on income before income and mining taxes of \$738.7 million at an effective tax rate of 36.0%. The Company's 2019 effective tax rate was higher than the applicable statutory tax rate of 26.0% primarily due to the impact of mining taxes. In 2018, the Company recorded income and mining taxes expense of \$67.6 million on a loss before income and mining taxes of \$259.1 million at an effective tax rate of (26.1)%. The Company's 2018 effective tax rate was lower than the applicable statutory tax rate of 26.0% primarily due to the impact of mining taxes and the non-deductible impairment loss recorded in the consolidated statements of income (loss). In 2017, the Company recorded income and mining taxes expense of \$98.5 million on income before income and mining taxes of \$339.3 million at an effective tax rate of 29.0%.

Liquidity and Capital Resources

As at December 31, 2019, the Company's cash and cash equivalents and short-term investments totaled \$327.9 million compared with \$307.9 million as at December 31, 2018. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to reduce risks associated with these investments. Such investments with remaining maturities of greater than three months and less than one year at the time of purchase are classified as short-term investments. Decisions regarding the length of maturities are based on cash flow requirements, rates of return and various other factors.

Working capital (current assets less current liabilities) decreased to \$417.9 million as at December 31, 2019 compared with \$711.0 million as at December 31, 2018 primarily due to the reclassification of the \$360.0 million of the Company's long-term debt to current liabilities.

Subject to various risks and uncertainties, the Company believes it will generate sufficient cash flow from operations and has adequate cash and debt facilities available to finance its current operations, contractual obligations and planned capital expenditure and exploration programs.

Operating Activities

Cash provided by operating activities increased by \$276.0 million to \$881.7 million in 2019 compared with 2018. The increase in cash provided by operating activities was primarily due to an 11.1% increase in the Company's average realized price of gold, a 3.8% increase in the sales volume of gold⁽ⁱ⁾ and more favourable working capital changes between periods. Partially offsetting the increase in cash provided by operating activities was an increase in production costs between periods. Cash provided by operating activities was \$605.7 million in 2018, \$161.9 million lower than in 2017 primarily due to a decrease in the sales volume of gold and an increase in production costs between periods.

Investing Activities

Cash used in investing activities decreased to \$873.9 million in 2019 from \$1,204.4 million in 2018. The decrease in cash used in investing activities between periods was primarily due to a \$206.4 million decrease in capital expenditures and a \$162.5 million decrease in acquisitions, partially offset by a \$31.6 million decrease in proceeds from the sale of property, plant and mine development. Cash used in investing activities was \$1,000.1 million in 2017, which included capital expenditures of \$874.2 million.

In 2019, the Company invested cash of \$882.7 million in projects and sustaining capital expenditures compared with \$1,089.1 million in 2018. Capital expenditures in 2019 included \$81.8 million at the LaRonde mine, \$8.4 million at the LaRonde Zone 5 mine, \$41.4 million at the Goldex mine, \$267.3 million at the Meadowbank Complex, \$165.4 million at the Meliadine mine, \$83.1 million at the Canadian Malartic mine (the Company's attributable 50% share), \$171.9 million at the Kittila mine, \$39.4 million at the Pinos Altos mine, \$13.9 million at the La India mine and \$10.1 million at the Company's other projects. The \$206.4 million decrease in capital expenditures between 2019 and 2018 was primarily due to significant expenditures that were incurred in 2018 relating to the development of the Meliadine mine in advance of commercial production which was achieved in 2019.

In 2019, the Company received net proceeds of \$43.7 million from the sale of equity securities and other investments compared with \$17.5 million in 2018 and \$0.3 million in 2017. In 2019, the Company purchased \$33.5 million of equity securities and other investments compared with \$11.2 million in 2018 and \$51.7 million in 2017. The Company's investments in equity securities consist primarily of investments in common shares of entities in the mining industry.

On December 18, 2019, the Company was issued (the "Issuance") 10,400,000 common share purchase warrants (the "2026 Warrants") of Orla Mining Ltd. ("Orla") in connection with, and as consideration for the funding commitments provided by the Company under a loan agreement dated December 18, 2019 between, among others, Orla and Agnico Eagle. The loan agreement relates to a five-year credit facility to provide Orla financing in a principal amount of \$125.0 million. The Company's aggregate financing commitment under the credit facility is \$40.0 million, of which \$8.0 million was drawn down by Orla as at December 31, 2019. Each 2026 Warrant entitles the holder to acquire one Common Share at a price of \$3.00 at any time prior to December 18, 2026. Following the Issuance, the Company owned 17,613,835 Common Shares, 870,250 units of 2021 Warrants and 10,400,000 units of 2026 Warrants, representing approximately 9.47% of the issued and outstanding Common Shares on a non-diluted basis and 14.64% of the issued and outstanding Common Shares on a partially-diluted basis assuming exercise of the 2021 Warrants and the 2026 Warrants held by the Company.

On June 11, 2018, the Company closed a transaction with a subsidiary of Newmont Mining Corp ("Newmont"), whereby Newmont purchased Agnico Eagle's 51% interest in the West Pequop Joint Venture and the Company's 100% interest in the Summit and PQX properties in northeastern Nevada (collectively, the "Nevada Properties"). Under the purchase and sale agreement, the Company received a cash payment of \$35.0 million and was granted a 0.8% net smelter return ("NSR") royalty on the Nevada Properties held by the West Pequop Joint Venture and a 1.6% NSR on the Summit and PQX properties.

On March 28, 2018, the Company acquired 100% of the Canadian exploration assets of CMC (the "CMC Exploration Assets"), including the Kirkland Lake and Hammond Reef gold projects, by way of an asset purchase agreement (the "CMC

Note:

- (i) Excludes 64,034 ounces of payable gold production sold associated with the Meliadine mine, the Amaruq satellite deposit at the Meadowbank Complex and the Barnat deposit at the Canadian Malartic mine which were sold prior to the achievement of commercial production.

Purchase Agreement”) dated December 21, 2017. On the closing of the transactions relating to the CMC Purchase Agreement, Agnico acquired all of Yamana’s indirect 50% interest in the CMC Exploration Assets, giving Agnico Eagle 100% ownership of CMC’s interest in the CMC Exploration Assets. Pursuant to the CMC Purchase Agreement, the effective consideration for the CMC Exploration Assets after the distribution of the sale proceeds by CMC to its shareholders totaled \$162.5 million in cash paid on closing. The acquisition was accounted for by the Company as an asset acquisition and transaction costs associated with the acquisition totaling \$2.9 million were capitalized to the mining properties acquired.

On February 15, 2018, the Company completed the purchase of 1,740,500 units (“Units”) of Orla Mining Ltd at a price of C\$1.75 per Unit for total cash consideration of C\$3.0 million. Each Unit is comprised of one common share of Orla (a “Common Share”) and one-half of one common share purchase warrant of Orla (each full common share purchase warrant, a “Warrant”). Each Warrant entitles the holder to acquire one Common Share at a price of C\$2.35 prior to February 15, 2021. Upon closing of the transaction, the Company held 17,613,835 Common Shares and 870,250 Warrants, representing approximately 9.86% of the issued and outstanding Common Shares on a non-diluted basis and approximately 10.3% of the issued and outstanding Common Shares on a partially-diluted basis assuming exercise of the Warrants held by the Company.

Financing Activities

Cash provided by financing activities of \$10.6 million in 2019 decreased compared with cash provided by financing activities of \$274.1 million in 2018 primarily due to a \$350.0 million decrease in issuances of notes and a \$21.4 million increase in dividends paid, partially offset by a \$109.7 million increase in proceeds on the exercise of stock options between periods. Cash provided by financing activities was \$329.2 million in 2017.

Net proceeds from the issuance of common shares increased to \$156.1 million in 2019 from \$44.7 million in 2018 which was attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan. Net proceeds from the issuance of common shares were \$269.1 million in 2017 which was attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan.

In 2019, the Company paid dividends of \$105.4 million (\$0.55 per share) compared with \$84.0 million (\$0.44 per share) in 2018 and \$76.1 million (\$0.41 per share) in 2017. Agnico Eagle has declared a cash dividend every year since 1983. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements.

Repayment of lease obligations of \$15.5 million in 2019 increased compared to \$3.4 million in 2018 due to the adoption of IFRS 16 on January 1, 2019 (see Note 5 in the consolidated financial statements for details). Prior to the adoption of IFRS 16, leases were classified as either finance or operating leases. Payments made under operating leases were recognized as an expense in the consolidated statements of income (loss) and through operating activities in the consolidated statements of cash flows. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, where certain leases give rise to a right-of-use asset and a corresponding liability. The principal amount of lease payments in each period is recorded in financing activities in the consolidated statements of cash flows.

On April 5, 2018, the Company closed a \$350.0 million private placement of guaranteed senior unsecured notes (the “2018 Notes”). The 2018 Notes consist of \$45.0 million 4.38% Series A senior notes due 2028, \$55.0 million 4.48% Series B senior notes due 2030 and \$250.0 million 4.63% Series C senior notes due 2033. Upon issuance, the 2018 Notes had a weighted average maturity of 13.9 years and weighted average yield of 4.57%.

On December 14, 2018, the Company amended the Credit Facility to extend the maturity date from June 22, 2022 to June 22, 2023. As at December 31, 2019, the Company’s outstanding balance under the Credit Facility was nil. Credit Facility availability is reduced by outstanding letters of credit, amounting to nil as at December 31, 2019. As at December 31, 2019, \$1,200.0 million was available for future drawdown under the Credit Facility.

On May 5, 2017, the Company agreed to a \$300.0 million private placement of guaranteed senior unsecured notes (the “2017 Notes”) which issuance closed on June 29, 2017. Upon issuance, the 2017 Notes had a weighted average maturity of 10.9 years and weighted average yield of 4.67%. Proceeds from the 2017 Notes were used for working capital and general corporate purposes.

On April 7, 2017, the Company repaid \$115.0 million of the \$600.0 million guaranteed senior unsecured notes that were issued on April 7, 2010 (the “2010 Notes”). As at December 31, 2019, the principal amount of the 2010 Notes that remained outstanding was \$485.0 million.

On June 29, 2016, the Company entered into a standby letter of credit facility with a financial institution providing for a C\$100.0 million uncommitted letter of credit facility (the “Third LC Facility”). Letters of credit issued under The Third LC

Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. The obligations of the Company under the Third LC Facility are guaranteed by certain of its subsidiaries. As at December 31, 2019, the aggregate undrawn face amount of letters of credit under the Third LC Facility was \$61.9 million.

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a C\$150.0 million uncommitted letter of credit facility (as amended, the “Second LC Facility”). The Second LC Facility may be used by the Company to support the reclamation obligations of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest or the performance obligations (other than with respect to indebtedness for borrowed money) of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest that are not directly related to reclamation obligations. Payment and performance of the Company’s obligations under the Second LC Facility are supported by an account performance security guarantee issued by Export Development Canada in favour of the lender. As at December 31, 2019, the aggregate undrawn face amount of letters of credit under the Second LC Facility is \$104.1 million.

On July 31, 2015, the Company amended its credit agreement with a financial institution relating to its uncommitted letter of credit facility (as amended, the “First LC Facility” and together with the Second LC Facility and the Third LC Facility, the “LC Facilities”). Effective November 5, 2013, the amount available under the First LC Facility increased from C\$175.0 million to C\$200.0 million. Effective September 28, 2015, the amount available under the First LC Facility was increased to C\$250.0 million. Effective September 27, 2016, the amount available under the First LC Facility was increased to C\$350.0 million. The obligations of the Company under the First LC Facility are guaranteed by certain of its subsidiaries. The First LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at December 31, 2019, the aggregate undrawn face amount of letters of credit under the Second LC Facility is \$194.4 million.

The Company was in compliance with all covenants contained in the Credit Facility, the LC Facilities and the Notes as at December 31, 2019.

Off-Balance Sheet Arrangements

The Company’s off-balance sheet arrangements as at December 31, 2019 include outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes of \$420.6 million under the Credit Facility and the LC Facilities (see Note 28 to the consolidated financial statements). If the Company were to terminate these off-balance sheet arrangements, the Company’s liquidity position (as outlined in the table below) is sufficient to satisfy any related penalties or obligations.

Contractual Obligations

Agnico Eagle’s contractual obligations as at December 31, 2019 are set out below:

	Total	2020	2021-2022	2023-2024	Thereafter
	<i>(millions of United States dollars)</i>				
Reclamation provisions ⁽ⁱ⁾	\$ 503.3	\$ 12.5	\$ 23.1	\$ 26.4	\$ 441.3
Contractual commitments ⁽ⁱⁱ⁾	188.4	166.5	11.6	5.0	5.3
Pension obligations ⁽ⁱⁱⁱ⁾	39.8	1.4	4.4	4.2	29.8
Lease obligations	129.6	16.6	31.2	19.2	62.6
Long-term debt – principal ^(iv)	1,735.0	360.0	225.0	200.0	950.0
Long-term debt – interest ^(iv)	485.5	73.1	125.9	98.7	187.8
Total^(v)	\$3,081.6	\$630.1	\$421.2	\$353.5	\$1,676.8

Notes:

- (i) Mining operations are subject to environmental regulations that require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. Expected reclamation cash flows are presented above on an undiscounted basis. Reclamation provisions recorded in the Company’s consolidated financial statements are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate.
- (ii) Purchase commitments include contractual commitments for the acquisition of property, plant and mine development. Agnico Eagle’s attributable interest in the purchase commitments associated with its joint operations totaled \$4.4 million as at December 31, 2019.
- (iii) Agnico Eagle provides defined benefit plans for certain current and former senior officers and certain employees. The benefits are generally based on the employee’s years of service, age and level of compensation. The data included in this table have been actuarially determined.
- (iv) The Company has assumed that repayment of its long-term debt obligations will occur on each instrument’s respective maturity date.
- (v) The Company’s future operating cash flows are expected to be sufficient to satisfy its contractual obligations.

2020 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2020 mandatory expenditure commitments (including the contractual obligations set out above) and discretionary expenditure commitments. The following table sets out expected capital requirements and resources for 2020:

Amount
(millions of United States dollars)

2020 Mandatory Commitments:

Contractual obligations, including capital expenditures (see table above)	\$ 630.1
Accounts payable and accrued liabilities (as at December 31, 2019)	345.6
Net income taxes payable (as at December 31, 2019)	23.9
Total 2020 mandatory expenditure commitments	\$ 999.6

2020 Discretionary Commitments:

Expected capital expenditures	\$ 678.5
Expected exploration and corporate development expenses	129.9
Total 2020 discretionary expenditure commitments	808.4
Total 2020 mandatory and discretionary expenditure commitments	\$1,808.0

As of December 31, 2019, the Company had adequate capital resources available to satisfy its commitments, which include cash, cash equivalents and short-term investments of \$327.9 million, working capital (excluding cash, cash equivalents and short-term investments) of \$90.0 million and an undrawn \$1.2 billion Credit Facility. In addition, the Company anticipated funding its commitments through cash provided by operating activities.

While the Company believes its capital resources will be sufficient to satisfy all 2020 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which include certain capital expenditures and exploration and corporate development expenses, should unexpected financial circumstances arise in the future. The Company believes that it will continue to have sufficient capital resources available to satisfy its planned development and growth activities. See *Outlook* and *Risk Profile – Impact of COVID-19* in this MD&A.

In March 2020, the Company marketed a \$200.0 million private placement of guaranteed senior unsecured notes (the “2020 Notes”) to a group of institutional investors. The Company expects to issue the 2020 Notes with a weighted average maturity of 11.0 years and a weighted average yield of 2.83% in April 2020. The other terms of 2020 Notes are expected to be substantially the same as the terms of the existing outstanding Notes of the Company. The Company intends to use the proceeds from 2020 Notes to repay a portion of Series B of the 2010 Notes with principal of \$360.0 million due in 2020 and for general corporate purposes.

In March 2020, the Company drew down \$1.0 billion on its \$1.2 billion Credit Facility. The Company drew down these funds as a cautionary measure given the current uncertainty with respect to the COVID-19 pandemic and has no current plans to use the funds, although funds may be used to repay a portion of Series B of the 2010 Notes with principal of \$360.0 million due in 2020.

Quarterly Results Review

For the Company’s detailed 2019 and 2018 quarterly financial and operating results see *Summarized Quarterly Data* in this MD&A.

Revenues from mining operations increased by 40.0% to \$753.1 million in the fourth quarter of 2019 compared with \$537.8 million in the fourth quarter of 2018, which was primarily due to a 20.6% higher average realized price on gold and an 18.5% increase in the sales volume of gold between periods, which was attributable to production from the Meliadine mine and the Amaruq satellite deposit at the Meadowbank Complex that achieved commercial production in May 2019 and September 2019, respectively.

Production costs increased by 31.8% to \$375.0 million in the fourth quarter of 2019 compared with \$284.5 million in the fourth quarter of 2018 primarily due to the ramp up of the Meliadine mine and the impact of a stronger Canadian dollar relative to the US dollar between periods. In addition, production costs increased at the Meadowbank Complex due to higher contractor, mine maintenance, re-handling and long-haul trucking costs associated with the transportation of ore from the Amaruq satellite deposit.

Exploration and corporate development expenses decreased by 13.9% to \$23.8 million in the fourth quarter of 2019 compared with \$27.6 million in the fourth quarter of 2018 primarily due to decreased exploration drilling at Upper Beaver and Barsele projects.

Amortization of property, plant and mine development increased by 9.5% to \$150.3 million in the fourth quarter of 2019 compared with \$137.2 million in the fourth quarter of 2018 primarily due to the ramp up of the Meliadine mine, partially offset by lower throughput at the Meadowbank Complex due to the acceleration of planned maintenance to the milling and crushing circuits which was scheduled for 2020. Net income of \$331.7 million was recorded in the fourth quarter of 2019 after income and mining taxes expense of \$172.3 million compared with a net loss of \$393.7 million in the fourth quarter of 2018 after income and mining taxes expense of \$6.4 million.

Cash provided by operating activities increased by 83.5% to \$257.5 million in the fourth quarter of 2019 compared with \$140.3 million in the fourth quarter of 2018. The increase in cash provided by operating activities was primarily due to a \$215.3 million increase in revenues from mining operations due to higher average realized prices of gold and silver and an increase in the sales volume of gold ounces, partially offset by a \$90.5 million increase in production costs between periods.

Outlook

The following section contains “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws. **The Company continues to monitor to implications of the worldwide pandemic caused by the novel strain of coronavirus known as COVID-19. The manner and extent that the pandemic, and measures taken as a result of the pandemic, will affect the Company cannot be predicted with certainty.** See *Note to Investors Concerning Forward-Looking Information* and *Risk Profile – Impact of COVID-19*, respectively, in this MD&A for a discussion of assumptions and risks relating to such statements and information and a discussion of the certain risks facing the Company relating to the pandemic.

On March 24, 2020, the Company announced that, in response to an order by the Government of Quebec issued on March 23, 2020 (the “Order”) to close all non-essential businesses, the Company will take steps to ramp down its operations in the Abitibi region of Quebec (the LaRonde Complex, the Goldex mine and the Canadian Malartic mine). The Order was part of the Quebec government’s response to the COVID-19 pandemic. Each of these operations are to be placed on care and maintenance until April 13, 2020, and as requested by the Order, minimal work will take place during that time. In addition, the Company will reduce activities at the Meliadine and Meadowbank mining operations in Nunavut, which are fly-in/fly-out mining operations, currently serviced out of Mirabel and Val d’Or, Quebec. Further, the Company announced that exploration activities in Canada would also be suspended. The Company cannot provide any assurances that the Order will not be extended.

As a result of the Order, on March 24, 2020 the Company decided to withdraw its guidance for 2020 regarding expected production volumes and costs.

Operations Outlook

LaRonde Complex

In 2019, the Company was granted a revision to the Certificate of Authorization at the LaRonde Complex, which allowed for the processing of ore from LZ5 through the LaRonde mill circuit. As a result, the Company now reports the operational parameters from the LaRonde mine and the LZ5 mine on a combined basis as of the first quarter of 2020.

In early December 2019, the Company saw an increase in seismicity in the West mine area outside of normal protocols. In addition, as development has progressed in the West mine area, additional geological structures (faulting and fracturing) have been recognized. This information has now been incorporated into a revised ground support plan for the West mine area. The Company is currently reinforcing ground support including installing additional support (shotcrete, bolts and cables) in the main ramp and access points on various levels. Seismicity is expected to continue but ground support will likely be better adapted to manage stress levels.

In 2020, approximately 12% of the tonnage mined at the LaRonde mine is expected from the West mine area. This tonnage increases to approximately 20% in 2021. The capital cost for additional ground support in the West mine area in 2020 is approximately \$1.5 million. The increase in operating cost related to the additional support in 2020 is still being evaluated but is expected to be minimal (less than C\$1.00 per tonne).

Normal mining activities in the West mine area have been delayed since December 2019. This delay is expected to result in lower gold production as gold grades are lower in the East mine area. Production and unit costs are expected to return to more normalized levels as higher grade ore is extracted from the West mine area.

Infrastructure continues to be developed to provide further access to mine the LaRonde 3 project and construction on level 308 of the East mine cooling plant is ongoing. At Zone 11-3, which is at depth in the past producing Bousquet 2 mine, development continues on the access ramp.

A development drift has been initiated west from LaRonde's level 146 to the LaRonde 11-3 project at level 149 and will have the additional benefit of allowing for underground exploration drilling into previously unexplored targets in Zone 6 and 20N. Near term exploration will include 6,000 metres of drilling targeting historic Bousquet zones, which exhibit good exploration potential between 2,000 and 3,000 metres depth, and 3,500 metres of drilling to explore Zones 6 and 20N at depth. Compilation of historic data from the whole Bousquet property will continue.

Exploration work at the LaRonde Complex is focused on conversion drilling in the LaRonde 3 project below 3,100 metres depth. The LaRonde 3 project mineral reserves and indicated mineral resources currently extend to approximately 3,380 metres depth, while the inferred mineral resources continue to down to 3,800 metres.

Goldex Mine

The Goldex Deep 1 project (the top part of the Deep Zone, between 850 and 1,200 metres depth) has been in production since July 2017. An exploration ramp that began construction in 2018 from level 120 (1,200 metres depth) continues to extend into the Deep 2 Zone (the bottom part of the Deep Zone, between 1,200 and 1,800 metres depth). The ramp reached level 130 (1,300 metres depth) at the end of 2019, and is expected to continue toward level 140 in the future.

Drilling at the Deep 2 Zone continued in the fourth quarter of 2019 and continues to focus on areas below the current mineral reserve limit of Level 130.

Meadowbank Complex

The ramp up of production activities at Amaruq continued to improve but remained slower than expected in the fourth quarter of 2019. The ramp up was impacted by delays in pit dewatering, which resulted in a smaller than expected area for mining activities. The smaller "mining footprint" limited access to certain portions of the Whale Tail deposit, resulting in lower tonnage extracted, lower grades and higher stripping costs. In addition, mining productivity was also affected by lower than expected equipment availability as well as a longer than expected transition between the new Amaruq site with regards to site installations and internal workforce movements into new positions.

An action plan has been put in place with a primary focus on improvements to water management, equipment availability, operational performance and wildlife management protocols. De-watering of Whale Tail North was completed in October 2019 following the installation of additional pumping capacity to handle the larger than expected water inflows. Construction activity as well as a grouting program to reduce water inflows at the interface between the bedrock and Whale Tail dyke were initiated to reduce the quantity of water to manage during the 2020 freshet (spring melt). These efforts have allowed access to the Whale Tail North Lake bed area and expanded the footprint of the Whale Tail pit while reducing water management risks.

Mining equipment availability and maintenance was affected by the transition of operations from Meadowbank to the Amaruq site including: camp capacity, workforce movements, parts management and garage availability. At the end of the fourth quarter of 2019, most of the issues mentioned above have been addressed. All supervisory and management positions have been filled, along with additional workforce personnel to reduce backlogs and to implement improvement initiatives to accelerate ramp up.

The new warehouse was completed at Amaruq in January 2020, and the Company has commenced transferring material from Meadowbank to improve access to parts and reduce delivery time. Internal processes are also being reviewed and optimized in order to improve maintenance performance and equipment availability. In parallel to this, additional continuous improvement capacity is currently being added. Continuous improvement initiatives will continue to focus on drilling, loading and hauling (including long hauls) in order to increase the mining rate and reduce operating costs.

In the fourth quarter of 2019, stakeholder approval was sought for the concept of “project tolerant caribou” to minimize unnecessary road closures from the migration patterns of the caribou. The concept of “project tolerant caribou” was part of the Terrestrial Environment Management Plan submitted to the authorities as part of the permitting process. This concept was discussed and agreed to at the Terrestrial Advisory Group meeting in the fall of 2019. Wildlife management (especially caribou) is an important priority and the Company continues to work with Nunavut stakeholders to find the best solutions to safeguard wildlife while minimizing production disruptions.

The current long haul truck fleet totals 22 units. In addition, three contractor units are available as back up. The Company continues to further improve mechanical and utilization availability and productivity.

The permitting process to amend the Whale Tail project certificate (Nunavut Impact Review Board (“NIRB”) process) and Type A Water Licence (Nunavut Water Board (“NWB”) process) to include the Amaruq Phase 2 expansion is ongoing. As part of this process, the NIRB held public hearings on the proposed expansion from August 26 to 29, 2019 in Baker Lake. In a decision issued on October 18, 2019, the NIRB concluded that if conducted in accordance with the NIRB’s recommendations, this proposed amendment to the Whale Tail project could proceed to the Type A Water License amendment phase with the NWB. The Minister of Northern Affairs approved the amended Project Certificate Report from the NIRB (October 18, 2019 decision) on January 20, 2020, completing the NIRB process. The NWB water licence amendment process has been ongoing and public hearings occurred in February 2020. It is expected that the Amaruq Phase 2 permitting will be completed in the third quarter of 2020.

Additional work continues to evaluate the potential to increase mineral reserves and exploit a portion of the underground mineral resources at both Whale Tail and V Zone. A more detailed project evaluation is expected to be completed. The Company will continue to use a phased approach to the underground development program at Amaruq.

Meliadine Mine

The original Meliadine mine plan envisioned a 3,750 tpd mill with ore being sourced entirely from underground in years one to four. The mill capacity for Phase 2 is expected to increase to approximately 6,000 tpd, with ore being sourced from both underground and open pits starting in year five. The increased tonnage from the Phase 2 expansion was forecast to offset a planned decline in ore grade and keep production stable at approximately 400,000 ounces of gold per year.

The current Meliadine mill facility has demonstrated the ability to operate well in excess of the initial 3,750 tpd capacity (maximum daily rate in 2019 reached of 4,950 tpd). As a result, the Company has decided to accelerate the Phase 2 expansion by approximately two years to utilize the excess mill capacity. The initial source of open pit ore will be from two pits developed on the Tiriganiaq deposit. Development of the open pits is expected to provide additional mining flexibility and provide extra water storage capacity if needed.

The Phase 2 expansion will be carried out in three stages:

- an increase in processing rate from current levels to 4,600 tpd;
- increased processing rate of 5,000 tpd; and
- an expansion to 6,000 tpd.

The Tiriganiaq deposit contains probable mineral reserves of 0.6 million ounces of gold (3.8 million tonnes grading 4.89 g/t gold). These pits are expected to be mined through 2027, with production gradually ramping up over the 8-year reserve life.

Capital expenditures for stage 1 of the Phase 2 expansion in 2020 are estimated to be approximately \$48 million. In 2022 and 2023, an additional \$35 million is expected to be spent on processing plant upgrades.

Canadian Malartic Mine

Deep drilling east of the open pit in late 2018 resulted in the discovery of a new gold mineralized zone, located south of the East Malartic and Odyssey zones, named the East Gouldie Zone. At the East Gouldie Zone, the aim of the drill program is to support the declaration of new inferred mineral resources at the zone and infill the current inferred mineral resources in the zone to convert them into indicated mineral resources.

Evaluations are underway at the Odyssey project, with consideration being given to potential new development synergies between the various zones at East Gouldie, East Malartic, Odyssey and Canadian Malartic. Initial production could potentially start in 2023 if the Partnership decides to develop the project. The Partnership is evaluating scenarios to optimize the project, which include discussions with royalty holders and other stakeholders to enhance the economics of the project. Given the

Company's robust pipeline of development projects, the Company does not currently anticipate approving the project for development unless these discussions are successful and the project economics are significantly improved. The increases in mineral resources, particularly at the East Gouldie and East Malartic zones, are anticipated to eventually replace mineral reserves currently being mined at the adjacent Canadian Malartic pit.

Kittila Mine

In February 2018, the Company's Board of Directors approved an expansion to increase throughput rates at Kittila to 2.0 mtpa from the current rate of 1.6 mtpa. The expansion project is expected to result in a 50,000 to 70,000 ounce annual increase in gold production, increase the efficiency of the mine and maintain or decrease operating costs while providing access to the deeper mining horizons. In addition, the shaft is expected to provide access to the mineral resources located below 1,150 metres depth, where recent exploration programs have shown promising results. The shaft and mill expansion are continuing to advance as scheduled. The Company anticipates that final mill tie-in work will occur during a planned four to five-week mill maintenance shutdown.

Pinos Altos Mine

Development of the Sinter and Cubiro satellite deposits at Pinos Altos continued to advance in the fourth quarter of 2019. The Sinter deposit, located approximately 2.0 kilometres northwest of the Pinos Altos mine, will be mined from underground and a small open pit. At Sinter, the development of the underground continued in the fourth quarter of 2019

The Cubiro deposit is located approximately 9.2 kilometres northwest of the Pinos Altos mine and 2.0 kilometres west of the Creston Mascota deposit. Based on exploration drilling, Cubiro could potentially contribute additional ore to be processed and extend the current life of mine at Pinos Altos mine.

Creston Mascota Mine

Mining activities are now forecast to continue through the first half of 2020, with leaching activities expected to continue in 2020 and beyond. Costs are expected to decline once mining activities have ceased.

La India Mine

The Company continues to evaluate the potential to develop other satellite zones such as El Realito and Chipiona.

Production Summary

With the achievement of commercial production at the Kittila and Pinos Altos mines in 2009, the Meadowbank mine in 2010, the Creston Mascota and LaRonde mine extension in 2011, the Goldex mine M and E Zones in 2013, the La India mine in 2014, the LaRonde Zone 5 mine in 2018 and the Meliadine mine and the Amaruq satellite deposit at the Meadowbank Complex in 2019, along with the joint acquisition of the Canadian Malartic mine on June 16, 2014, Agnico Eagle has transformed from a one mine operation to a multi-mine senior gold mining company over the last 12 years. In 2019, the Company achieved payable gold production of 1,782,147 ounces. As the Company optimizes this expanded production platform, it expects to continue to deliver on its vision and strategy. The Company expects that the main contributors to achieving the targeted levels of payable gold production, mineral reserves and mineral resources in the near term will include:

- continued ramp up of the Nunavut operations;
- continued mill and mine plan optimization; and
- continued conversion of Agnico Eagle's current mineral resources to mineral reserves.

Financial Outlook

As of the date of this MD&A, the Company does not expect that the COVID-19 pandemic will affect its planned 2020 capital expenditure and exploration program, but cannot provide any assurances that proposed capital expenditure or exploration activities will not be delayed, postponed or cancelled whether as a result of the COVID-19 pandemic, measures taken associated with the pandemic or otherwise.

Exploration and Corporate Development Expenditures

In 2020, Agnico Eagle expects to incur exploration and corporate development expenses of approximately \$129.9 million.

A large component of the 2020 exploration program will be focused on the Canadian Malartic and Goldex mines in the Abitibi region of northwest Quebec, the Sisar-Rimpi zones at the Kittila mine in Finland, the Kirkland Lake project in northeastern Ontario, the Santa Gertrudis project in Sonora State, Mexico and satellite targets at the Pinos Altos mine in Mexico. The goal of these exploration programs is to delineate mineral reserves and mineral resources that can help supplement the Company's existing production profile.

At the Kittila mine, the Company expects to spend \$11.8 million for work that will include 58,000 metres of drilling focused on the Main Zone in the Roura and Rimpi areas as well as the Sisar Zone. The goal of this program is to further explore the Kittila mineral reserve and mineral resource potential and demonstrate the economic potential of the Sisar Zone as a new mining horizon at Kittila. The drilling includes 46,000 metres of capitalized conversion drilling at the mine as described above and 12,000 metres of expensed regional exploration drilling on targets beyond the current mineral resource area.

At the Goldex mine, the Company expects to spend \$6.9 million for 79,000 metres of exploration and conversion drilling focused on the M Zone, Deep 1, Deep 2 and South zones.

At the Kirkland Lake project in Ontario, the Company expects to spend \$10.3 million for 48,000 metres of exploration drilling focused on converting and expanding mineral resources at the Upper Beaver and Upper Canada deposits, which is expected to lead to an updated mineral resource estimate for the Upper Beaver deposit at year-end 2020.

At the Amaruq deposit at the Meadowbank Complex, the Company expects to spend \$2.9 million for 8,400 metres of exploration drilling to test regional targets with a focus on deposits with open-pit potential. Drilling will also test the vertical extensions of near surface mineral occurrences at Mammoth Lake.

Another \$2.0 million is budgeted for 5,500 metres of exploration drilling on other properties around Amaruq to test near surface open-pit targets close to existing road infrastructure between Amaruq and Baker Lake.

At the Canadian Malartic mine, the Company expects to spend \$7.5 million (50% basis) for 90,000 metres (100% basis) of exploration and conversion drilling primarily focused on declaring new inferred mineral resources at the East Gouldie Zone and infilling the current inferred mineral resources in the zone to convert them into indicated mineral resources by year-end 2020. In addition to the drilling at East Gouldie, the Company is planning to spend another \$5.0 million (50% basis) on 22,000 metres (100% basis) of exploration drilling to test other regional targets at Canadian Malartic and on studies.

At the Santa Gertrudis project in Sonora, Mexico, the Company expects to spend \$10.4 million for approximately 25,000 metres of drilling that will be focused on expanding the mineral resource, testing the extensions of high-grade structures such as the Amelia deposit and exploring new targets.

At the Pinos Altos mine, the Company expects to spend \$7.8 million for 42,000 metres of drilling, in work that will include 5,000 metres of drilling to extend the new Reyna East Zone along strike and at depth and 10,000 metres to infill and expand the mineral resource at Cubiro and Cubiro North.

Exploration programs are designed to infill and expand known deposits and test other favourable target areas that could ultimately supplement the Company's existing production profile. Exploration is success-driven and thus planned exploration could change materially based on the interim results of the various exploration programs. When it is determined that a project can generate future economic benefit, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2020, the Company expects to capitalize approximately \$25.6 million of drilling and development costs related to further delineating ore bodies and converting mineral resources into mineral reserves.

Other Expenses

General and administrative expenses are expected to be between \$110.0 million and \$130.0 million in 2020 compared with \$121.0 million in 2019.

Capital Expenditures

Capital expenditures, including sustaining capital, construction and development costs and capitalized exploration costs, are expected to total approximately \$740.0 million in 2020. The Company expects to fund its 2020 capital expenditures through operating cash flow from the sale of its gold production and the associated by-product metals. Significant components of the expected 2020 capital expenditures program include the following:

- \$332.3 million in sustaining capital expenditures relating to the LaRonde Complex (\$87.9 million), Canadian Malartic mine (\$52.6 million – 50% portion attributable to the Company), Meadowbank Complex (\$46.6 million), Kittila mine (\$38.6 million), Meliadine mine (\$37.8 million), Pinos Altos mine (\$29.1 million), Goldex mine (\$25.5 million), La India mine (\$12.2 million) and other projects (\$2.0 million);
- \$382.1 million in capitalized development expenditures relating to the Kittila mine (\$134.1 million), Meliadine mine (\$64.5 million), Meadowbank Complex (\$47.2 million), LaRonde Complex (\$37.1 million), Amaruq underground project (\$29.0 million), La India mine (\$24.9 million), Canadian Malartic mine (\$22.4 million – 50% portion attributable to the Company), Goldex mine (\$14.7 million) and Pinos Altos mine (\$8.2 million); and
- \$25.6 million in capitalized drilling expenditures.

In 2020, a significant portion of the Company's capital commitments are expected to relate to the Kittila mine expansion and the advancement of the Phase two expansion at the Meliadine mine. The Kittila mine expansion capital commitment is forecast to be \$134.1 million in development expenditures which represents approximately 18.1% of the expected \$740.0 million in total capital expenditures in 2020.

The Company continues to examine other possible corporate development opportunities which may result in the acquisition of companies or assets using the Company's securities, cash or a combination thereof. If cash is used to fund acquisitions, Agnico Eagle may be required to issue debt or securities to satisfy cash payment requirements.

Risk Profile

The Company is subject to significant risks due to the inherent nature of the business of exploration, development and mining of properties with precious metals. The risks described below are not the only ones facing the Company. The risk factors below may include details of how the Company seeks to mitigate these risks where possible. For a more comprehensive discussion of these inherent risks, see "Risk Factors" in our most recent Form 40-F/AIF on file with the SEC and Canadian provincial securities regulatory authorities.

Impact of COVID-19

In December 2019, a novel strain of coronavirus known as COVID-19 surfaced in Wuhan, China and has spread around the world, with resulting business and social disruption. COVID-19 was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain. Further, the extent and manner to which COVID-19, and measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19, may affect the Company cannot be predicted with certainty.

COVID-19 and these measures have had and may continue to have an adverse impact on many aspects of the Company's business including, employee health, workforce productivity and availability, travel restrictions, contractor availability, supply availability, ability to sell or deliver gold dore bars or concentrate, the Company's ability to maintain its controls and procedures regarding financial and disclosure matters and the availability of insurance and the costs thereof, some of which, individually or when aggregated with other impacts, may be material to the Company. Measures taken by governments, the Company or others, or a positive test for COVID-19 associated with one of the Company's mine sites, could result in the Company reducing or suspending operations at one or more of its mines. For example, on March 23, 2020 the Government of Quebec ordered that all non-essential businesses in Quebec be closed from March 25, 2020 to April 13, 2020. As a result of this Order, the Company suspended all mining operations the LaRonde Complex, the Goldex mine and the Canadian Malartic mine. The Company also reduced activities at the Meliadine and Meadowbank mining operations in Nunavut, which are fly-in/fly-out mining operations, currently serviced out of Mirabel and Val d'Or, Quebec. As a result of the Order, on March 24, 2020 the Company determined to withdraw its guidance for 2020 regarding expected production volumes and costs. The Company cannot provide any assurances that the ordered shut down of non-essential businesses will not be extended beyond April 13, 2020, or that it can achieve a timely and safe ramp up of normal operations once all restrictions are lifted. Further, the Company cannot provide any assurances that governments in the other regions it operates will not implement measures that result in the suspension or reduction of mining operations at one or more of its mines. COVID-19

and associated responses could also have an adverse effect on the Company's ability to procure inputs required for the Company's operations and capital projects.

The Company's Meadowbank Complex (including the Amaruq satellite deposit) and Meliadine mine are both located in remote areas and operate as fly-in/fly-out camps, meaning site employees and contractors are housed in on-site accommodations during the periods in which they are working. Because of the concentration of personnel working and living in a small area, risks associated with communicable diseases are higher at these sites. As a precautionary measure, on March 19, 2020, the Company made the decision to send home all of its Nunavut-based work force at the Meadowbank Complex and the Meliadine mine for a period of four weeks to reduce the risk of transmission of COVID-19. On March 24, 2020, the Company announced it would reduce activities at its sites in Nunavut. If travel restrictions related to COVID-19 affect the movement of personnel to these sites, the Company may have to further reduce or suspend activities at such sites. The Company may in the future, based on its assessment of relevant risks at the time, elect to reduce, further reduce or suspend operations at these or other sites as a precautionary measure or as a result of or in response to government or community actions. Further, COVID-19, and measures taken to attempt to reduce the spread of COVID-19, may affect the Company's ability to ship the materials that the Company requires for the operation of the Meadowbank Complex and the Meliadine mine during Nunavut's limited annual shipping season which are fourteen and ten weeks, respectively. If the Company is unable to acquire and transport necessary supplies during the limited shipping season it may result in a slowdown or stoppage of operations at the Meadowbank Complex and the Meliadine mine and may delay construction or expansion projects planned for the sites. Any of these events or circumstances could have a material adverse effect on the Company's business and results of operations.

In addition, the actual or threatened spread of COVID-19 globally, and responses of governments and others to such actual or threatened spread, could also have a material adverse effect on the global economy, could continue to negatively affect financial markets, including the price of gold and the trading price of the Company's shares, could adversely affect the Company's ability to raise capital, and could cause continued interest rate volatility and movements that could make obtaining financing or refinancing debt obligations more challenging or more expensive. If the price of gold declines, the Company's revenues from its operations will also decline.

Financial Instruments

The Company's principal financial liabilities are comprised of accounts payable and accrued liabilities, long-term debt and derivative financial instruments. The Company uses these financial instruments to manage its cash flows used to support ongoing operations and future growth.

The Company's principal financial assets are comprised of cash and cash equivalents, short-term investments, trade receivables, equity securities and derivative financial instruments. Cash and cash equivalents, short-term investments and trade receivables are generated by the Company's operations. Equity securities are generally strategic investments made in other mining companies.

Using financial instruments exposes the Company to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, commodity price risk and foreign currency risk as discussed below).

Credit risk is the risk that the counterparties to financial contracts will fail to perform on an obligation to the Company. Credit risk is partially mitigated by dealing with high quality counterparties such as major banks and limiting concentration risk.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company mitigates liquidity risk primarily by monitoring its debt rating and the maturity dates of existing debt and other payables.

Interest Rates

The Company's current exposure to market risk for changes in interest rates relates primarily to drawdowns on its Credit Facility and its investment portfolio. Drawdowns on the Credit Facility are used primarily to fund a portion of the capital expenditures related to the Company's development projects and working capital requirements. As at December 31, 2019, there were no amounts outstanding on the Company's Credit Facility. In addition, the Company invests its cash in investments with short maturities or with frequent interest reset terms and a credit rating of R1-High or better. As a result, the Company's interest income fluctuates with short-term market conditions. As at December 31, 2019, short-term investments were \$6.0 million.

Amounts drawn under the Credit Facility are subject to floating interest rates based on benchmark rates available in the United States and Canada or on LIBOR. In the past, the Company has entered into derivative instruments to hedge against

unfavourable changes in interest rates. The Company will continue to monitor its interest rate exposure and may enter into such agreements to manage its exposure to fluctuating interest rates.

Commodity Prices and Foreign Currencies

Agnico Eagle's net income is sensitive to metal prices and the US dollar/Canadian dollar, US dollar/Mexican peso and US dollar/Euro exchange rates.

Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of other metals may be attributed to factors such as demand and global mine production levels. Changes in the market price of diesel may be attributed to factors such as supply and demand. Changes in exchange rates may be attributed to factors such as supply and demand for currencies and economic conditions in each country or currency area. In 2019, the ranges of metal prices, diesel prices and exchange rates were as follows:

- Silver: \$14.29 — \$19.65 per ounce, averaging \$16.21 per ounce;
- Zinc: \$2,202 — \$3,031 per tonne, averaging \$2,546 per tonne;
- Copper: \$5,536 — \$6,572 per tonne, averaging \$6,001 per tonne;
- Diesel: C\$0.82 — C\$0.95 per litre, averaging C\$0.88 per litre;
- US dollar/Canadian dollar: C\$1.30 — C\$1.37 per \$1.00, averaging C\$1.33 per \$1.00;
- US dollar/Euro: €0.86 — €0.92 per \$1.00, averaging €0.89 per \$1.00; and
- US dollar/Mexican peso: 18.75 — 20.26 Mexican pesos per \$1.00, averaging 19.26 Mexican pesos per \$1.00.

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Board-approved Risk Management Policies and Procedures. The Company has a long-standing policy of no forward gold sales. However, the policy does allow the Company to use other hedging strategies where appropriate to mitigate foreign exchange and by-product metal pricing risks. The Company occasionally buys put options, enters into price collars and enters into forward contracts to protect minimum by-product metal prices while maintaining full exposure to the price of gold. The Risk Management Committee has approved the strategy of using short-term call options in an attempt to enhance realized by-product metal prices. The Company's policy does not allow speculative trading.

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant currency risk exposure. The Company enters into currency hedging transactions under its Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), as it does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes. As at December 31, 2019, there were foreign exchange derivatives outstanding related to \$252.0 million of 2020 expenditures. During the year ended December 31, 2019 the Company recognized a gain of \$9.6 million on foreign exchange derivatives in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss).

Cost Inputs

The Company considers and may enter into risk management strategies to mitigate price risk on certain consumables including, but not limited to, diesel fuel. These strategies may include longer term purchasing contracts and financial and derivative instruments. As at December 31, 2019, there were derivative financial instruments outstanding relating to 12 million gallons of heating oil. During the year ended December 31, 2019 the Company recognized a gain of \$3.6 million on heating oil derivatives in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss).

Operational Risk

The LaRonde Complex (including LZ5), Canadian Malartic and Meliadine mines were the Company's most significant contributors in 2019 to the Company's payable gold production at 22.6%, 18.8% and 13.4%, respectively, and are expected to account for a significant portion of the Company's payable gold production in the future.

Mining is a complex and unpredictable business and, therefore, actual payable gold production may differ from expectations. Adverse conditions affecting mining or milling may have a material adverse impact on the Company's financial performance and results of operations. The Company anticipates using revenue generated by its operations to finance the capital expenditures required at its mine projects.

Regulatory Risk

The Company's mining and mineral processing operations, exploration activities and properties are subject to the laws and regulations of federal, provincial, state and local governments in the jurisdictions in which the Company operates. These laws and regulations are extensive and govern prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal and tailings management, toxic substances, environmental protection, greenhouse gases, mine safety, reporting of payments to governments and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, constructing, operating, managing, closing, reclaiming and rehabilitating mines and other facilities. New laws or regulations, amendments to current laws and regulations governing operations and activities on mining properties or more stringent implementation or interpretation thereof could have a material adverse effect on the Company, increase costs, cause a reduction in levels of production and delay or prevent the development of new mining properties. Regulatory enforcement, in the form of compliance or infraction notices, has occurred at some of the Company's mines and, while the current risks related to such enforcement are not expected to be material, the risk of material fines or corrective action cannot be ruled out in the future.

Controls Evaluation

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P").

ICFR is a framework designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has used the *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in order to assess the effectiveness of the Company's ICFR.

DC&P form a broader framework designed to provide reasonable assurance that information required to be disclosed by the Company in its annual and interim filings and other reports filed under securities legislation is recorded, processed, summarized and reported within the time frame specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed by the Company in its annual and interim filings and other reports submitted under securities legislation is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

Together, the ICFR and DC&P frameworks provide internal control over financial reporting and disclosure. The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be disclosed in the Company's annual and interim filings and other reports filed under securities legislation, is accumulated and communicated in a timely fashion. Due to their inherent limitations, the Company acknowledges that, no matter how well designed, ICFR and DC&P can provide only reasonable assurance of achieving the desired control objectives and as such may not prevent or detect all misstatements. Further, the effectiveness of ICFR is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may change.

The Company's management, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its ICFR and DC&P as at December 31, 2019. Based on this evaluation, management concluded that the Company's ICFR and DC&P were effective as at December 31, 2019.

Outstanding Securities

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 17, 2020 were exercised:

Common shares outstanding	239,914,359
Employee stock options	4,969,950
Common shares held in a trust in connection with the Restricted Share Unit plan, Performance Share Unit plan and Long Term Incentive Plan	933,869
Total	245,818,178

Sustainable Development

In 2019, the Company continued the process of incorporating health, safety and environmental sustainability into all aspects and stages of its business, from the corporate objectives and executive responsibility of 'maintaining high standards in sustainability' to exploration and acquisition activities, day-to-day operating and site closure. The formal integration of this process began in 2012 with the adoption of an integrated Health, Safety, Environment and Social Acceptability Policy (the "Sustainable Development Policy") that reflects the Company's commitment to responsible mining practices. This policy was updated in 2019 to include clearer commitments to the protection of human rights and a greater emphasis on risk management. The Company believes that the Sustainable Development Policy will lead to the achievement of more sustainable practices through oversight and accountability.

The Sustainable Development Policy operates through the development and implementation of a formal and integrated Health, Safety and Environmental Management System, termed the Risk Management and Monitoring System (the "RMMS"), across all divisions of the Company. The Partnership has committed to implementing a similar system at Canadian Malartic in the future. The aim of the RMMS is to promote a culture of accountability and leadership in managing health, safety, environmental and social acceptability matters. RMMS implementation is supported by software widely used in the Canadian mining industry that is consistent with the ISO 14001 Environmental Management System and the Occupational Health and Safety Assessment Series 18001 Health and Safety Management System.

The RMMS incorporates the Company's commitments as a signatory to the Cyanide Code, a voluntary program that addresses the safe production, transport, storage, handling and disposal of cyanide. The Company became a signatory to the Cyanide Code in September 2011.

The RMMS also integrates the requirements of the Mining Association of Canada's industry leading Towards Sustainable Mining Initiative (the "TSM Initiative"), as well as the Global Reporting Initiative's ("GRI") sustainability reporting guidelines for the mining industry. The GRI sustainability reporting guidelines consist of principles for defining report content and ensuring the quality of reported information. In December 2010, the Company became a member of the Mining Association of Canada and endorsed the TSM Initiative. The TSM Initiative helps mining companies evaluate the quality, comprehensiveness and robustness of their management systems under eight performance elements: crisis management; energy and greenhouse gas emissions management; tailings management; biodiversity conservation management; health and safety; and indigenous and community relations and water stewardship.

The Company has adopted and implemented the World Gold Council's Conflict Free Gold Standard. This implementation was initiated on January 1, 2013.

In 2017, the Company adopted the Voluntary Principles on Security and Human Rights, a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights. An external audit of the Voluntary Principles was performed at the La India mine in 2018 and the Pinos Altos mine in 2019.

In 2018, the Company adopted an Indigenous Engagement Policy and a Diversity and Inclusion policy. A Diversity Advisory Council was established in 2019. An internal review was completed at each site to identify best practices as well as any obstacles or barriers to the successful implementation of these policies.

In 2019, the Company committed to the application of the World Gold Council's Responsible Mining principles. These commitments will also be integrated into the RMMS.

The Company's Sustainable Development Policy is available on the Company's website at, www.agnicoeagle.com. The Canadian Malartic mine's sustainable development report is available at its website, www.canadianmalartic.com.

Employee Health and Safety

The Company's overall health and safety performance, as measured by accident frequency, improved during 2019. A combined lost time and restricted work accident frequency rate (excluding the Canadian Malartic mine) of 0.98 was achieved, a 23% decrease from the 2018 rate of 1.27 and below the target rate of 1.10. Extensive health and safety training continued to be provided to employees during 2019.

The Canadian Malartic mine's combined accident frequency rate in 2019 was 1.20, a slight decrease from the 2018 rate of 1.21 but above the target rate of 0.95.

One of the measures implemented by the Company to improve safety performance is the workplace safety card system. This system was implemented across all of the Company's operations to strengthen the risk-based training program. Developed by the Quebec Mining Association (the "AMQ"), the safety card system teaches workers and supervisors to use risk-based thinking in their duties. Workers and their supervisors must meet every day to discuss on the job health and safety matters. The safety card system also allows the Company's workers and supervisors to document daily inspections and record observations on conditions in the workplace, as well as the nature of risks, issues and other relevant information. In addition, it allows supervisors to exchange and analyze all relevant information between shifts and various technical services to improve efficiency and safety.

In 2019, the AMQ acknowledged the Company's strong performance in the area of health and safety, recognizing 23 of the Company's supervisors from the LaRonde and Goldex mines for keeping their workers safe. The supervisors received AMQ security trophy awards for 50,000 or more hours supervised without a lost time accident. Together, this group of 23 supervisors achieved more than 2.1 million hours supervised without a lost time accident for a member of their crew. The AMQ also recognized 14 supervisors from the Canadian Malartic mine for achieving 2.25 million hours without a lost time accident.

In 2019, the National Mining Association of Mexico awarded the La India mine the Jorge Rangel Zamorano – Silver Helmet award as the safest mine in Mexico in the open pit category (500 employees) for the second year in a row.

Each of the Company's mining operations has its own Emergency Response Plan and has personnel trained to respond to safety, fire and environmental emergencies. Each mine also maintains the appropriate response equipment. In 2014, the corporate crisis management plan was updated to align with industry best practices and the TSM Initiative requirements. Emergency response simulations are also performed at all divisions on an annual basis. The TSM Initiative also contains a Health and Safety protocol which has been implemented at all the Company's mining operations.

Community

The Company's goal, at each of its operations worldwide, is to hire as much of its workforce as possible, including management teams, directly from the local region in which the operation is located. For example, at the Company's mines in Mexico, 53% of the workforce comes from the local region. In Nunavut, 27% of the workforce is Inuit. The Company believes that providing employment is one of the most significant contributions it can make to the communities in which it operates.

The Company continued its efforts in community development agreements in Nunavut. In 2015, the Meadowbank IIBA was renewed and the Meliadine IIBA was signed. In 2018, the Amaruq IIBA was signed. In 2019, the Company continued its dialogue with First Nations around the Kirkland Lake project.

The Company has adopted a reconciliation action plan consistent with the call for action No. 92 of the *Truth and Reconciliation Commission of Canada: Calls to Action*, the first step of which was to give training on First Nations Matters to the Company's senior management which was completed in 2018. In 2019, the Company continued to make progress with this call to action by engaging in discussions with the First Nations communities in the regions of our mines and projects in Nunavut, Quebec and Ontario.

The Canadian Malartic mine continued its contribution to the economic development fund which was established prior to mine development to diversify the local economy throughout the mine life so that the town of Malartic is well equipped to face the eventual mine closure. The Canadian Malartic mine has also participated in forums initiated by the town council on the future of the town of Malartic. As part of ongoing stakeholder engagement, a draft agreement with four First Nations groups has been prepared and presented for consultation by the communities. As with the Good Neighbour Guide and other community relations efforts at Canadian Malartic, the Partnership is working collaboratively with stakeholders to establish cooperative relationships that support the long-term potential of the mine.

A Good Neighbour Guide was initiated at the LaRonde Mine in 2019 and will be implemented in 2020. Goldex is in the progress of initiating a similar guide.

The Company continued to support community health and educational initiatives in the region surrounding the Pinos Altos mine, including the establishment of a Goods Deeds Initiative where community members, mining leaders and government officials gathered and achieved more than 2,000 good deeds supporting the environment, local education, health as well as acts of kindness towards community members.

The Company's Code of Business Conduct and Ethics Policy is available on the Company's website at www.agnicoeagle.com.

Environmental

The Company's exploration activities and mining and processing operations are subject to the federal, state, provincial, territorial, regional and local environmental laws and regulations in the jurisdictions in which the Company's activities and facilities are located. These include requirements for planning and implementing the closure and reclamation of mining properties and related financial assurance. Each mine is subject to environmental assessment and permitting processes during development and, in operation, has an environmental management system consistent with ISO 14001 as well as an internal audit program. The Company works closely with regulatory authorities in each jurisdiction where it operates to ensure ongoing compliance.

The Company has reported greenhouse gas emissions and climate change risk factors annually to the Carbon Disclosure Project since 2007.

With respect to activities in 2019, the Canadian Malartic Partnership received four non-compliance notices, two for overpressure and two for nitrogen oxide emissions. The mine's team of on-site environmental experts continue to monitor regulatory compliance in terms of approvals, permits and observance of directives and requirements and continue to implement improvement measures.

The Company's total liability for reclamation and closure cost obligations as at December 31, 2019 was \$439.8 million (including the Company's share of the Canadian Malartic reclamation costs) and the Company's environmental remediation expense for the year ended December 31, 2019 was \$2.8 million.

The Company's Environmental Policy is available on the Company's website at www.agnicoeagle.com.

Critical IFRS Accounting Policies and Accounting Estimates

The Company's annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Agnico Eagle's significant accounting policies including a summary of current and future changes in accounting policies are disclosed in Note 3 in the consolidated annual financial statements.

The preparation of the annual consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates have a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical experience and assumptions that are considered reasonable in the circumstances. Although the Company evaluates its accounting estimates on an ongoing basis using the most current information available, actual results may differ from these estimates. The critical judgments and key sources of estimation uncertainties in the application of accounting policies during the year ended December 31, 2019 are disclosed in Note 4 to the annual consolidated financial statements.

Management has discussed the development and selection of critical accounting policies and estimates with the Audit Committee which has reviewed the Company's disclosure in this MD&A.

Mineral Reserve Data

The scientific and technical information contained in this MD&A relating to Quebec operations has been approved by Daniel Paré, Eng., Vice-President Operations – Eastern Canada; relating to Nunavut operations has been approved by Dominique Girard, Eng., Vice-President, Nunavut Operations; relating to the Finland operations has been approved by Francis Brunet, Eng., Corporate Director Business Strategy; relating to Southern Business operations has been approved by Marc Legault, Eng., Senior Vice-President, Operations – U.S.A. & Latin America; and relating to exploration has been approved by Guy Gosselin, Eng. and P.Geo., Senior Vice-President, Exploration, each of whom is a “Qualified Person” for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”).

The scientific and technical information relating to Agnico Eagle’s mineral reserves and mineral resources contained herein (other than the Canadian Malartic mine) has been approved by Dyane Duquette, P.Geo., Corporate Director, Reserve Development; relating to mineral reserves and mineral resources at the Canadian Malartic mine, the Odyssey, the East Malartic and the East Gouldie projects, has been approved by Sylvie Lampron, Eng., Senior Project Mine Engineer at Canadian Malartic Corporation (for engineering) and Pascal Lehouiller, P. Geo., Senior Resource Geologist at Canadian Malartic Corporation (for geology), each of whom is a “Qualified Person” for the purposes of NI 43-101.

The assumptions used for the mineral reserve estimates at all mines and projects reported in this MD&A (except the Canadian Malartic mine, the Upper Canada project and the Upper Beaver project) as at December 31, 2019 are \$1,200 per ounce gold, \$15.50 per ounce silver, \$1.00 per pound zinc and \$2.50 per pound copper. Foreign exchange rates assumptions of C\$1.25 per US\$1.00, €0.87 per US\$1.00 and 17.00 Mexican pesos per US\$1.00 were used for all mines and projects other than the Creston Mascota mine and the Sinter satellite deposit at the Pinos Altos mine in Mexico, which used foreign exchange rate assumption of 18.00 Mexican pesos per US\$1.00 (other assumptions unchanged) due to their shorter remaining mine lives.

December 31, 2019 mineral reserves at the Canadian Malartic mine, the Upper Canada project and the Upper Beaver project have been estimated using the following assumptions: \$1,200 per ounce gold and \$2.75 per pound copper; a cut-off grade at the Canadian Malartic mine between 0.40 g/t and 0.43 g/t gold (depending on the deposit); a C\$125/tonne net smelter return (NSR) for the Upper Beaver project; and a foreign exchange rate of C\$1.25 per US\$1.00.

Proven and Probable Mineral Reserves by Property ⁽ⁱ⁾⁽ⁱⁱ⁾	Tonnes	Gold Grade (Grams per Tonne)	Contained Gold (Ounces) ⁽ⁱⁱⁱ⁾
	<i>(thousands)</i>		<i>(thousands)</i>
<i>Proven Mineral Reserves</i>			
LaRonde mine	4,802	5.05	780
LaRonde Zone 5 mine	3,307	2.13	226
Canadian Malartic mine (attributable 50.0%)	23,847	0.83	635
Goldex mine	272	1.85	16
Meadowbank mine	37	2.24	3
Amaruq satellite deposit (part of Meadowbank Complex)	172	1.83	10
Meliadine mine	866	7.14	199
Kittila mine	1,444	4.55	211
Pinos Altos mine	3,334	2.55	273
Creston Mascota mine	1	5.55	–
La India mine	279	0.49	4
Total Proven Mineral Reserves	38,361	1.91	2,357
<i>Probable Mineral Reserves</i>			
LaRonde mine	10,117	6.48	2,108
LaRonde Zone 5 mine	5,980	2.39	460
Canadian Malartic mine (attributable 50.0%)	43,057	1.27	1,754
Goldex mine	20,709	1.61	1,072
Akasaba West project	5,413	0.85	147
Meadowbank mine	–	–	–
Amaruq satellite deposit (part of Meadowbank Complex)	25,903	3.97	3,308
Meliadine mine	19,883	6.05	3,868
Upper Beaver project	7,992	5.43	1,395
Kittila mine	27,481	4.40	3,885
Pinos Altos mine	11,124	1.91	684
Creston Mascota mine	757	2.49	61
La India mine	20,152	0.75	486
Total Probable Mineral Reserves	198,569	3.01	19,227
Total Proven and Probable Mineral Reserves	236,930	2.83	21,585

Notes:

- (i) Amounts presented in this table have been rounded to the nearest thousand and therefore totals may differ slightly from the addition of the numbers.
- (ii) Complete information on the verification procedures, quality assurance program, quality control procedures, expected payback period of capital, parameters and methods and other factors that may materially affect scientific and technical information presented in this MD&A and definitions of certain terms used herein may be found in: the AIF under the heading “Information on Mineral Reserves and Mineral Resources of the Company”; the Technical Report on the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR on March 23, 2005; the Technical Report on the December 31, 2009, Mineral Resource and Mineral Reserve Estimate and the Suuri Extension Project, Kittila Mine, Finland filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010; the Technical Report on the Mineral Resources and Mineral Reserves at Meadowbank Gold Complex including the Amaruq satellite deposit, Nunavut, Canada as at December 31, 2017 filed with Canadian securities regulatory authorities on SEDAR on March 22, 2018; the Pinos Altos Gold-Silver Mining Project, Chihuahua State, Mexico, Technical Report on Mineral Resources and Reserves as of December 31, 2008 filed with Canadian securities regulatory authorities on March 25, 2009; the Updated Technical Report on the Meliadine Gold Project, Nunavut, Canada dated February 11, 2015 filed with Canadian securities regulatory authorities on SEDAR on March 12, 2015; the Technical Report on the June 30, 2012 Update of the Mineral Resources and Mineral Reserves, La India Gold Project, Municipality of Sahuaripa, Sonora, Mexico dated August 31, 2012 filed with Canadian securities regulatory authorities on SEDAR on October 12, 2012; the Technical Report on Production of the M and E Zones at Goldex Mine dated October 14, 2012 filed with the Canadian securities regulatory authorities on SEDAR on November 1, 2012; and the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Canadian Malartic Property as at June 16, 2014 filed with Canadian securities regulatory authorities on SEDAR on August 13, 2014.
- (iii) Total contained gold ounces does not include equivalent gold ounces for the by-product metals contained in the mineral reserves.

Non-GAAP Financial Performance Measures

This MD&A presents certain financial performance measures, including adjusted net income, total cash costs per ounce of gold produced (on both a by-product and co-product basis), minesite costs per tonne and all-in sustaining costs per ounce of gold produced (on both a by-product and co-product basis), that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS.

Adjusted Net Income

Adjusted net income is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting net income as recorded in the consolidated statements of income (loss) for non-recurring, unusual and other items. The Company believes that this generally accepted industry measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted net income is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS. The Company does not exclude stock-based compensation expense in its calculation of adjusted net income. Stock option expense for the year ended December 31, 2019 was \$16.1 million (2018 – \$19.3 million; 2017 – \$19.2 million).

	2019	2018	2017
	<i>(thousands of United States dollars)</i>		
Net income (loss) for the year	\$ 473,166	\$(326,701)	\$240,795
Impairment loss on equity securities	–	–	8,532
Foreign currency translation loss	4,850	1,991	13,313
(Gain) loss on derivative financial instruments	(17,124)	6,065	(17,898)
Impairment reversal	(345,821)	–	–
Impairment loss ⁽ⁱ⁾	–	389,693	–
Income and mining taxes adjustments ⁽ⁱⁱ⁾	118,820	7,629	(24,921)
Other ⁽ⁱⁱⁱ⁾	(4,447)	(6,802)	14,006
Adjusted net income for the year	\$ 229,444	\$ 71,875	\$233,827
Net income (loss) per share – basic	\$ 2.00	\$ (1.40)	\$ 1.05
Net income (loss) per share – diluted	\$ 1.99	\$ (1.40)	\$ 1.04
Adjusted net income per share – basic	\$ 0.97	\$ 0.31	\$ 1.02
Adjusted net income per share – diluted	\$ 0.96	\$ 0.31	\$ 1.01

Notes:

- (i) The Company did not record a tax impact on the impairment loss as a result of the initial recognition exemption which does not require deferred tax to be recorded on goodwill or asset acquisitions.
- (ii) Income and mining taxes adjustments reflect foreign currency translation recorded to the income and mining taxes expense, recognition of previously unrecognized capital losses, the result of income and mining tax audits, impact of tax law changes, tax impact on impairment reversal, and reflective adjustments to prior period operating results.
- (iii) The Company includes certain adjustments in "Other" to the extent that management believes that these items are not reflective of the underlying performance of the Company's core operating business. Examples of items historically included in "Other" include changes in estimates of asset retirement obligations at closed sites and gains and losses on the disposal of assets.

Total Cash Costs per Ounce of Gold Produced and Minesite Costs per Tonne

The Company believes that total cash costs per ounce of gold produced and minesite costs per tonne are realistic indicators of operating performance and facilitate period over period comparisons. However, both of these non-GAAP generally accepted industry measures should be considered together with other data prepared in accordance with IFRS. These measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash-generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs per ounce of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.

Agnico Eagle's primary business is gold production and the focus of its current operations and future development is on maximizing returns from gold production, with other metal production being incidental to the gold production process. Accordingly, all metals other than gold are considered by-products.

Total cash costs per ounce of gold produced is reported on a by-product basis because (i) the majority of the Company's revenues are gold revenues, (ii) the Company mines ore, which contains gold, silver, zinc, copper and other metals, (iii) it is not possible to specifically assign all costs to revenues from the gold, silver, zinc, copper and other metals the Company produces and (iv) it is a method used by management and the Board to monitor operations.

Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in production levels and compensates for this inherent limitation by using this measure in conjunction with processing costs prepared in accordance with IFRS.

The following tables set out a reconciliation of total cash costs per ounce of gold produced (on both a by-product basis and co-product basis) and minesite costs per tonne to production costs, exclusive of amortization, as presented in the consolidated statements of income (loss) in accordance with IFRS.

Total Production Costs by Mine

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
<i>(thousands of United States dollars)</i>			
LaRonde mine	\$ 215,012	\$ 228,294	\$ 185,488
LaRonde Zone 5 mine	41,212	12,991	–
Lapa mine	2,844	27,870	38,786
Goldex mine	82,533	78,533	71,015
Meadowbank Complex	180,848	211,147	224,364
Meliadine mine	142,932	–	–
Canadian Malartic mine ⁽ⁱ⁾	208,178	199,761	188,568
Kittila mine	142,517	157,032	148,272
Pinos Altos mine	130,190	138,362	108,726
Creston Mascota mine	35,801	37,270	31,490
La India mine	65,638	69,095	61,133
Production costs per the consolidated statements of income (loss)	\$1,247,705	\$1,160,355	\$1,057,842

Reconciliation of Production Costs to Total Cash Costs per Ounce of Gold Produced⁽ⁱⁱ⁾ by Mine and Reconciliation of Production Costs to Minesite Costs per Tonne⁽ⁱⁱⁱ⁾ by Mine

(thousands of United States dollars, except as noted)

LaRonde Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		343,154		343,686		348,870
Production costs	\$ 215,012	\$ 627	\$ 228,294	\$ 664	\$ 185,488	\$ 532
Inventory and other adjustments ^(iv)	11,595	33	(10,475)	(30)	26,246	75
Cash operating costs (co-product basis)	\$ 226,607	\$ 660	\$ 217,819	\$ 634	\$ 211,734	\$ 607
By-product metal revenues	(67,224)	(196)	(64,973)	(189)	(70,054)	(201)
Cash operating costs (by-product basis)	\$ 159,383	\$ 464	\$ 152,846	\$ 445	\$ 141,680	\$ 406

LaRonde Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		2,057		2,108		2,246
Production costs	\$ 215,012	\$ 105	\$ 228,294	\$ 108	\$ 185,488	\$ 83
Production costs (C\$)	C\$ 285,423	C\$ 139	C\$ 293,094	C\$ 139	C\$ 243,638	C\$ 108
Inventory and other adjustments (C\$) ^(v)	(27,629)	(14)	(41,568)	(20)	(1,107)	–
Minesite operating costs (C\$)	C\$ 257,794	C\$ 125	C\$ 251,526	C\$ 119	C\$ 242,531	C\$ 108

LaRonde Zone 5 Mine Per Ounce of Gold Produced ^{(ii)(vi)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		59,830		18,620		–
Production costs	\$ 41,212	\$ 689	\$ 12,991	\$ 698	\$ –	\$ –
Inventory and other adjustments ^(iv)	2,169	36	656	35	–	–
Cash operating costs (co-product basis)	\$ 43,381	\$ 725	\$ 13,647	\$ 733	\$ –	\$ –
By-product metal revenues	(185)	(3)	(21)	(1)	–	–
Cash operating costs (by-product basis)	\$ 43,196	\$ 722	\$ 13,626	\$ 732	\$ –	\$ –

LaRonde Zone 5 Mine Per Tonne ^{(iii)(vii)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		870		225		–
Production costs	\$ 41,212	\$ 47	\$ 12,991	\$ 58	\$ –	\$ –
Production costs (C\$)	C\$ 54,644	C\$ 63	C\$ 17,028	C\$ 76	C\$ –	C\$ –
Inventory and other adjustments (C\$) ^(iv)	2,855	3	945	4	–	–
Minesite operating costs (C\$)	C\$ 57,499	C\$ 66	C\$ 17,973	C\$ 80	C\$ –	C\$ –

Lapa Mine Per Ounce of Gold Produced ^{(ii)(viii)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		–		34,026		48,410
Production costs	\$ 2,844	\$ –	\$ 27,870	\$ 819	\$ 38,786	\$ 801
Inventory and other adjustments ^(iv)	(2,844)	–	1,843	54	(2,143)	(44)
Cash operating costs (co-product basis)	\$ –	\$ –	\$ 29,713	\$ 873	\$ 36,643	\$ 757
By-product metal revenues	–	–	(26)	(1)	(112)	(2)
Cash operating costs (by-product basis)	\$ –	\$ –	\$ 29,687	\$ 872	\$ 36,531	\$ 755

Lapa Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		–		311		398
Production costs	\$ 2,844	\$ –	\$ 27,870	\$ 90	\$ 38,786	\$ 97
Production costs (C\$)	C\$ 3,723	C\$ –	C\$ 35,854	C\$ 115	C\$ 50,976	C\$ 128
Inventory and other adjustments (C\$) ^(iv)	(3,723)	–	2,369	8	(3,166)	(8)
Minesite operating costs (C\$)	C\$ –	C\$ –	C\$ 38,223	C\$ 123	C\$ 47,810	C\$ 120

Goldex Mine Per Ounce of Gold Produced^{(ii)(ix)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		140,884		121,167		110,906
Production costs	\$ 82,533	\$ 586	\$ 78,533	\$ 648	\$ 71,015	\$ 640
Inventory and other adjustments ^(iv)	(289)	(2)	(219)	(2)	(3,289)	(29)
Cash operating costs (co-product basis)	\$ 82,244	\$ 584	\$ 78,314	\$ 646	\$ 67,726	\$ 611
By-product metal revenues	(33)	–	(25)	–	(24)	(1)
Cash operating costs (by-product basis)	\$ 82,211	\$ 584	\$ 78,289	\$ 646	\$ 67,702	\$ 610

Goldex Mine Per Tonne^{(iii)(x)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		2,785		2,625		2,396
Production costs	\$ 82,533	\$ 30	\$ 78,533	\$ 30	\$ 71,015	\$ 30
Production costs (C\$)	C\$ 109,373	C\$ 39	C\$ 101,787	C\$ 39	C\$ 91,998	C\$ 38
Inventory and other adjustments (C\$) ^(v)	(245)	–	44	–	(2,404)	(1)
Minesite operating costs (C\$)	C\$ 109,128	C\$ 39	C\$ 101,831	C\$ 39	C\$ 89,594	C\$ 37

Meadowbank Complex Per Ounce of Gold Produced^{(ii)(xi)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		158,208		248,997		352,526
Production costs	\$ 180,848	\$ 1,143	\$ 211,147	\$ 848	\$ 224,364	\$ 636
Inventory and other adjustments ^(iv)	2,859	18	(5,769)	(23)	(3,127)	(8)
Cash operating costs (co-product basis)	\$ 183,707	\$ 1,161	\$ 205,378	\$ 825	\$ 221,237	\$ 628
By-product metal revenues	(1,391)	(9)	(2,685)	(11)	(4,714)	(14)
Cash operating costs (by-product basis)	\$ 182,316	\$ 1,152	\$ 202,693	\$ 814	\$ 216,523	\$ 614

Meadowbank Complex Per Tonne^{(iii)(xii)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		2,381		3,262		3,853
Production costs	\$ 180,848	\$ 76	\$ 211,147	\$ 65	\$ 224,364	\$ 58
Production costs (C\$)	C\$ 240,014	C\$ 101	C\$ 272,140	C\$ 83	C\$ 292,216	C\$ 76
Inventory and other adjustments (C\$) ^(v)	6,292	2	(4,477)	(1)	1,512	–
Minesite operating costs (C\$)	C\$ 246,306	C\$ 103	C\$ 267,663	C\$ 82	C\$ 293,728	C\$ 76

Meliadine Mine Per Ounce of Gold Produced ^{(ii)(xiii)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		191,113		–		–
Production costs	\$ 142,932	\$ 748	\$ –	\$ –	\$ –	\$ –
Inventory and other adjustments ^(iv)	389	2	–	–	–	–
Cash operating costs (co-product basis)	\$ 143,321	\$ 750	\$ –	\$ –	\$ –	\$ –
By-product metal revenues	(286)	(2)	–	–	–	–
Cash operating costs (by-product basis)	\$ 143,035	\$ 748	\$ –	\$ –	\$ –	\$ –

Meliadine Mine Per Tonne ^{(iii)(xiv)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		773		–		–
Production costs	\$ 142,932	\$ 185	\$ –	\$ –	\$ –	\$ –
Production costs (C\$)	C\$ 188,680	C\$ 244	C\$ –	C\$ –	C\$ –	C\$ –
Inventory and other adjustments (C\$) ^(iv)	1,409	2	–	–	–	–
Minesite operating costs (C\$)	C\$ 190,089	C\$ 246	C\$ –	C\$ –	C\$ –	C\$ –

Canadian Malartic Mine ⁽ⁱ⁾ Per Ounce of Gold Produced ^{(ii)(xv)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		331,459		348,600		316,731
Production costs	\$ 208,178	\$ 628	\$ 199,761	\$ 573	\$ 188,568	\$ 595
Inventory and other adjustments ^(iv)	(723)	(2)	1,947	6	(497)	(1)
Cash operating costs (co-product basis)	\$ 207,455	\$ 626	\$ 201,708	\$ 579	\$ 188,071	\$ 594
By-product metal revenues	(6,711)	(20)	(6,806)	(20)	(5,759)	(18)
Cash operating costs (by-product basis)	\$ 200,744	\$ 606	\$ 194,902	\$ 559	\$ 182,312	\$ 576

Canadian Malartic Mine ⁽ⁱ⁾ Per Tonne ^{(iii)(xvi)}	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		10,391		10,242		10,179
Production costs	\$ 208,178	\$ 20	\$ 199,761	\$ 20	\$ 188,568	\$ 19
Production costs (C\$)	C\$ 274,786	C\$ 26	C\$ 258,291	C\$ 25	C\$ 243,903	C\$ 24
Inventory and other adjustments (C\$) ^(iv)	(2,201)	–	2,972	–	(3,567)	–
Minesite operating costs (C\$)	C\$ 272,585	C\$ 26	C\$ 261,263	C\$ 25	C\$ 240,336	C\$ 24

Kittila Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		186,101		188,979		196,938
Production costs	\$	142,517	\$	157,032	\$	148,272
Inventory and other adjustments ^(iv)		(5,314)		4,374		213
Cash operating costs (co-product basis)	\$	137,203	\$	161,406	\$	148,485
By-product metal revenues		(238)		(186)		(192)
Cash operating costs (by-product basis)	\$	136,965	\$	161,220	\$	148,293

Kittila Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		1,591		1,827		1,685
Production costs	\$	142,517	\$	157,032	\$	148,272
Production costs (€)	€	127,355	€	133,817	€	131,111
Inventory and other adjustments (€) ^(v)		(5,882)		2,545		(79)
Minesite operating costs (€)	€	121,473	€	136,362	€	131,032

Pinos Altos Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		155,124		181,057		180,859
Production costs	\$	130,190	\$	138,362	\$	108,726
Inventory and other adjustments ^(iv)		4,229		(2,767)		5,926
Cash operating costs (co-product basis)	\$	134,419	\$	135,595	\$	114,652
By-product metal revenues		(35,322)		(36,301)		(43,169)
Cash operating costs (by-product basis)	\$	99,097	\$	99,294	\$	71,483

Pinos Altos Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		2,007		2,218		2,308
Production costs	\$	130,190	\$	138,362	\$	108,726
Inventory and other adjustments ^(v)		3,074		(3,061)		6,065
Minesite operating costs	\$	133,264	\$	135,301	\$	114,791

Creston Mascota Mine Per Ounce of Gold Produced⁽ⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		48,380		40,180		48,384
Production costs	\$ 35,801	\$ 740	\$ 37,270	\$ 928	\$ 31,490	\$ 651
Inventory and other adjustments ^(iv)	678	14	1,326	33	862	18
Cash operating costs (co-product basis)	\$ 36,479	\$ 754	\$ 38,596	\$ 961	\$ 32,352	\$ 669
By-product metal revenues	(9,671)	(200)	(4,818)	(120)	(4,535)	(94)
Cash operating costs (by-product basis)	\$ 26,808	\$ 554	\$ 33,778	\$ 841	\$ 27,817	\$ 575

Creston Mascota Mine Per Tonne⁽ⁱⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore processed (thousands of tonnes)		1,067		1,422		2,196
Production costs	\$ 35,801	\$ 34	\$ 37,270	\$ 26	\$ 31,490	\$ 14
Inventory and other adjustments ^(v)	(122)	(1)	853	1	559	1
Minesite operating costs	\$ 35,679	\$ 33	\$ 38,123	\$ 27	\$ 32,049	\$ 15

La India Mine Per Ounce of Gold Produced⁽ⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		82,190		101,357		101,150
Production costs	\$ 65,638	\$ 799	\$ 69,095	\$ 682	\$ 61,133	\$ 604
Inventory and other adjustments ^(iv)	4,166	50	3,084	30	2,958	30
Cash operating costs (co-product basis)	\$ 69,804	\$ 849	\$ 72,179	\$ 712	\$ 64,091	\$ 634
By-product metal revenues	(2,184)	(26)	(2,777)	(27)	(5,392)	(54)
Cash operating costs (by-product basis)	\$ 67,620	\$ 823	\$ 69,402	\$ 685	\$ 58,699	\$ 580

La India Mine Per Tonne⁽ⁱⁱⁱ⁾	Year Ended December 31, 2019		Year Ended December 31, 2018		Year Ended December 31, 2017	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore processed (thousands of tonnes)		5,402		6,128		5,965
Production costs	\$ 65,638	\$ 12	\$ 69,095	\$ 11	\$ 61,133	\$ 10
Inventory and other adjustments ^(v)	2,591	1	2,109	1	1,545	1
Minesite operating costs	\$ 68,229	\$ 13	\$ 71,204	\$ 12	\$ 62,678	\$ 11

Notes:

- (i) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (ii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash-generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.
- (iii) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.
- (iv) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
- (v) This inventory and other adjustment reflects production costs associated with the portion of production still in inventory and smelting, refining and marketing charges associated with production.
- (vi) The LZ5 mine's per ounce of gold production calculations for the year ended December 31, 2017 exclude 515 ounces of payable gold production and the associated costs which were produced prior to the achievement of commercial production.
- (vii) The LZ5 mine's per tonne calculations for the year ended December 31, 2017 exclude 7,709 tonnes and the associated costs which were processed prior to the achievement of commercial production.
- (viii) The Lapa mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 5 ounces of payable gold production, which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the Lapa mine on December 31, 2018. In addition, the Lapa mine's per ounce of gold production calculations for the year ended December 31, 2017 exclude 203 ounces of payable gold production as a result of the Lapa mill being placed on temporary maintenance.
- (ix) The Goldex mine's per ounce of gold production calculations for the year ended December 31, 2017 exclude 8,041 ounces of payable gold production and the associated costs related to the Deep 1 Zone which were produced prior to the achievement of commercial production.
- (x) The Goldex mine's per tonne calculations for the year ended December 31, 2017 exclude 175,514 tonnes processed and the associated costs related to the Deep 1 Zone which were processed prior to the achievement of commercial production.
- (xi) The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 35,281 ounces of payable gold production which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (xii) The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2019 exclude 369,519 tonnes which were processed prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (xiii) The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 47,281 ounces of payable gold production which were produced prior to the achievement of commercial production on May 14, 2019.
- (xiv) The Meliadine mine's cost calculations per tonne for the year ended December 31, 2019 exclude 263,749 tonnes which were processed prior to the achievement of commercial production on May 14, 2019.
- (xv) The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 3,137 ounces of payable gold production which were produced during this period as commercial production at the Barnat deposit has not yet been achieved.
- (xvi) The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2019 exclude 133,615 tonnes which were processed during this period as commercial production at the Barnat deposit has not yet been achieved.

All-in Sustaining Costs per Ounce of Gold Produced

The WGC is a non-regulatory market development organization for the gold industry. Although the WGC is not a mining industry regulatory organization, it has worked closely with its member companies to develop relevant non-GAAP measures. The Company follows the guidance on all-in sustaining costs released by the WGC in November 2018. Adoption of the all-in sustaining costs metric is voluntary and, notwithstanding the Company's adoption of the WGC's guidance, all-in sustaining costs per ounce of gold produced reported by the Company may not be comparable to data reported by other gold mining companies. The Company believes that this measure provides helpful information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

All-in sustaining costs per ounce is used to show the full cost of gold production from current operations. The Company calculates all-in sustaining costs per ounce of gold produced on a by-product basis as the aggregate of total cash costs per ounce on a by-product basis, sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options), lease payments related to sustaining assets and reclamation expenses, and then dividing by the number of ounces of gold produced. The all-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as the all-in sustaining costs per ounce of gold produced on a by-product basis, except that the total cash costs per ounce on a co-product basis is used, meaning no adjustment is made for by-product metal revenues. The Company's methodology for calculating all-in sustaining costs per ounce may differ from the methodology used by other gold mining companies that disclose all-in sustaining costs per ounce. The Company may change the methodology it uses to calculate all-in sustaining costs per ounce in the future.

The following table sets out a reconciliation of production costs to all-in sustaining costs per ounce of gold produced for the years ended December 31, 2019, December 31, 2018 and December 31, 2017 on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues).

Reconciliation of Production Costs to All-in Sustaining Costs per Ounce of Gold Produced

(United States dollars per ounce of gold produced, except where noted)

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Production costs per the consolidated statements of income (loss) (thousands of United States dollars)	\$1,247,705	\$1,160,355	\$1,057,842
Adjusted gold production (ounces) ^{(i)(ii)(iii)(iv)(v)(vi)}	1,696,443	1,626,669	1,704,774
Production costs per ounce of adjusted gold production	\$735	\$713	\$621
Adjustments:			
Inventory and other adjustments ^(vii)	10	(3)	16
Total cash costs per ounce of gold produced (co-product basis) ^(viii)	\$745	\$710	\$637
By-product metal revenues	(72)	(73)	(79)
Total cash costs per ounce of gold produced (by-product basis) ^(viii)	\$673	\$637	\$558
Adjustments:			
Sustaining capital expenditures (including capitalized exploration)	185	159	176
General and administrative expenses (including stock options)	71	77	67
Non-cash reclamation provision, sustaining leases and other	9	4	3
All-in sustaining costs per ounce of gold produced (by-product basis)	\$938	\$877	\$804
By-product metal revenues	72	73	79
All-in sustaining costs per ounce of gold produced (co-product basis)	\$1,010	\$950	\$883

Notes:

- (i) Adjusted gold production for the year ended December 31, 2017 excludes 515 ounces of payable gold production at the LZ5 mine, which were produced prior to the achievement of commercial production.
- (ii) Adjusted gold production for the year ended December 31, 2017 excludes 8,041 ounces of payable gold production at the Goldex mine, which were produced prior to the achievement of commercial production at the Deep 1 Zone.
- (iii) Adjusted gold production for the year ended December 31, 2019 excludes 5 ounces of payable gold production at the Lapa mine which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the site on December 31, 2018. In addition, the Lapa mine's adjusted gold production for the year ended December 31, 2017 excludes 203 ounces of payable gold production as a result of the Lapa mill being placed on temporary maintenance.
- (iv) Adjusted gold production for the year ended December 31, 2019 excludes 35,281 ounces of payable gold production at the Meadowbank Complex, which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (v) Adjusted gold production for the year ended December 31, 2019 excludes 47,281 ounces of payable gold production at the Meliadine mine, which were produced prior to the achievement of commercial production on May 14, 2019.
- (vi) Adjusted gold production for the year ended December 31, 2019 excludes 3,137 ounces of payable gold production at the Canadian Malartic mine, which were produced during this period as commercial production at the Barnat deposit has not yet been achieved.
- (vii) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon transfer of control over metals sold to the customer. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue. Other adjustments are represented by the inclusion of smelting, refining and marketing charges and exclusion of charges not directly associated with the production of minerals.
- (viii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash-generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2019
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	
Operating margin⁽ⁱ⁾:					
Revenues from mining operations	\$ 532,223	\$ 526,611	\$ 682,959	\$ 753,099	\$ 2,494,892
Production costs	276,893	279,497	316,346	374,969	1,247,705
Total operating margin ⁽ⁱ⁾	255,330	247,114	366,613	378,130	1,247,187
Operating margin⁽ⁱ⁾ by mine:					
Northern Business					
LaRonde mine	65,202	66,902	93,223	111,865	337,192
LaRonde Zone 5 mine	5,079	8,882	12,238	12,954	39,153
Lapa mine	2,033	–	–	–	2,033
Goldex mine	24,964	25,126	33,197	31,200	114,487
Meadowbank Complex	19,030	9,244	9,227	3,303	40,804
Meliadine mine	–	15,033	50,323	61,970	127,326
Canadian Malartic mine ⁽ⁱⁱ⁾	54,629	60,232	70,263	73,015	258,139
Kittila mine	25,239	8,205	44,696	39,666	117,806
Southern Business					
Pinos Altos mine	34,099	27,281	30,003	28,004	119,387
Creston Mascota mine	11,115	14,863	12,203	4,041	42,222
La India mine	13,940	11,346	11,240	12,112	48,638
Total operating margin ⁽ⁱ⁾	255,330	247,114	366,613	378,130	1,247,187
Gain on impairment reversal	–	–	–	(345,821)	(345,821)
Amortization of property, plant and mine development	128,242	124,203	143,293	150,319	546,057
Exploration, corporate and other	74,567	80,091	83,864	69,687	308,209
Income before income and mining taxes	52,521	42,820	139,456	503,945	738,742
Income and mining taxes	15,489	15,048	62,789	172,250	265,576
Net income for the period	\$ 37,032	\$ 27,772	\$ 76,667	\$ 331,695	\$ 473,166
Net income per share – basic (US\$)	\$ 0.16	\$ 0.12	\$ 0.32	\$ 1.39	\$ 2.00
Net income per share – diluted (US\$)	\$ 0.16	\$ 0.12	\$ 0.32	\$ 1.38	\$ 1.99
Cash flows:					
Cash provided by operating activities	\$ 148,690	\$ 126,301	\$ 349,233	\$ 257,468	\$ 881,692
Cash used in investing activities	\$(227,606)	\$(233,238)	\$(245,829)	\$(167,211)	\$ (873,884)
Cash (used in) provided by financing activities	\$ (33,454)	\$ 34,906	\$ 37,249	\$ (28,091)	\$ 10,610

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2019
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	
Realized prices (US\$):					
Gold (per ounce)	\$ 1,303	\$ 1,318	\$ 1,480	\$ 1,489	\$ 1,406
Silver (per ounce)	\$ 15.65	\$ 14.83	\$ 17.46	\$ 17.55	\$ 16.38
Zinc (per tonne)	\$ 2,673	\$ 2,811	\$ 2,415	\$ 2,398	\$ 2,607
Copper (per tonne)	\$ 6,087	\$ 6,036	\$ 5,569	\$ 5,948	\$ 5,892
Payable production⁽ⁱⁱⁱ⁾:					
Gold (ounces)					
Northern Business					
LaRonde mine	77,433	76,587	91,664	97,470	343,154
LaRonde Zone 5 mine	12,988	16,170	15,438	15,234	59,830
Lapa mine	5	–	–	–	5
Goldex mine	34,454	34,325	37,142	34,963	140,884
Meadowbank Complex	43,502	39,457	48,870	61,660	193,489
Meliadine mine	17,582	61,112	78,093	81,607	238,394
Canadian Malartic mine ⁽ⁱⁱ⁾	83,670	84,311	81,573	85,042	334,596
Kittila mine	49,336	20,077	61,343	55,345	186,101
Southern Business					
Pinos Altos mine	42,730	41,740	34,832	35,822	155,124
Creston Mascota mine	13,529	18,336	9,596	6,919	48,380
La India mine	22,988	20,200	18,386	20,616	82,190
Total gold (ounces)	398,217	412,315	476,937	494,678	1,782,147
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	197	196	227	263	883
LaRonde Zone 5 mine	2	3	2	5	12
Lapa mine	1	–	–	–	1
Goldex mine	–	1	–	1	2
Meadowbank Complex	22	20	29	15	86
Meliadine mine	1	4	6	7	18
Canadian Malartic mine ⁽ⁱⁱ⁾	111	94	102	114	421
Kittila mine	4	2	4	3	13
Southern Business					
Pinos Altos mine	562	563	517	519	2,161
Creston Mascota mine	133	216	134	97	580
La India mine	46	33	27	27	133
Total silver (thousands of ounces)	1,079	1,132	1,048	1,051	4,310
Zinc (tonnes)	2,834	4,407	3,475	2,445	13,161
Copper (tonnes)	808	702	958	929	3,397

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2019
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	
Payable metal sold:					
Gold (ounces)					
Northern Business					
LaRonde mine	89,857	75,777	90,867	104,197	360,698
LaRonde Zone 5 mine	8,222	16,172	15,368	17,236	56,998
Lapa mine	3,777	–	–	–	3,777
Goldex mine	33,811	34,729	36,488	36,357	141,385
Meadowbank Complex	46,668	38,807	52,211	53,710	191,396
Meliadine mine	3,210	57,345	71,407	81,328	213,290
Canadian Malartic mine ^{(ii)(iv)}	74,846	79,800	77,595	83,215	315,456
Kittila mine	49,205	22,620	60,020	52,595	184,440
Southern Business					
Pinos Altos mine	42,455	39,500	37,535	36,260	155,750
Creston Mascota mine	14,610	16,400	12,285	7,310	50,605
La India mine	24,309	20,620	17,385	19,225	81,539
Total gold (ounces)	390,970	401,770	471,161	491,433	1,755,334
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	186	221	212	264	883
LaRonde Zone 5 mine	2	3	2	4	11
Lapa mine	2	–	–	–	2
Goldex mine	–	1	–	1	2
Meadowbank Complex	23	14	32	15	84
Meliadine mine	–	1	–	15	16
Canadian Malartic mine ^{(ii)(iv)}	94	104	83	105	386
Kittila mine	4	4	1	5	14
Southern Business					
Pinos Altos mine	560	500	576	522	2,158
Creston Mascota mine	140	175	160	100	575
La India mine	54	34	26	26	140
Total silver (thousands of ounces)	1,065	1,057	1,092	1,057	4,271
Zinc (tonnes)	1,586	4,999	4,075	1,632	12,292
Copper (tonnes)	764	734	947	945	3,390

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2018
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	
Operating margin⁽ⁱ⁾:					
Revenues from mining operations	\$ 578,435	\$ 556,282	\$ 518,683	\$ 537,821	\$ 2,191,221
Production costs	295,326	303,695	276,862	284,472	1,160,355
Total operating margin ⁽ⁱ⁾	283,109	252,587	241,821	253,349	1,030,866
Operating margin⁽ⁱ⁾ by mine:					
Northern Business					
LaRonde mine	89,760	74,517	65,405	58,697	288,379
LaRonde Zone 5 mine	–	334	2,402	5,600	8,336
Lapa mine	289	6,303	1,467	3,868	11,927
Goldex mine	18,052	18,686	17,837	19,318	73,893
Meadowbank Complex	30,193	21,001	32,816	27,985	111,995
Canadian Malartic mine ⁽ⁱⁱ⁾	62,261	67,680	58,478	60,346	248,765
Kittila mine	23,309	15,312	19,115	22,516	80,252
Southern Business					
Pinos Altos mine	37,219	29,620	29,072	36,582	132,493
Creston Mascota mine	7,636	3,313	1,660	4,794	17,403
La India mine	14,390	15,821	13,569	13,643	57,423
Total operating margin ⁽ⁱ⁾	283,109	252,587	241,821	253,349	1,030,866
Impairment loss	–	–	–	389,693	389,693
Amortization of property, plant and mine development	134,370	138,469	143,859	137,235	553,933
Exploration, corporate and other	79,386	73,710	79,502	113,694	346,292
Income (loss) before income and mining taxes	69,353	40,408	18,460	(387,273)	(259,052)
Income and mining taxes	24,423	35,436	1,407	6,383	67,649
Net income (loss) for the period	\$ 44,930	\$ 4,972	\$ 17,053	\$(393,656)	\$ (326,701)
Net income (loss) per share – basic (US\$)	\$ 0.19	\$ 0.02	\$ 0.07	\$ (1.68)	\$ (1.40)
Net income (loss) per share – diluted (US\$)	\$ 0.19	\$ 0.02	\$ 0.07	\$ (1.68)	\$ (1.40)
Cash flows:					
Cash provided by operating activities	\$ 207,706	\$ 120,087	\$ 137,573	\$ 140,284	\$ 605,650
Cash used in investing activities	\$(354,717)	\$(201,405)	\$(311,870)	\$(336,376)	\$(1,204,368)
Cash (used in) provided by financing activities	\$ (34,348)	\$ 340,498	\$ (13,952)	\$ (18,099)	\$ 274,099

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2018
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	
Realized prices (US\$):					
Gold (per ounce)	\$ 1,332	\$ 1,293	\$ 1,204	\$ 1,235	\$ 1,266
Silver (per ounce)	\$ 16.76	\$ 16.43	\$ 14.20	\$ 14.53	\$ 15.51
Zinc (per tonne)	\$ 3,439	\$ 3,144	\$ 2,615	\$ 2,568	\$ 3,034
Copper (per tonne)	\$ 7,201	\$ 6,760	\$ 5,900	\$ 6,126	\$ 6,543
Payable production⁽ⁱⁱⁱ⁾:					
Gold (ounces)					
Northern Business					
LaRonde mine	89,785	84,526	88,353	81,022	343,686
LaRonde Zone 5 mine	–	4,601	3,823	10,196	18,620
Lapa mine	1,722	14,533	10,464	7,307	34,026
Goldex mine	27,924	30,480	31,255	31,508	121,167
Meadowbank Complex	61,447	59,627	68,259	59,664	248,997
Canadian Malartic mine ⁽ⁱⁱⁱ⁾	83,403	91,863	88,602	84,732	348,600
Kittila mine	48,118	42,049	49,459	49,353	188,979
Southern Business					
Pinos Altos mine	41,836	43,646	46,405	49,170	181,057
Creston Mascota mine	11,988	8,716	8,024	11,452	40,180
La India mine	23,055	24,920	27,074	26,308	101,357
Total gold (ounces)	389,278	404,961	421,718	410,712	1,626,669
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	367	234	234	205	1,040
LaRonde Zone 5 mine	–	–	1	1	2
Lapa mine	–	1	–	1	2
Goldex mine	–	1	–	–	1
Meadowbank Complex	60	48	35	28	171
Canadian Malartic mine ⁽ⁱⁱⁱ⁾	106	117	110	104	437
Kittila mine	3	3	3	4	13
Southern Business					
Pinos Altos mine	541	538	658	631	2,368
Creston Mascota mine	91	77	59	83	310
La India mine	45	37	44	54	180
Total silver (thousands of ounces)	1,213	1,056	1,144	1,111	4,524
Zinc (tonnes)	1,046	2,778	872	3,168	7,864
Copper (tonnes)	1,292	961	1,026	914	4,193

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA
(thousands of United States dollars, except where noted)

	Three Months Ended				Total 2018
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	
Payable metal sold:					
Gold (ounces)					
Northern Business					
LaRonde mine	101,825	94,868	86,292	81,831	364,816
LaRonde Zone 5 mine	–	683	7,155	9,631	17,469
Lapa mine	613	13,286	6,335	11,640	31,874
Goldex mine	27,458	30,531	30,884	31,748	120,621
Meadowbank Complex	68,125	59,126	67,153	58,610	253,014
Canadian Malartic mine ^{(iii)(iv)}	77,045	84,920	84,303	84,352	330,620
Kittila mine	49,780	41,758	48,340	47,993	187,871
Southern Business					
Pinos Altos mine	46,360	43,653	44,714	50,717	185,444
Creston Mascota mine	11,889	9,499	7,795	10,409	39,592
La India mine	22,030	25,362	26,005	25,067	98,464
Total gold (ounces)	405,125	403,686	408,976	411,998	1,629,785
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	362	249	225	207	1,043
LaRonde Zone 5 mine	–	–	1	–	1
Lapa mine	–	1	–	1	2
Goldex mine	–	1	–	1	2
Meadowbank Complex	58	51	35	26	170
Canadian Malartic mine ^{(iii)(iv)}	87	107	110	90	394
Kittila mine	4	2	3	4	13
Southern Business					
Pinos Altos mine	611	528	659	644	2,442
Creston Mascota mine	86	81	59	75	301
La India mine	47	41	37	51	176
Total silver (thousands of ounces)	1,255	1,061	1,129	1,099	4,544
Zinc (tonnes)	2,530	2,979	1,118	1,896	8,523
Copper (tonnes)	1,288	945	1,036	926	4,195

Notes:

- (i) Operating margin is calculated as revenues from mining operations less production costs.
- (ii) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (iii) Payable production (a non-GAAP non-financial performance measure) is the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventories at the end of the period.
- (iv) The Canadian Malartic mine's payable metal sold excludes the 5.0% net smelter return royalty granted to Osisko Gold Royalties Ltd., in connection with the Company's acquisition of its 50% interest of the Canadian Malartic mine.

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Revenues from mining operations	\$ 2,494,892	\$ 2,191,221	\$ 2,242,604
Production costs	1,247,705	1,160,355	1,057,842
Operating margin ⁽ⁱ⁾	1,247,187	1,030,866	1,184,762
Amortization of property, plant and mine development	546,057	553,933	508,739
Impairment (reversal) loss	(345,821)	389,693	–
Exploration, corporate and other	308,209	346,292	336,734
Income (loss) before income and mining taxes	738,742	(259,052)	339,289
Income and mining taxes	265,576	67,649	98,494
Net income (loss) for the year	\$ 473,166	\$ (326,701)	\$ 240,795
Net income (loss) per share – basic	\$ 2.00	\$ (1.40)	\$ 1.05
Net income (loss) per share – diluted	\$ 1.99	\$ (1.40)	\$ 1.04
Operating cash flow	\$ 881,692	\$ 605,650	\$ 767,557
Investing cash flow	\$ (873,884)	\$(1,204,368)	\$(1,000,052)
Financing cash flow	\$ 10,610	\$ 274,099	\$ 329,167
Dividends declared per share	\$ 0.55	\$ 0.44	\$ 0.41
Capital expenditures per Consolidated Statements of Cash Flows	\$ 882,664	\$ 1,089,100	\$ 874,153
Average gold price per ounce realized	\$ 1,406	\$ 1,266	\$ 1,261
Average silver price per ounce realized	\$ 16.38	\$ 15.51	\$ 17.07
Average zinc price per tonne realized	\$ 2,607	\$ 3,034	\$ 2,829
Average copper price per tonne realized	\$ 5,892	\$ 6,543	\$ 6,345
Weighted average number of common shares outstanding – basic (thousands)	236,934	233,251	230,252
Working capital (including undrawn credit lines)	\$ 1,617,899	\$ 1,910,978	\$ 2,326,939
Total assets	\$ 8,789,885	\$ 7,852,843	\$ 7,865,601
Long-term debt	\$ 1,364,108	\$ 1,721,308	\$ 1,371,851
Shareholders' equity	\$ 5,111,514	\$ 4,550,012	\$ 4,946,991

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Operating Summary			
<i>LaRonde mine</i>			
Revenues from mining operations	\$ 552,204	\$ 516,673	\$ 484,488
Production costs	215,012	228,294	185,488
Operating margin ⁽ⁱ⁾	\$ 337,192	\$ 288,379	\$ 299,000
Amortization of property, plant and mine development	83,688	94,406	82,979
Gross profit	\$ 253,504	\$ 193,973	\$ 216,021
Tonnes of ore milled	2,057,187	2,108,068	2,246,114
Gold – grams per tonne	5.46	5.32	5.05
Gold production – ounces	343,154	343,686	348,870
Silver production – thousands of ounces	883	1,040	1,254
Zinc production – tonnes	13,161	7,864	6,510
Copper production – tonnes	3,397	4,193	4,501
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 627	\$ 664	\$ 532
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	33	(30)	75
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 660	\$ 634	\$ 607
By-product metal revenues	(196)	(189)	(201)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 464	\$ 445	\$ 406
Minesite costs per tonne ^(iv)	C\$ 125	C\$ 119	C\$ 108
<i>LaRonde Zone 5 mine</i>			
Revenues from mining operations	\$ 80,365	\$ 21,327	\$ –
Production costs	41,212	12,991	–
Operating margin ⁽ⁱ⁾	\$ 39,153	\$ 8,336	\$ –
Amortization of property, plant and mine development	6,818	1,658	–
Gross profit	\$ 32,335	\$ 6,678	\$ –
Tonnes of ore milled	869,568	224,643	7,709
Gold – grams per tonne	2.27	2.76	–
Gold production – ounces	59,830	18,620	515

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 689	\$ 698	\$ –
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	36	35	–
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(v)}	\$ 725	\$ 733	\$ –
By-product metal revenues	(3)	(1)	–
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(v)}	\$ 722	\$ 732	\$ –
Minesite costs per tonne ^{(iv)(vi)}	C\$ 66	C\$ 80	C\$ –
<i>Lapa mine</i>			
Revenues from mining operations	\$ 4,877	\$ 39,797	\$ 64,572
Production costs	2,844	27,870	38,786
Operating margin ⁽ⁱ⁾	\$ 2,033	\$ 11,927	\$ 25,786
Amortization of property, plant and mine development	30	268	1,736
Gross profit	\$ 2,003	\$ 11,659	\$ 24,050
Tonnes of ore milled	–	311,013	398,248
Gold – grams per tonne	–	4.24	4.24
Gold production – ounces	5	34,026	48,613
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ –	\$ 819	\$ 801
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	–	54	(44)
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(vii)}	\$ –	\$ 873	\$ 757
By-product metal revenues	–	(1)	(2)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(vii)}	\$ –	\$ 872	\$ 755
Minesite costs per tonne ^(iv)	C\$ –	C\$ 123	C\$ 120
<i>Goldex mine</i>			
Revenues from mining operations	\$ 197,020	\$ 152,426	\$ 139,665
Production costs	82,533	78,533	71,015
Operating margin ⁽ⁱ⁾	\$ 114,487	\$ 73,893	\$ 68,650
Amortization of property, plant and mine development	43,452	37,390	36,488
Gross profit	\$ 71,035	\$ 36,503	\$ 32,162

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Tonnes of ore milled	2,784,524	2,624,682	2,572,014
Gold – grams per tonne	1.71	1.54	1.53
Gold production – ounces	140,884	121,167	118,947
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 586	\$ 648	\$ 640
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(2)	(2)	(29)
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(viii)}	\$ 584	\$ 646	\$ 611
By-product metal revenues	–	–	(1)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(vii)}	\$ 584	\$ 646	\$ 610
Minesite costs per tonne ^{(iv)(ix)}	C\$ 39	C\$ 39	C\$ 37
Meadowbank Complex			
Revenues from mining operations	\$ 221,652	\$ 323,142	\$ 449,025
Production costs	180,848	211,147	224,364
Operating margin ⁽ⁱ⁾	\$ 40,804	\$ 111,995	\$ 224,661
Amortization of property, plant and mine development	64,285	83,361	74,130
Gross profit	\$ (23,481)	\$ 28,634	\$ 150,531
Tonnes of ore milled	2,750,306	3,262,040	3,853,034
Gold – grams per tonne	2.35	2.56	3.12
Gold production – ounces	193,489	248,997	352,526
Silver production – thousands of ounces	86	171	275
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 1,143	\$ 848	\$ 636
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	18	(23)	(8)
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(x)}	\$ 1,161	\$ 825	\$ 628
By-product metal revenues	(9)	(11)	(14)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(x)}	\$ 1,152	\$ 814	\$ 614
Minesite costs per tonne ^{(iv)(xi)}	C\$ 103	C\$ 82	C\$ 76

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Meliadine mine			
Revenues from mining operations	\$ 270,258	\$ –	\$ –
Production costs	142,932	–	–
Operating margin ⁽ⁱ⁾	\$ 127,326	\$ –	\$ –
Amortization of property, plant and mine development	48,901	–	–
Gross profit	\$ 78,425	\$ –	\$ –
Tonnes of ore milled	1,036,746	–	–
Gold – grams per tonne	7.60	–	–
Gold production – ounces	238,394	–	–
Silver production – thousands of ounces	18	–	–
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 748	\$ –	\$ –
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	2	–	–
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(xii)}	\$ 750	\$ –	\$ –
By-product metal revenues	(2)	–	–
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(xii)}	\$ 748	\$ –	\$ –
Minesite costs per tonne ^{(iv)(xiii)}	C\$ 246	C\$ –	C\$ –
Canadian Malartic mine ^(xiv)			
Revenues from mining operations	\$ 466,317	\$ 448,526	\$ 404,441
Production costs	208,178	199,761	188,568
Operating margin ⁽ⁱ⁾	\$ 258,139	\$ 248,765	\$ 215,873
Amortization of property, plant and mine development	119,822	126,422	122,368
Gross profit	\$ 138,317	\$ 122,343	\$ 93,505
Tonnes of ore milled	10,524,531	10,241,870	10,178,803
Gold – grams per tonne	1.11	1.20	1.09
Gold production – ounces	334,596	348,600	316,731
Silver production – thousands of ounces	421	437	341

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 628	\$ 573	\$ 595
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(2)	6	(1)
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(xv)}	\$ 626	\$ 579	\$ 594
By-product metal revenues	(20)	(20)	(18)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(xv)}	\$ 606	\$ 559	\$ 576
Minesite costs per tonne ^{(iv)(xvi)}	C\$ 26	C\$ 25	C\$ 24
<i>Kittila mine</i>			
Revenues from mining operations	\$ 260,323	\$ 237,284	\$ 248,761
Production costs	142,517	157,032	148,272
Operating margin ⁽ⁱ⁾	\$ 117,806	\$ 80,252	\$ 100,489
Amortization of property, plant and mine development	56,085	71,732	58,682
Gross profit	\$ 61,721	\$ 8,520	\$ 41,807
Tonnes of ore milled	1,590,902	1,827,335	1,684,626
Gold – grams per tonne	4.15	3.80	4.15
Gold production – ounces	186,101	188,979	196,938
Silver production – thousands of ounces	13	13	13
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 766	\$ 831	\$ 753
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(29)	23	1
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 737	\$ 854	\$ 754
By-product metal revenues	(1)	(1)	(1)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 736	\$ 853	\$ 753
Minesite costs per tonne ^(iv)	€ 76	€ 75	€ 78
<i>Pinos Altos mine</i>			
Revenues from mining operations	\$ 249,577	\$ 270,855	\$ 257,905
Production costs	130,190	138,362	108,726
Operating margin ⁽ⁱ⁾	\$ 119,387	\$ 132,493	\$ 149,179
Amortization of property, plant and mine development	58,302	70,203	59,970
Gross profit	\$ 61,085	\$ 62,290	\$ 89,209

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
Tonnes of ore processed	2,006,652	2,217,979	2,307,872
Gold – grams per tonne processed at the mill	2.65	2.96	2.86
Gold production – ounces	155,124	181,057	180,859
Silver production – thousands of ounces	2,161	2,368	2,535
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 839	\$ 764	\$ 601
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	28	(15)	33
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 867	\$ 749	\$ 634
By-product metal revenues	(228)	(201)	(239)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 639	\$ 548	\$ 395
Minesite costs per tonne ^(iv)	\$ 66	\$ 61	\$ 50
<i>Creston Mascota mine</i>			
Revenues from mining operations	\$ 78,023	\$ 54,673	\$ 63,798
Production costs	35,801	37,270	31,490
Operating margin ⁽ⁱ⁾	\$ 42,222	\$ 17,403	\$ 32,308
Amortization of property, plant and mine development	18,538	18,465	22,605
Gross profit	\$ 23,684	\$ (1,062)	\$ 9,703
Tonnes of ore processed	1,066,907	1,422,411	2,195,655
Gold – grams per tonne	1.87	1.03	1.23
Gold production – ounces	48,380	40,180	48,384
Silver production – thousands of ounces	580	310	281
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 740	\$ 928	\$ 651
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	14	33	18
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 754	\$ 961	\$ 669
By-product metal revenues	(200)	(120)	(94)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 554	\$ 841	\$ 575
Minesite costs per tonne ^(iv)	33	27	15

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY
(thousands of United States dollars, except where noted)

	2019	2018	2017
La India mine			
Revenues from mining operations	\$ 114,276	\$ 126,518	\$ 129,949
Production costs	65,638	69,095	61,133
Operating margin ⁽ⁱ⁾	\$ 48,638	\$ 57,423	\$ 68,816
Amortization of property, plant and mine development	40,591	48,329	46,918
Gross profit	\$ 8,047	\$ 9,094	\$ 21,898
Tonnes of ore processed	5,402,415	6,127,526	5,965,250
Gold – grams per tonne	0.68	0.72	0.69
Gold production – ounces	82,190	101,357	101,150
Silver production – thousands of ounces	133	180	313
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 799	\$ 682	\$ 604
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	50	30	30
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 849	\$ 712	\$ 634
By-product metal revenues	(26)	(27)	(54)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 823	\$ 685	\$ 580
Minesite costs per tonne ^(iv)	\$ 13	\$ 12	\$ 11

Notes:

- (i) Operating margin is calculated as revenues from mining operations less production costs.
- (ii) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
- (iii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash-generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.
- (iv) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.
- (v) The LZ5 mine's per ounce of gold production calculations exclude 515 ounces for the year ended December 31, 2017 of payable gold production and the associated costs which were produced prior to the achievement of commercial production.

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

- (vi) The LZ5 mine's per tonne calculations exclude 7,709 tonnes for the year ended December 31, 2017 and the associated costs which were processed prior to the achievement of commercial production.
- (vii) The Lapa mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 5 ounces of payable gold production, which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the site. In addition, the Lapa mine's per ounce of gold production calculations for the year ended December 31, 2017 exclude 203 ounces of payable gold production as a result of the Lapa mill being placed on temporary maintenance.
- (viii) The Goldex mine's per ounce of gold production calculations for the year ended December 31, 2017 exclude 8,041 ounces of payable gold production and the associated costs related to the Deep 1 Zone which were produced prior to the achievement of commercial production.
- (ix) The Goldex mine's per tonne calculations for the year ended December 31, 2017 exclude 175,514 tonnes processed and the associated costs related to the Deep 1 Zone which were processed prior to the achievement of commercial production.
- (x) The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 35,281 ounces of payable gold production which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (xi) The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2019 exclude 369,519 tonnes which were processed prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (xii) The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 47,281 ounces of payable gold production which were produced prior to the achievement of commercial production on May 14, 2019.
- (xiii) The Meliadine mine's cost calculations per tonne for the year ended December 31, 2019 exclude 263,749 tonnes which were processed prior to the achievement of commercial production on May 14, 2019.
- (xiv) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (xv) The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 3,137 ounces of payable gold production which were produced during this period as commercial production at the Barnat deposit has not yet been achieved.
- (xvi) The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2019 exclude 133,615 tonnes which were processed during this period as commercial production at the Barnat deposit has not yet been achieved.

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Annual Audited Consolidated Financial Statements

(Prepared in accordance with International
Financial Reporting Standards)



AGNICO EAGLE

MANAGEMENT CERTIFICATION

Management of Agnico Eagle Mines Limited (“Agnico Eagle” or the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company’s Chief Executive Officer and Chief Financial Officer and effected by the Company’s Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019. In making this assessment, the Company’s management used the criteria outlined by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework issued in 2013. Based on its assessment, management concluded that, as of December 31, 2019, the Company’s internal control over financial reporting was effective.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 27, 2020

By /s/ SEAN BOYD

Sean Boyd
*Vice-Chairman and
Chief Executive Officer*

By /s/ DAVID SMITH

*Senior Vice-President, Finance and
Chief Financial Officer*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Agnico Eagle Mines Limited

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Agnico Eagle Mines Limited (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of income (loss), comprehensive income (loss), equity and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the “PCAOB”), the Company’s internal control over financial reporting as of December 31, 2019, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and property, plant and mine development impairment and impairment reversal

Description of the Matter

At December 31, 2019, the carrying values of goodwill and property, plant and mine development were \$407.8 million and \$7,003.7 million, respectively, and the Company recorded an impairment reversal of \$345.8 million associated with the Meliadine cash generating unit (“CGU”). The Company’s impairment test with regards to the Canadian Malartic CGU and its impairment reversal test with regards to the Meliadine CGU required management to make significant assumptions (in particular gold price, discount rate and rate of conversion from resources to reserves) in determining the recoverable amounts. The Company discloses significant judgments, estimates and assumptions in respect of impairment and impairment reversals in Note 4 to the consolidated financial statements, and the results of their analysis in Note 24.

This matter was identified as a critical audit matter in respect of the Canadian Malartic CGU and the Meliadine CGU due to the significant estimation uncertainty and judgement applied by management in determining the recoverable amount, primarily due to the sensitivity of the underlying key assumptions to the future cash flows and the significant effect changes in these assumptions would have on the recoverable amounts. In addition, significant judgment and specialized industry knowledge and techniques were required to assess management's estimated quantities of mineralization, the valuation methods applied by management based on the differing characteristics of the additional mineralization, the future operating and capital costs and production levels at Meliadine due to its limited operating history, and in ascribing anticipated economics to mineralization in cases where only limited or no comprehensive economic study had been completed.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's impairment and impairment reversal processes. We tested controls over the Company's mineralization estimation and life of mine processes and review of significant assumptions as described above.

We assessed the discount rates and long-term gold prices used in the Company's discounted cash flow analysis. We involved our valuation specialist to assist in evaluating the discount rates against current industry and economic trends as well as company-specific risk premiums. We also involved our valuation specialist to compare long-term gold prices against market data including a range of analyst forecasts. We performed sensitivity analyses over changes in the discount rates and long-term gold prices assumptions to the recoverable amounts of the Canadian Malartic CGU and the Meliadine CGU.

To evaluate the estimates of reserves, resources and exploration potential used in the impairment analysis, we reviewed the economic assumptions used in establishing cut-off grades for reserve and resource estimates. We involved our geology specialist to assist in understanding and evaluating the factors that affected the Company's estimated conversion of mineral resources and exploration potential into reserves. In addition, we evaluated the competency and objectivity of management's qualified persons through consideration of their professional qualifications, experience, objectivity, and their use of accepted industry practices.

Life of mine plans form the basis of future operating and capital cost and future production level estimates used in the impairment analysis. To assess accuracy of the Company's ability to estimate future operating and capital costs and future productions levels in circumstances where limited operating history exists, we compared historical estimates against actual results and reviewed supporting analysis underlying the estimates used within the discounted cash flows.

To test estimates of the fair value of mineralization in excess of life of mine plans, we involved our valuation specialist to assist in reviewing the valuation methods selected by management for each area of mineralization, which was based on each deposit's characteristics. Where an income approach was employed, we inspected and evaluated management's analysis supporting the anticipated economics, including comparing the deposits to existing operations and involving our specialist.

Toronto, Canada
March 27, 2020

/s/ Ernst & Young LLP
We have served as the Company's auditor since 1983.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Agnico Eagle Mines Limited

Opinion on Internal Control over Financial Reporting

We have audited Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, Agnico Eagle Mines Limited. (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, and the related consolidated statements of income (loss), comprehensive income (loss), equity and cash flows for the years then ended, and the related notes and our report dated March 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Annual Report. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Toronto, Canada
March 27, 2020

/s/ Ernst & Young LLP

AGNICO EAGLE MINES LIMITED

CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, except share amounts)

	As at December 31, 2019	As at December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 321,897	\$ 301,826
Short-term investments	6,005	6,080
Trade receivables (Notes 6 and 19)	8,320	10,055
Inventories (Note 7)	580,068	494,150
Income taxes recoverable (Note 25)	2,281	17,805
Equity securities (Notes 6 and 8)	86,252	76,532
Fair value of derivative financial instruments (Notes 6 and 21)	9,519	180
Other current assets (Note 9A)	179,218	165,824
Total current assets	1,193,560	1,072,452
Non-current assets:		
Goodwill (Notes 23 and 24)	407,792	407,792
Property, plant and mine development (Notes 10 and 13)	7,003,665	6,234,302
Other assets (Note 9B)	184,868	138,297
Total assets	\$8,789,885	\$7,852,843
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (Note 11)	\$ 345,572	\$ 310,597
Reclamation provision (Note 12)	12,455	5,411
Interest payable	16,752	16,531
Income taxes payable (Note 25)	26,166	18,671
Lease obligations (Note 13)	14,693	1,914
Current portion of long-term debt (Note 14)	360,000	–
Fair value of derivative financial instruments (Notes 6 and 21)	–	8,325
Total current liabilities	775,638	361,449
Non-current liabilities:		
Long-term debt (Note 14)	1,364,108	1,721,308
Lease obligations (Note 13)	102,135	–
Reclamation provision (Note 12)	427,346	380,747
Deferred income and mining tax liabilities (Note 25)	948,142	796,708
Other liabilities (Note 15)	61,002	42,619
Total liabilities	3,678,371	3,302,831
EQUITY		
Common shares (Note 16):		
Outstanding – 240,167,790 common shares issued, less 548,755 shares held in trust	5,589,352	5,362,169
Stock options (Notes 16 and 17)	180,160	197,597
Contributed surplus	37,254	37,254
Deficit	(647,330)	(988,913)
Other reserves (Note 18)	(47,922)	(58,095)
Total equity	5,111,514	4,550,012
Total liabilities and equity	\$8,789,885	\$7,852,843
Commitments and contingencies (Note 28)		

On behalf of the Board


Sean Boyd, CPA CA, Director


Dr. Leanne M. Baker, Director

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(thousands of United States dollars, except per share amounts)

	Year Ended December 31,	
	2019	2018
REVENUES		
Revenues from mining operations (Note 19)	\$2,494,892	\$2,191,221
COSTS, EXPENSES AND OTHER INCOME		
Production ⁽ⁱ⁾	1,247,705	1,160,355
Exploration and corporate development	104,779	137,670
Amortization of property, plant and mine development (Note 10)	546,057	553,933
General and administrative	120,987	124,873
Finance costs (Note 14)	105,082	96,567
(Gain) loss on derivative financial instruments (Note 21)	(17,124)	6,065
Environmental remediation (Note 12)	2,804	14,420
Impairment (reversal) loss (Note 24)	(345,821)	389,693
Foreign currency translation loss	4,850	1,991
Other income (Note 22)	(13,169)	(35,294)
Income (loss) before income and mining taxes	738,742	(259,052)
Income and mining taxes expense (Note 25)	265,576	67,649
Net income (loss) for the year	\$ 473,166	\$ (326,701)
Net income (loss) per share – basic (Note 16)	\$ 2.00	\$ (1.40)
Net income (loss) per share – diluted (Note 16)	\$ 1.99	\$ (1.40)
Cash dividends declared per common share	\$ 0.55	\$ 0.44

Note:

(i) Exclusive of amortization, which is shown separately.

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(thousands of United States dollars)

	Year Ended December 31,	
	2019	2018
Net income (loss) for the year	\$473,166	\$(326,701)
Other comprehensive income (loss):		
Items that may be subsequently reclassified to net income (loss):		
Derivative financial instruments (Note 21)		
Changes in fair value of cash flow hedges	–	(6,984)
Net change in costs of hedging	–	(3,092)
	–	(10,076)
Items that will not be subsequently reclassified to net income (loss):		
Pension benefit obligations:		
Remeasurement (loss) gain on pension benefit obligations (Note 15)	(4,296)	841
Income tax impact (Note 25)	572	(38)
Equity securities (Note 8):		
Net change in fair value of equity securities at FVOCI	12,238	(39,585)
	8,514	(38,782)
Other comprehensive income (loss) for the year	8,514	(48,858)
Comprehensive income (loss) for the year	\$481,680	\$(375,559)

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF EQUITY

(thousands of United States dollars, except share and per share amounts)

	Common Shares Outstanding		Stock Options	Contributed Surplus	Deficit	Other Reserves	Total Equity
	Shares	Amount					
Balance at January 1, 2018	232,250,441	\$5,288,432	\$186,754	\$37,254	\$(559,504)	\$ (5,945)	\$4,946,991
Net loss	–	–	–	–	(326,701)	–	(326,701)
Other comprehensive income (loss)	–	–	–	–	803	(49,661)	(48,858)
Total comprehensive loss	–	–	–	–	(325,898)	(49,661)	(375,559)
Transfer of loss on disposal of equity securities at FVOCI to deficit	–	–	–	–	(1,290)	1,290	–
Hedging gains and costs of hedging transferred to property, plant and mine development	–	–	–	–	–	(3,779)	(3,779)
Transactions with owners:							
Shares issued under employee stock option plan (Notes 16 and 17A)	1,220,921	39,923	(8,961)	–	–	–	30,962
Stock options (Notes 16 and 17A)	–	–	19,804	–	–	–	19,804
Shares issued under incentive share purchase plan (Note 17B)	515,432	20,595	–	–	–	–	20,595
Shares issued under dividend reinvestment plan	495,819	18,286	–	–	–	–	18,286
Dividends declared (\$0.44 per share)	–	–	–	–	(102,221)	–	(102,221)
Restricted Share Unit plan, Performance Share Unit plan, and Long Term Incentive Plan (Notes 16 and 17C,D)	(24,016)	(5,067)	–	–	–	–	(5,067)
Balance at December 31, 2018	234,458,597	\$5,362,169	\$197,597	\$37,254	\$(988,913)	\$(58,095)	\$4,550,012
Net income	–	–	–	–	473,166	–	473,166
Other comprehensive (loss) income	–	–	–	–	(3,724)	12,238	8,514
Total comprehensive income	–	–	–	–	469,442	12,238	481,680
Transfer of gain on disposal of equity securities at FVOCI to deficit	–	–	–	–	2,065	(2,065)	–
Transactions with owners:							
Shares issued under employee stock option plan (Notes 16 and 17A)	4,214,332	174,885	(34,258)	–	–	–	140,627
Stock options (Notes 16 and 17A)	–	–	16,821	–	–	–	16,821
Shares issued under incentive share purchase plan (Note 17B)	435,420	23,208	–	–	–	–	23,208
Shares issued under dividend reinvestment plan	492,531	24,555	–	–	–	–	24,555
Dividends declared (\$0.55 per share)	–	–	–	–	(129,924)	–	(129,924)
Restricted Share Unit plan, Performance Share Unit plan, and Long Term Incentive Plan (Notes 16 and 17C,D)	18,155	4,535	–	–	–	–	4,535
Balance at December 31, 2019	239,619,035	\$5,589,352	\$180,160	\$37,254	\$(647,330)	\$(47,922)	\$5,111,514

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars)

	Year Ended December 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 473,166	\$ (326,701)
Add (deduct) items not affecting cash:		
Amortization of property, plant and mine development (Note 10)	546,057	553,933
Deferred income and mining taxes (Note 25)	152,595	(30,961)
Stock-based compensation (Note 17)	54,261	50,658
Impairment (reversal) loss (Note 24)	(345,821)	389,693
Foreign currency translation loss	4,850	1,991
Other	(10,707)	11,610
Adjustment for settlement of reclamation provision	(7,108)	(4,685)
Changes in non-cash working capital balances:		
Trade receivables	1,735	1,945
Income taxes	22,223	(2,291)
Inventories	(91,436)	(52,316)
Other current assets	(2,742)	(18,326)
Accounts payable and accrued liabilities	84,844	29,034
Interest payable	(225)	2,066
Cash provided by operating activities	881,692	605,650
INVESTING ACTIVITIES		
Additions to property, plant and mine development (Note 10)	(882,664)	(1,089,100)
Acquisition (Note 27)	–	(162,479)
Proceeds from sale of property, plant and mine development (Note 10)	3,692	35,246
Net sales of short-term investments	75	4,839
Net proceeds from sale of equity securities and other investments (Note 8)	43,733	17,499
Purchases of equity securities and other investments (Note 8)	(33,498)	(11,163)
Payments for financial assets at amortized cost	(5,222)	–
Decrease in restricted cash	–	790
Cash used in investing activities	(873,884)	(1,204,368)
FINANCING ACTIVITIES		
Dividends paid	(105,408)	(83,961)
Repayment of lease obligations (Note 13)	(15,451)	(3,382)
Proceeds from long-term debt (Note 14)	220,000	300,000
Repayment of long-term debt (Note 14)	(220,000)	(300,000)
Notes issuance (Note 14)	–	350,000
Long-term debt financing costs (Note 14)	–	(3,215)
Repurchase of common shares for stock-based compensation plans (Notes 16 and 17C,D)	(24,669)	(30,062)
Proceeds on exercise of stock options (Note 17A)	140,627	30,962
Common shares issued (Note 16)	15,511	13,757
Cash provided by financing activities	10,610	274,099
Effect of exchange rate changes on cash and cash equivalents	1,653	(6,533)
Net increase (decrease) in cash and cash equivalents during the year	20,071	(331,152)
Cash and cash equivalents, beginning of year	301,826	632,978
Cash and cash equivalents, end of year	\$ 321,897	\$ 301,826
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 101,523	\$ 91,079
Income and mining taxes paid	\$ 90,694	\$ 106,568

See accompanying notes

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

1. CORPORATE INFORMATION

Agnico Eagle Mines Limited (“Agnico Eagle” or the “Company”) is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development. The Company’s mining operations are located in Canada, Mexico and Finland and the Company has exploration activities in Canada, Europe, Latin America and the United States. Agnico Eagle is a public company incorporated under the laws of the Province of Ontario, Canada with its head and registered office located at 145 King Street East, Suite 400, Toronto, Ontario, M5C 2Y7. The Company’s common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange. Agnico Eagle sells its gold production into the world market.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company (the “Board”) on March 27, 2020.

2. BASIS OF PRESENTATION

A) *Statement of Compliance*

The accompanying consolidated financial statements of Agnico Eagle have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

B) *Basis of Presentation*

Overview

These consolidated financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand, except where otherwise indicated.

Subsidiaries

These consolidated financial statements include the accounts of Agnico Eagle and its consolidated subsidiaries. All intercompany balances, transactions, income and expenses and gains or losses have been eliminated on consolidation. Subsidiaries are consolidated where Agnico Eagle has the ability to exercise control. Control of an investee exists when Agnico Eagle is exposed to variable returns from the Company’s involvement with the investee and has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Joint Arrangements

A joint arrangement is defined as an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement between two or more parties. This exists only when the decisions about the relevant activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. These consolidated financial statements include the Company’s interests in the assets, liabilities, revenues and expenses of the joint operations, from the date that joint control commenced. Agnico Eagle’s 50% interest in each of Canadian Malartic Corporation (“CMC”) and Canadian Malartic GP (“the Partnership”), the general partnership that holds the Canadian Malartic mine located in Quebec, has been accounted for as a joint operation.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) *Business Combinations*

In a business combination, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition. Preliminary fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustments to those preliminary fair values effective as at the acquisition date. Acquisition related costs are expensed as incurred.

Purchase consideration may also include amounts payable if future events occur or conditions are met. Any such contingent consideration is measured at fair value and included in the purchase consideration at the acquisition date. Subsequent changes to the estimated fair value of contingent consideration are recorded through the consolidated statements of income (loss), unless the preliminary fair value of contingent consideration as at the acquisition date is finalized before the twelve month measurement period in which case the adjustment is allocated to the identifiable assets acquired and liabilities assumed retrospectively to the acquisition date.

Where the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. A gain is recorded through the consolidated statements of income (loss) if the cost of the acquisition is less than the fair values of the identifiable net assets acquired.

Non-controlling interests represent the fair value of net assets in subsidiaries that are not held by the Company as at the date of acquisition. Non-controlling interests are presented in the equity section of the consolidated balance sheets.

B) *Foreign Currency Translation*

The functional currency of the Company, for each subsidiary and for joint arrangements, is the currency of the primary economic environment in which it operates. The functional currency of all of the Company's operations is the US dollar.

Once the Company determines the functional currency of an entity, it is not changed unless there is a significant change in the relevant underlying transactions, events and circumstances. Any change in an entity's functional currency is accounted for prospectively from the date of the change, and the consolidated balance sheets are translated using the exchange rate at that date.

At the end of each reporting period, the Company translates foreign currency balances as follows:

- monetary items are translated at the closing rate in effect at the consolidated balance sheet date;
- non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Items measured at fair value are translated at the exchange rate in effect at the date the fair value was measured; and
- revenue and expense items are translated using the average exchange rate during the period.

C) *Cash and Cash Equivalents*

The Company's cash and cash equivalents include cash on hand and short-term investments in money market instruments with remaining maturities of three months or less at the date of purchase. The Company places its cash and cash equivalents and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings. Cash and cash equivalents are classified as financial assets measured at amortized cost.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Short-term Investments

The Company's short-term investments include financial instruments with remaining maturities of greater than three months but less than one year at the date of purchase. Short-term investments are designated as financial assets measured at amortized cost, which approximates fair value given the short-term nature of these investments.

E) Inventories

Inventories consist of ore stockpiles, concentrates, dore bars and supplies. Inventories are carried at the lower of cost and net realizable value ("NRV"). Cost is determined using the weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories includes direct costs of materials and labour related directly to mining and processing activities, including production phase stripping costs, amortization of property, plant and mine development directly involved in the related mining and production process, amortization of any stripping costs previously capitalized and directly attributable overhead costs. When interruptions to production occur, an adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

The current portion of ore stockpiles, ore on leach pads and inventories is determined based on the expected amounts to be processed within the next twelve months. Ore stockpiles, ore on leach pads and inventories not expected to be processed or used within the next twelve months are classified as long-term.

NRV is estimated by calculating the net selling price less costs to be incurred in converting the relevant inventories to saleable product and delivering it to a customer. Costs to complete are based on management's best estimate as at the consolidated balance sheet date. An NRV impairment may be reversed in a subsequent period if the circumstances that triggered the impairment no longer exist.

F) Financial Instruments

The Company's financial assets and liabilities (financial instruments) include cash and cash equivalents, short-term investments, restricted cash, trade receivables, equity securities, accounts payable and accrued liabilities, long-term debt and derivative financial instruments. Financial instruments are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). All financial instruments are recorded at fair value at recognition. Subsequent to initial recognition, financial instruments classified as cash and cash equivalents, short-term investments, accounts payable and accrued liabilities, and long-term debt are measured at amortized cost using the effective interest method. Other financial assets and liabilities are recorded at fair value subsequent to initial recognition.

Equity Securities

The Company's equity securities consist primarily of investments in common shares of entities in the mining industry recorded using trade date accounting. On initial recognition of an equity investment, the Company may irrevocably elect to measure the investment at FVOCI where changes in the fair value of equity securities are permanently recognized in other comprehensive income (loss) and will not be reclassified to profit or loss. The election is made on an investment-by-investment basis.

Derivative Instruments and Hedge Accounting

The Company uses derivative financial instruments (primarily option and forward contracts) to manage exposure to fluctuations in by-product metal prices, interest rates, and foreign currency exchange rates and may use such means to manage exposure to certain input costs.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value and they are classified based on contractual maturity. Derivative instruments are classified as either hedges of highly probable forecast transactions (cash flow hedges) or non-hedge derivatives. Derivatives designated as a cash flow hedge that are expected to be highly effective in achieving offsetting changes in cash flows are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting periods for which they were designated. Derivative assets and derivative liabilities are shown separately in the balance sheet unless there is a legal right to offset and intent to settle on a net basis.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income (loss). The gain or loss relating to the ineffective portion is recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss). Amounts deferred in other comprehensive income (loss) are reclassified when the hedged transaction has occurred.

Derivative instruments that do not qualify for hedge accounting are recorded at fair value at the balance sheet date, with changes in fair value recognized in the loss (gain) on derivative financial instruments line item of the consolidated statements of income (loss).

Expected Credit Loss Impairment Model

An assessment of the expected credit loss related to a financial asset is undertaken upon initial recognition and at the end of each reporting period based on the credit quality of the debtor and any changes that impact the risk of impairment.

G) Goodwill

Goodwill is recognized in a business combination if the cost of the acquisition exceeds the fair values of the identifiable net assets acquired. Goodwill is then allocated to the cash generating unit ("CGU") or group of CGUs that are expected to benefit from the synergies of the combination. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The Company performs goodwill impairment tests on an annual basis as at December 31 each year. In addition, the Company assesses for indicators of impairment at each reporting period end and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are recorded in the consolidated statements of income (loss) and they are not subsequently reversed.

The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal.

H) Mining Properties, Plant and Equipment and Mine Development Costs

Mining Properties

The cost of mining properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, underground mine development costs, deferred stripping, capitalized exploration and evaluation costs and capitalized borrowing costs.

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when commercial production commences, using the units-of-production method, based on estimated proven and probable mineral reserves and the mineral resources included in the current life of mine plan. If no mineable ore body is discovered, such costs

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are expensed in the period in which it is determined that the property has no future economic value. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

Assets under construction are not amortized until the end of the construction period or once commercial production is achieved. Upon achieving the production stage, the capitalized construction costs are transferred to the appropriate category of plant and equipment.

Plant and Equipment

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. The cost of an item of plant and equipment includes: its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the estimate of the costs of dismantling and removing the item and restoring the site on which it is located other than costs that arise as a consequence of having used the item to produce inventories during the period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income (loss) when the asset is derecognized.

Amortization of an asset begins when the asset is in the location and condition necessary for it to operate in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale or the date the asset is derecognized. Assets under construction are not amortized until the end of the construction period or once commercial production is achieved. Amortization is charged according to either the units-of-production method or on a straight line basis, according to the pattern in which the asset's future economic benefits are expected to be consumed. The amortization method applied to an asset is reviewed at least annually.

Useful lives of property, plant and equipment are based on the lesser of the estimated mine lives as determined by proven and probable mineral reserves and the mineral resources included in the current life of mine plan and the estimated useful life of the asset. Remaining mine lives at December 31, 2019 range from an estimated 1 to 17 years.

The following table sets out the useful lives of certain assets:

	<u>Useful Life</u>
Building	5 to 30 years
Leasehold Improvements	15 years
Software and IT Equipment	1 to 10 years
Furniture and Office Equipment	3 to 5 years
Machinery and Equipment	1 to 30 years

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mine Development Costs

Mine development costs incurred after the commencement of commercial production are capitalized when they are expected to have a future economic benefit. Activities that are typically capitalized include costs incurred to build shafts, drifts, ramps and access corridors which enables the Company to extract ore underground.

The Company records amortization on underground mine development costs on a units-of-production basis based on the estimated tonnage of proven and probable mineral reserves and the mineral resources included in the current life of mine plan of the identified component of the ore body. The units-of-production method defines the denominator as the total tonnage of proven and probable mineral reserves and the mineral resources included in the current life of mine plan.

Deferred Stripping

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping.

During the development stage of the mine, stripping costs are capitalized as part of the cost of building, developing and constructing the mine and are amortized once the mine has entered the production stage.

During the production stage of a mine, stripping costs are recorded as a part of the cost of inventories unless these costs are expected to provide a future economic benefit and, in such cases, are capitalized to property, plant and mine development.

Production stage stripping costs provide a future economic benefit when:

- It is probable that the future economic benefit (e.g., improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Capitalized production stage stripping costs are amortized over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Borrowing Costs

Borrowing costs are capitalized to qualifying assets. Qualifying assets are assets that take a substantial period of time to prepare for the Company's intended use, which includes projects that are in the exploration and evaluation, development or construction stages.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period.

I) Leases

The Company has adopted IFRS 16 – Leases (“IFRS 16”) with the date of initial application of January 1, 2019 using the modified retrospective approach. Comparative information has not been restated and continues to be

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reported under IAS 17 – Leases (“IAS 17”) (the accounting standard in effect for those periods). The impact of adoption of IFRS 16 is disclosed in Note 5. Both accounting policies are described below.

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- The contract involves the use of an explicitly or implicitly identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract term;
- The Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease obligation at the commencement date of the lease (i.e. the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease obligations. The cost of right-of-use assets includes the initial amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company recognizes lease obligations measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The lease payments include fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees and the exercise price of a purchase option reasonably certain to be exercised by the Company.

After the commencement date, the amount of lease obligations is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease obligations is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments, changes based on an index or rate or a change in the assessment to purchase the underlying asset.

The Company presents right-of-use assets in the property, plant and mine development line item on the consolidated balance sheets and lease obligations in the lease obligations line item on the consolidated balance sheets.

The Company has elected not to recognize right-of-use assets and lease obligations for leases that have a lease term of 12 months or less and do not contain a purchase option, for leases related to low value assets, or for leases with variable lease payments. Payments on short-term leases, leases of low value assets, and leases with variable payment amounts are recognized as an expense in the consolidated statements of income (loss).

Policy applicable prior to January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, including whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Company are classified as finance leases. Finance leases are recorded as an asset with a corresponding liability at an amount equal to the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs using the effective interest rate method, whereby a constant rate of interest expense is recognized on the balance of the liability outstanding. The interest element of the lease is charged to the consolidated statements of income (loss) as a finance cost. An asset leased under a finance lease is amortized over the shorter of the lease term and its useful life.

All other leases are recognized as operating leases. Operating lease payments are recognized as an operating expense in the consolidated statements of income (loss) on a straight-line basis over the lease term.

J) *Development Stage Expenditures*

Development stage expenditures are costs incurred to obtain access to proven and probable mineral reserves or mineral resources and provide facilities for extracting, treating, gathering, transporting and storing the minerals. The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined. Costs that are directly attributable to mine development are capitalized as property, plant and mine development to the extent that they are necessary to bring the property to commercial production.

Abnormal costs are expensed as incurred. Indirect costs are included only if they can be directly attributed to the area of interest. General and administrative costs are capitalized as part of the development expenditures when the costs are directly attributed to a specific mining development project.

Revenue from metal sales prior to the achievement of commercial production is deducted from mine development costs in the consolidated balance sheets and is not included in revenue from mining operations.

Commercial Production

A mine construction project is considered to have entered the production stage when the mine construction assets are available for use. In determining whether mine construction assets are considered available for use, the criteria considered include, but are not limited to, the following:

- completion of a reasonable period of testing mine plant and equipment;
- ability to produce minerals in saleable form (within specifications); and
- ability to sustain ongoing production of minerals.

When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

K) *Impairment and Impairment Reversal of Long-lived Assets*

At the end of each reporting period the Company assesses whether there is any indication that long-lived assets other than goodwill may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount. If the CGU includes goodwill, the impairment loss related to a CGU is first allocated to goodwill and the remaining loss is allocated on a pro-rata basis to the remaining long-lived assets of the CGU based on their carrying

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amounts. Impairment losses are recorded in the consolidated statements of income (loss) in the period in which they occur.

Any impairment charge that is taken on a long-lived asset other than goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, the recoverable amount of the asset is calculated in order to determine if any impairment reversal is required. A recovery is recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. The impairment reversal is allocated on a pro-rata basis to the existing long-lived assets of the CGU based on their carrying amounts. Impairment reversals are recorded in the consolidated statements of income (loss) in the period in which they occur.

L) Debt

Debt is initially recorded at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between the amounts received and the redemption value of the debt is recognized in the consolidated statements of income (loss) over the period to maturity using the effective interest rate method.

M) Reclamation Provisions

Asset retirement obligations ("AROs") arise from the acquisition, development and construction of mining properties and plant and equipment due to government controls and regulations that protect the environment on the closure and reclamation of mining properties. The major parts of the carrying amount of AROs relate to tailings and heap leach pad closure and rehabilitation, demolition of buildings and mine facilities, ongoing water treatment and ongoing care and maintenance of closed mines. The Company recognizes an ARO at the time the environmental disturbance occurs or a constructive obligation is determined to exist based on the Company's best estimate of the timing and amount of expected cash flows expected to be incurred. When the ARO provision is recognized, the corresponding cost is capitalized to the related item of property, plant and mine development. Reclamation provisions that result from disturbance in the land to extract ore in the current period is included in the cost of inventories.

The timing of the actual environmental remediation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate. AROs are adjusted each period to reflect the passage of time (accretion). Accretion expense is recorded in finance costs each period. Upon settlement of an ARO, the Company records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains or losses are recorded in the consolidated statements of income (loss).

Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the quantities of material in mineral reserves and mineral resources and a corresponding change in the life of mine plan, changing ore characteristics that impact required environmental protection measures and related costs, changes in water quality that impact the extent of water treatment required and changes in laws and regulations governing the protection of the environment.

Each reporting period, provisions for AROs are remeasured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of income (loss).

Environmental remediation liabilities (“ERLs”) are differentiated from AROs in that ERLs do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal or constructive obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income (loss). Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income (loss).

N) Post-employment Benefits

In Canada, the Company maintains a defined contribution plan covering all of its employees (the “Basic Plan”). The Basic Plan is funded by Company contributions based on a percentage of income for services rendered by employees. In addition, the Company has a supplemental plan for designated executives at the level of Vice-President or above (the “Supplemental Plan”). Under the Supplemental Plan, an additional 10.0% of the designated executives’ income is contributed by the Company.

The Company provides a defined benefit retirement program (the “Retirement Program”) for certain eligible employees that provides a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. An eligible employee is entitled to a benefit if they have completed more than 10 years as a permanent employee and have attained a minimum age of 57. The Retirement Program is not funded.

The Company also provides a non-registered supplementary executive retirement defined benefit plan for certain current and former senior officers (the “Executives Plan”). The Executives Plan benefits are generally based on the employee’s years of service and level of compensation. Pension expense related to the Executives Plan is the net of the cost of benefits provided (including the cost of any benefits provided for past service), the net interest cost on the net defined liability/asset, and the effects of settlements and curtailments related to special events. Pension fund assets are measured at their current fair values. The costs of pension plan improvements are recognized immediately in expense when they occur. Remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income and are subsequently transferred to retained earnings.

Defined Contribution Plan

The Company recognizes the contributions payable to a defined contribution plan in exchange for services rendered by employees as an expense, unless another policy requires or permits the inclusion of the contribution in the cost of an asset. After deducting contributions already paid, a liability is recorded throughout each period to reflect unpaid but earned contributions. If the contribution paid exceeds the contribution due for the service before the end of the reporting period, the Company recognizes that excess as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined Benefit Plan

Plan assets are measured at their fair value at the consolidated balance sheet date and are deducted from the present value of plan liabilities to arrive at a net defined benefit liability/asset. The defined benefit obligation reflects

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Current service cost represents the actuarially calculated present value of the benefits earned by the active employees in each period and reflects the economic cost for each period based on current market conditions. The current service cost is based on the most recent actuarial valuation. The net interest on the net defined benefit liability/asset is the change during the period in the defined benefit liability/asset that arises from the passage of time.

Past service cost represents the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service costs from plan amendments that increase or decrease vested or unvested benefits are recognized immediately in net income at the earlier of when the related plan amendment occurs or when the entity recognizes related restructuring costs or termination benefits.

Gains or losses on plan settlements are measured as the difference in the present value of the defined benefit obligation and settlement price. This results in a gain or loss being recognized when the benefit obligation settles. Actuarial gains and losses are recorded on the consolidated balance sheets as part of the benefit plan's funded status. Gains and losses are recognized immediately in other comprehensive income and are subsequently transferred to retained earnings and are not subsequently recognized in net income.

O) Contingent Liabilities and Other Provisions

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the consolidated balance sheet date, measured using the expected cash flows discounted for the time value of money. The increase in provision (accretion) due to the passage of time is recognized as a finance cost in the consolidated statements of income (loss).

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control, or present obligations that are not recognized because it is not probable that an outflow of economic benefits would be required to settle the obligation or the amount cannot be measured reliably. Contingent liabilities are not recognized but are disclosed and described in the notes to the consolidated financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, with assistance from its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

P) Stock-based Compensation

The Company offers equity-settled awards (the employee stock option plan, incentive share purchase plan, restricted share unit plan and performance share unit plan) to certain employees, officers and directors of the Company.

Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of income (loss) or in the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

consolidated balance sheets if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

Fair value is determined using the Black-Scholes option valuation model, which requires the Company to estimate the expected volatility of the Company's share price and the expected life of the stock options. Limitations with existing option valuation models and the inherent difficulties associated with estimating these variables create difficulties in determining a reliable single measure of the fair value of stock option grants. The cost is recorded over the vesting period of the award to the same expense category of the award recipient's payroll costs and the corresponding entry is recorded in equity. Equity-settled awards are not remeasured subsequent to the initial grant date. The dilutive impact of stock option grants is factored into the Company's reported diluted net income (loss) per share. The stock option expense incorporates an expected forfeiture rate, estimated based on expected employee turnover.

Incentive Share Purchase Plan ("ISPP")

Under the ISPP, directors (excluding non-executive directors), officers and employees (the "Participants") of the Company may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each Participant's contribution. All common shares subscribed for under the ISPP are issued by the Company.

The Company records an expense equal to its cash contribution to the ISPP. No forfeiture rate is applied to the amounts accrued. Where an employee leaves prior to the vesting date, any accrual for contributions by the Company during the vesting period related to that employee is reversed.

Restricted Share Unit ("RSU") Plan

The RSU plan is open to directors and certain employees, including senior executives, of the Company. Common shares are purchased and held in a trust until they have vested. The cost is recorded over the vesting period of the award to the same expense category as the award recipient's payroll costs. The cost of the RSUs is recorded within equity until settled. Equity-settled awards are not remeasured subsequent to the initial grant date.

Performance Share Unit ("PSU") Plan

The PSU plan is open to senior executives of the Company. Common shares are purchased and held in a trust until they have vested. PSUs are subject to vesting requirements based on specific performance measurements by the Company. The fair value for the portion of the PSUs related to market conditions is based on the application of pricing models at the grant date and the fair value for the portion related to non-market conditions is based on the market value of the shares at the grant date. Compensation expense is based on the current best estimate of the outcome for the specific performance measurement established by the Company and is recognized over the vesting period based on the number of units estimated to vest. The cost of the PSUs is recorded within equity until settled. Equity-settled awards are not remeasured subsequent to the initial grant date.

Q) Revenue from Contracts with Customers

Gold and Silver

The Company sells gold and silver to customers in the form of bullion and dore bars.

The Company recognizes revenue from these sales when control of the gold or silver has transferred to the customer. This is generally at the point in time when the gold or silver is credited to the metal account of the customer. Once the gold or silver has been credited to the customer's metal account, the customer has legal title to,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

physical possession of, and the risks and rewards of ownership of the gold or silver; therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the gold or silver.

Under certain contracts with customers the transfer of control may occur when the gold or silver is in transit from the mine to the refinery. At this point in time, the customer has legal title to and the risk and rewards of ownership of the gold or silver; therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the gold or silver.

Revenue is measured at the transaction price agreed under the contract. Payment of the transaction price is due immediately when control of the gold or silver is transferred to the customer.

Generally, all of the gold and silver in the form of dore bars recovered in the Company's milling process is sold in the period in which it is produced.

Metal Concentrates

The Company sells concentrate from certain of its mines to third-party smelter customers. These concentrates predominantly contain zinc and copper, along with quantities of gold and silver.

The Company recognizes revenue from these concentrate sales when control of the concentrate has transferred to the customer, which is the point in time that the concentrate is delivered to the customer. Upon delivery, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the concentrate. The customer is also committed to accept and pay for the concentrates once delivered; therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the concentrate.

The final prices for metals contained in the concentrate are generally determined based on the prevailing spot market metal prices on a specific future date, which is established as of the date the concentrate is delivered to the customer. Upon transfer of control at delivery, the Company measures revenue under these contracts based on forward prices at the time of delivery and the most recent determination of the quantity of contained metals less smelting and refining charges charged by the customer. This reflects the best estimate of the transaction price expected to be received at final settlement. A receivable is recognized for this amount and subsequently measured at fair value to reflect variability associated with the embedded derivative for changes in the market metal prices. These changes in the fair value of the receivable are adjusted through revenue from other sources at each subsequent financial statement date.

Under certain contracts with customers, the sale of gold contained in copper concentrate occurs once the metal has been processed into refined gold and is sold separately similar to the gold and silver dore bar terms described above. The transaction price for the sale of gold contained in concentrate is determined based on the spot market price upon delivery and provisional pricing does not apply.

R) *Exploration and Evaluation Expenditures*

Exploration and evaluation expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition.

Exploration and evaluation expenditures are expensed as incurred unless it can be demonstrated that the project will generate future economic benefit. When it is determined that a project can generate future economic benefit the costs are capitalized in the property, plant and mine development line item of the consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The exploration and evaluation phase ends when the technical feasibility and commercial viability of extracting the mineral is demonstrable.

S) Net Income Per Share

Basic net income per share is calculated by dividing net income for a given period by the weighted average number of common shares outstanding during that same period. Diluted net income per share reflects the potential dilution that could occur if holders with rights to convert instruments to common shares exercise these rights. The weighted average number of common shares used to determine diluted net income per share includes an adjustment, using the treasury stock method, for stock options outstanding. Under the treasury stock method:

- the exercise of options is assumed to occur at the beginning of the period (or date of issuance, if later);
- the proceeds from the exercise of options plus the future period compensation expense on options granted are assumed to be used to purchase common shares at the average market price during the period; and
- the incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted net income per share calculation.

T) Income Taxes

Current and deferred tax expenses are recognized in the consolidated statements of income (loss) except to the extent that they relate to a business combination, or to items recognized directly in equity or in other comprehensive income (loss).

Current tax expense is based on substantively enacted statutory tax rates and laws at the consolidated balance sheet date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities measured using tax rates and laws that are substantively enacted at the consolidated balance sheet date and effective for the reporting period when the temporary differences are expected to reverse.

Deferred taxes are not recognized in the following circumstances:

- where a deferred tax liability arises from the initial recognition of goodwill;
- where a deferred tax asset or liability arises on the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither net income nor taxable profits; and
- for temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses and tax credits carried forward and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized except as noted above.

At each reporting period, previously unrecognized deferred tax assets are reassessed to determine whether it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable; however, actual results may differ materially from these estimates. The key areas where significant judgments, estimates and assumptions have been made are summarized below.

Impairment and Impairment Reversals

The Company evaluates each asset or CGU (excluding goodwill, which is assessed for impairment annually regardless of indicators and is not eligible for impairment reversals) in each reporting period to determine if any indicators of impairment or impairment reversal exist. When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions with respect to items such as future production levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, amounts of recoverable reserves, mineral resources and exploration potential and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history of the asset or CGU. Judgment is also required in determining the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited or no comprehensive economic study has been completed. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Accordingly, it is possible that some or the entire carrying amount of the assets or CGUs may be further impaired or the impairment charge reversed with the impact recognized in the consolidated statements of income (loss).

Mineral Reserve and Mineral Resource Estimates

Mineral reserves and mineral resources are estimates of the amount of ore that can be extracted from the Company's mining properties. The estimates are based on information compiled by "qualified persons" as defined under the Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Such an analysis relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates requires complex geological judgments to interpret the data. The estimation of mineral reserves and mineral resources is based upon factors such as estimates of commodity prices, future capital requirements and production costs, geological and metallurgical assumptions and judgments made in estimating the size and grade of the ore body and foreign exchange rates.

As the economic assumptions used may change and as additional geological information is acquired during the operation of a mine, estimates of proven and probable mineral reserves may change. Such changes may affect the Company's consolidated balance sheets and consolidated statements of income (loss), including:

- The carrying value of the Company's property, plant and mine development and goodwill may be affected due to changes in estimated future cash flows;
- Amortization charges in the consolidated statements of income (loss) may change where such charges are determined using the units-of-production method or where the useful life of the related assets change;
- Capitalized stripping costs recognized in the consolidated balance sheets as either part of mining properties or as part of inventories or charged to income may change due to changes in the ratio of ore to waste extracted;
- Reclamation provisions may change where changes to the mineral reserve and mineral resource estimates affect expectations about when such activities will occur and the associated cost of these activities; and
- Mineral reserve and mineral resource estimates are used to calculate the estimated recoverable amounts of CGUs for impairment tests of goodwill and non-current assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely to arise and whether activities have reached a stage where the technical feasibility and commercial viability of extracting the mineral resource is demonstrable.

Production Stage of a Mine

As each mine is unique, significant judgment is required to determine the date that a mine enters the commercial production stage. The Company considers the factors outlined in Note 3(J) to these consolidated financial statements to make this determination.

Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Reclamation Provisions

Environmental remediation costs will be incurred by the Company at the end of the operating life of the Company's mining properties. Management assesses its reclamation provision each reporting period and when new information becomes available. The ultimate environmental remediation costs are uncertain and cost estimates can vary in response to many factors, including estimates of the extent and costs of reclamation activities, technological changes, regulatory changes, cost increases as compared to the inflation rate and changes in discount rates. These uncertainties may result in future actual expenditures differing from the amount of the current provision. As a result, there could be significant adjustments to the provisions established that would affect future financial results. The reclamation provision at each reporting date represents management's best estimate of the present value of the future environmental remediation costs required.

Income and Mining Taxes

Management is required to make estimates regarding the tax basis of assets and liabilities and related deferred income and mining tax assets and liabilities, amounts recorded for uncertain tax positions, the measurement of income and mining tax expense and estimates of the timing of repatriation of income. Several of these estimates require management to make assessments of future taxable profit and, if actual results are significantly different than the Company's estimates, the ability to realize the deferred income and mining tax assets recorded on the consolidated balance sheets could be affected.

Amortization

Property, plant and mine development comprise a large portion of the Company's total assets and as such the amortization of these assets has a significant effect on the Company's consolidated financial statements. Amortization is charged according to the pattern in which an asset's future economic benefits are expected to be consumed. The determination of this pattern of future economic benefits requires management to make estimates and assumptions about useful lives and residual values at the end of the asset's useful life. Actual useful lives and residual values may differ significantly from current assumptions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Leases

The Company applies judgment to determine the lease term for certain lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease obligations and right-of-use assets recognized.

Development Stage Expenditures

The application of the Company's accounting policy for development stage expenditures requires judgment to determine when the technical feasibility and commercial viability of extracting a mineral resource has been determined.

Some of the factors that the Company may consider in its assessment of technical feasibility and commercial viability are set out below:

- The level of geological certainty of the mineral deposit;
- Life of mine plans or economic models to support the economic extraction of reserves and mineral resources;
- A preliminary economic assessment, prefeasibility study or feasibility study that demonstrates the reserves and mineral resources will generate a positive commercial outcome;
- Reasonable expectations that operating permits will be obtained; and
- Approval by the Board of Directors of development of the project.

Joint Arrangements

Judgment is required to determine when the Company has joint control of a contractual arrangement, which requires a continuous assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. Judgment is also continually required to classify a joint arrangement as either a joint operation or a joint venture when the arrangement has been structured through a separate vehicle. Classifying the arrangement requires the Company to assess its rights and obligations arising from the arrangement. Specifically, the Company considers the legal form of the separate vehicle, the terms of the contractual arrangement and other relevant facts and circumstances. This assessment often requires significant judgment, and a different conclusion on joint control, or whether the arrangement is a joint operation or a joint venture, may have a material impact on the accounting treatment.

Management evaluated its joint arrangement with Yamana Gold Inc. ("Yamana") to each acquire 50.0% of the shares of Osisko (now CMC) under the principles of IFRS 11 – Joint Arrangements. The Company concluded that the arrangement qualified as a joint operation upon considering the following significant factors:

- The joint operators are required to purchase all output from the investee and investee restrictions on selling the output to any third party;
- The parties to the arrangement are substantially the only source of cash flow contributing to the continuity of the arrangement; and
- If the selling price drops below cost, the joint operators are required to cover any obligations the Partnership cannot satisfy.

5. CHANGE IN ACCOUNTING POLICY

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

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5. CHANGE IN ACCOUNTING POLICY (Continued)

On adoption of IFRS 16, the Company recognized right-of-use assets and lease obligations in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. The right-of-use assets were recognized based on the amount equal to the lease obligations, adjusted for any related prepaid and accrued lease payments previously recognized.

The lease obligations were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019.

The Company used the following practical expedients when applying IFRS 16:

- applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining at January 1, 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease obligation at January 1, 2019 are determined at the carrying amount of the lease asset and lease obligation under IAS 17 immediately before that date.

Upon transition to IFRS 16, the Company recognized an additional \$81.8 million of right-of-use assets and \$81.8 million of lease obligations. When measuring lease obligations, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average incremental borrowing rate applied to the lease obligations on January 1, 2019 was 2.3%.

The lease obligations at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Operating lease commitments as at December 31, 2018	\$92,249
Discounting using the January 1, 2019 incremental borrowing rates	(7,986)
Discounted operating lease commitments as at January 1, 2019	84,263
Less:	
Commitments relating to short-term leases	(1,423)
Commitments relating to leases of low value assets	(1,011)
Lease commitments on initial application of IFRS 16	81,829
Add:	
Commitments relating to leases previously classified as finance leases	1,914
Lease obligations recognized at January 1, 2019	\$83,743
Current lease obligation	\$15,179
Non-current lease obligation	68,564
Lease obligations recognized at January 1, 2019	\$83,743

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6. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

For items that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing their classification at the end of each reporting period.

During the year ended December 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Company's financial assets and liabilities include cash and cash equivalents, short-term investments, restricted cash, trade receivables, equity securities, accounts payable and accrued liabilities, long-term debt and derivative financial instruments.

The fair values of cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2019 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	\$ –	\$ 8,320	\$ –	\$ 8,320
Equity securities (FVOCI)	69,967	16,285	–	86,252
Other securities (FVTPL)	9,119	–	–	9,119
Fair value of derivative financial instruments	–	9,519	–	9,519
Total financial assets	\$79,086	\$34,124	\$ –	\$113,210

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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6. FAIR VALUE MEASUREMENT (Continued)

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2018 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	\$ –	\$10,055	\$ –	\$10,055
Equity securities (FVOCI)	61,245	15,287	–	76,532
Fair value of derivative financial instruments	–	180	–	180
Total financial assets	\$61,245	\$25,522	\$ –	\$86,767
Financial liabilities:				
Fair value of derivative financial instruments	\$ –	\$ 8,325	\$ –	\$ 8,325
Total financial liabilities	\$ –	\$ 8,325	\$ –	\$ 8,325

Valuation Techniques

Trade Receivables

Trade receivables from provisional invoices for concentrate sales are valued using quoted forward rates derived from observable market data based on the month of expected settlement (classified within Level 2 of the fair value hierarchy).

Equity and Other Securities

Equity securities representing shares of publicly traded entities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy). Equity securities representing shares of non-publicly traded entities are recorded at fair value using external broker-dealer quotations corroborated by option pricing models (classified within Level 2 of the fair value hierarchy).

Derivative Financial Instruments

Derivative financial instruments classified within Level 2 of the fair value hierarchy are recorded at fair value using external broker-dealer quotations corroborated by option pricing models or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs.

Fair Value of Financial Assets and Liabilities Not Measured and Recognized at Fair Value

Long-term debt is recorded on the consolidated balance sheets at December 31, 2019 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating to future related cash flows which is categorized within Level 2 of the fair value hierarchy. As at December 31, 2019, the Company's long-term debt had a fair value of \$1,878.9 million (2018 – \$1,762.2 million). See Note 14.

Lease obligations are recorded on the consolidated balance sheets at December 31, 2019 at amortized cost. The fair value of lease obligations is the present value of the future lease payments discounted at the Company's current incremental borrowing rate. It is remeasured when there is a change in the lease term, future lease payments or changes in the assessment of whether the Company will exercise a purchase, extension or termination option. The fair value of lease obligations is not materially different from the carrying amounts since the incremental borrowing rates used at the initial recognition date are close to current market rates at December 31, 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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7. INVENTORIES

	As at December 31, 2019	As at December 31, 2018
Ore in stockpiles and on leach pads	\$ 82,192	\$ 65,616
Concentrates and dore bars	124,225	100,420
Supplies	373,651	328,114
Total current inventories	\$580,068	\$494,150
Non-current ore in stockpiles and on leach pads (Note 9B) ⁽ⁱ⁾	145,675	116,762
Total inventories	\$725,743	\$610,912

Note:

(i) The inventory balance associated with the ore that is not expected to be processed within 12 months is classified as non-current and is recorded in the other assets line item in the consolidated balance sheets.

During the year ended December 31, 2019, a charge of \$13.2 million (2018 – \$16.0 million) was recorded within production costs to reduce the carrying value of inventories to their net realizable value.

8. EQUITY SECURITIES

The following table sets out the Company's equity securities which have been designated at FVOCI:

	As at December 31, 2019	As at December 31, 2018
Orla Mining Ltd.	\$27,125	\$13,563
White Gold Corp.	18,735	25,029
Other ⁽ⁱ⁾	40,392	37,940
Total equity securities	\$86,252	\$76,532

Note:

(i) The balance is comprised of 16 equity investments that are individually immaterial.

Disposal of Equity Securities

During the year ended December 31, 2019, the Company sold its interest in certain equity securities as they no longer fit the Company's investment strategy. The fair value at the time of sale was \$7.8 million (2018 – \$17.5 million) and the Company recognized a cumulative net gain on disposal of \$2.1 million (2018 – loss on disposal of \$1.3 million) which was transferred from other reserves to deficit in the consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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9. OTHER ASSETS

A) Other Current Assets

	As at December 31, 2019	As at December 31, 2018
Federal, provincial and other sales taxes receivable	\$ 78,841	\$ 93,294
Prepaid expenses	70,986	55,146
Financial asset at FVTPL ⁽ⁱ⁾	9,119	–
Other	20,272	17,384
Total other current assets	\$179,218	\$165,824

Note:

(i) During the year, the Company purchased a \$25.0 million financial asset which is classified as FVTPL. A realized gain on partial disposition of the asset and a mark-to-market adjustment on the remaining asset totaling \$19.9 million was recognized in the other income line item in the consolidated statements of income (loss) for the year (see Note 22).

B) Other Assets

	As at December 31, 2019	As at December 31, 2018
Non-current ore in stockpiles and on leach pads	\$145,675	\$116,762
Non-current prepaid expenses	18,035	13,736
Non-current other receivables	18,918	5,101
Other	2,240	2,698
Total other assets	\$184,868	\$138,297

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December 31, 2019

10. PROPERTY, PLANT AND MINE DEVELOPMENT

	Mining Properties	Plant and Equipment	Mine Development Costs	Total
As at December 31, 2017	\$ 1,665,527	\$ 1,991,121	\$ 1,969,904	\$ 5,626,552
Additions	335,938	247,655	681,882	1,265,475
Impairment loss (Note 24)	(100,676)	–	–	(100,676)
Disposals	(8,554)	(5,590)	–	(14,144)
Amortization	(146,793)	(268,028)	(128,084)	(542,905)
Transfers between categories	29,621	19,709	(49,330)	–
As at December 31, 2018	\$ 1,775,063	\$ 1,984,867	\$ 2,474,372	\$ 6,234,302
Additions	63,305	314,469	635,030	1,012,804
Impairment reversal (Note 24)	172,484	–	173,337	345,821
Disposals	(937)	(19,434)	–	(20,371)
Amortization	(152,160)	(300,027)	(116,704)	(568,891)
Transfers between categories	150,796	1,207,920	(1,358,716)	–
As at December 31, 2019	\$ 2,008,551	\$ 3,187,795	\$ 1,807,319	\$ 7,003,665
As at December 31, 2018				
Cost	\$ 3,135,284	\$ 4,839,166	\$ 3,281,066	\$11,255,516
Accumulated amortization and impairments	(1,360,221)	(2,854,299)	(806,694)	(5,021,214)
Carrying value – December 31, 2018	\$ 1,775,063	\$ 1,984,867	\$ 2,474,372	\$ 6,234,302
As at December 31, 2019				
Cost	\$ 3,348,912	\$ 6,182,372	\$ 2,540,534	\$12,071,818
Accumulated amortization and impairments	(1,340,361)	(2,994,577)	(733,215)	(5,068,153)
Carrying value – December 31, 2019	\$ 2,008,551	\$ 3,187,795	\$ 1,807,319	\$ 7,003,665

Additions to Plant and Equipment include \$81.8 million of transitional adjustments for the recognition of leased right-of-use assets upon the Company's adoption of IFRS 16 on January 1, 2019 (see Note 5), and \$46.8 million of right-of-use assets for lease arrangements entered into during the year ended December 31, 2019.

As at December 31, 2019, major assets under construction, and therefore not yet being depreciated, included in the carrying value of property, plant and mine development amounted to \$244.9 million (2018 – \$1,424.2 million).

During the year ended December 31, 2019, the Company produced and sold pre-commercial production ounces from the Meliadine mine, Amaruq satellite deposit at the Meadowbank Complex, and Barnat deposit at the Canadian Malartic mine. The Company deducts revenues from mining operations earned prior to commercial production from the cost of the related

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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10. PROPERTY, PLANT AND MINE DEVELOPMENT (Continued)

property, plant and mine development. During the year ended December 31, 2019, the Company earned \$91.1 million of pre-commercial production revenue.

During the year ended December 31, 2019, the Company disposed of property, plant and mine development with a carrying value of \$20.4 million (2018 – \$14.1 million). The loss of \$11.9 million on disposal (2018 – gain of \$22.8 million) was recorded in the other income line item in the consolidated statements of income (loss).

Geographic Information:

	As at December 31, 2019	As at December 31, 2018
Northern Business:		
Canada	\$5,000,544	\$4,386,051
Finland	1,205,935	996,946
Sweden	13,812	13,812
Southern Business:		
Mexico	780,877	835,797
United States	2,497	1,696
Total property, plant and mine development	\$7,003,665	\$6,234,302

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2019	As at December 31, 2018
Trade payables	\$158,317	\$163,032
Wages payable	51,588	51,378
Accrued liabilities	102,957	75,287
Other liabilities	32,710	20,900
Total accounts payable and accrued liabilities	\$345,572	\$310,597

In 2019 and 2018, the other liabilities balance consisted primarily of various employee benefits, employee payroll tax withholdings and other payroll taxes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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12. RECLAMATION PROVISION

Agnico Eagle's reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation, third party estimates, management's estimates and feasibility study calculations. Assumptions based on current economic conditions, which the Company believes are reasonable, have been used to estimate the reclamation provision. However, actual reclamation costs will ultimately depend on future economic conditions and costs for the necessary reclamation work. Changes in reclamation provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates. The discount rates used in the calculation of the reclamation provision at December 31, 2019 ranged between 0.75% and 1.86% (2018 – between 0.79% and 2.64%).

The following table reconciles the beginning and ending carrying amounts of the Company's asset retirement obligations. The settlement of the obligation is estimated to occur through to 2063.

	As at December 31, 2019	As at December 31, 2018
Asset retirement obligations – long-term, beginning of year	\$371,132	\$341,077
Asset retirement obligations – current, beginning of year	3,856	8,609
Current year additions and changes in estimate, net	36,032	45,470
Current year accretion	5,791	7,500
Liabilities settled	(3,839)	(2,315)
Foreign exchange revaluation	15,822	(25,353)
Reclassification from long-term to current, end of year	(9,377)	(3,856)
Asset retirement obligations – long-term, end of year	\$419,417	\$371,132

The following table reconciles the beginning and ending carrying amounts of the Company's environmental remediation liability. The settlement of the obligation is estimated to occur through to 2026.

	As at December 31, 2019	As at December 31, 2018
Environmental remediation liability – long-term, beginning of year	\$ 9,615	\$ 4,191
Environmental remediation liability – current, beginning of year	1,555	1,429
Current year additions and changes in estimate, net	2,600	8,285
Liabilities settled	(3,269)	(2,370)
Foreign exchange revaluation	506	(365)
Reclassification from long-term to current, end of year	(3,078)	(1,555)
Environmental remediation liability – long-term, end of year	\$ 7,929	\$ 9,615

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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13. LEASES

The Company is party to a number of contracts that contain a lease, most of which include office facilities, storage facilities, and various plant and equipment. Leases of low value assets, short term leases and leases with variable payments proportional to the rate of use of the underlying asset do not give rise to a lease obligation and a right-of-use asset, and expenses are included in operating costs in the consolidated statements of income (loss).

Leases under IFRS 16 (from January 1, 2019)

The following table sets out the carrying amounts of right-of-use assets included in property, plant and mine development in the consolidated balance sheets and the movements during the period:

	As at December 31, 2019
As at January 1, 2019	\$ 83,743
Additions and modifications, net of disposals	46,822
Amortization	(12,984)
As at December 31, 2019	\$117,581

The following table sets out the lease obligations included in the consolidated balance sheets:

	As at December 31, 2019
Current	\$ 14,693
Non-current	102,135
Total lease obligations	\$116,828

Future minimum lease payments required to meet obligations that have initial or remaining non-cancellable lease terms are set out in the table below. Because leases with variable lease payments do not give rise to fixed minimum lease payments, no amounts are included below for these leases.

	As at December 31, 2019
Within 1 year	\$ 16,641
Between 1 – 3 years	31,220
Between 3 – 5 years	19,189
Thereafter	62,587
Total undiscounted lease obligations	\$129,637

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2019

13. LEASES (Continued)

The Company recognized the following amounts in the consolidated statements of income (loss) with respect to leases:

	Year Ended December 31, 2019
Amortization of right-of-use assets	\$ 12,984
Interest expense on lease obligations	\$ 1,909
Variable lease payments not included in the measurement of lease obligations	\$106,909
Expenses relating to short-term leases	\$ 3,595
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	\$ 1,071

During the year ended December 31, 2019, the Company recognized \$215.7 million in the consolidated statements of cash flows with respect to leases.

Operating leases under IAS 17 (prior to January 1, 2019)

During the year ended December 31, 2018, \$14.1 million of operating lease payments were recognized in the production, exploration and corporate development, and general and administrative line items in the consolidated statements of income (loss).

14. LONG-TERM DEBT

	As at December 31, 2019	As at December 31, 2018
Credit Facility ⁽ⁱ⁾⁽ⁱⁱ⁾	\$ (4,238)	\$ (5,708)
2018 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	347,974	347,803
2017 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	298,238	298,022
2016 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	348,527	348,265
2015 Note ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	49,625	49,560
2012 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	199,404	199,233
2010 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	484,578	484,133
Total debt	\$1,724,108	\$1,721,308
Less: current portion	360,000	—
Total long-term debt	\$1,364,108	\$1,721,308

Notes:

(i) Inclusive of unamortized deferred financing costs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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14. LONG-TERM DEBT (Continued)

(ii) There were no amounts outstanding under the Credit Facility (as defined below) as at December 31, 2019 and December 31, 2018. The December 31, 2019 and December 31, 2018 balances relate to deferred financing costs which are being amortized on a straight-line basis until the maturity date of June 22, 2023. Credit Facility availability is reduced by outstanding letters of credit, amounting to nil as at December 31, 2019.

(iii) The terms 2018 Notes, 2017 Notes, 2016 Notes, 2015 Note, 2012 Notes and 2010 Notes are defined below.

Scheduled Debt Principal Repayments

	2020	2021	2022	2023	2024	2025 and Thereafter	Total
2018 Notes	\$ —	\$ —	\$ —	\$ —	\$ —	\$350,000	\$ 350,000
2017 Notes	—	—	—	—	—	300,000	300,000
2016 Notes	—	—	—	100,000	—	250,000	350,000
2015 Note	—	—	—	—	—	50,000	50,000
2012 Notes	—	—	100,000	—	100,000	—	200,000
2010 Notes	360,000	—	125,000	—	—	—	485,000
Total	\$360,000	\$ —	\$225,000	\$100,000	\$100,000	\$950,000	\$1,735,000

Credit Facility

On December 14, 2018, the Company amended its \$1.2 billion unsecured revolving bank credit facility (the “Credit Facility”) to, among other things, extend the maturity date from June 22, 2022 to June 22, 2023 and amend pricing terms.

As at December 31, 2019 and December 31, 2018, no amounts were outstanding under the Credit Facility. Credit Facility availability is reduced by outstanding letters of credit. As at December 31, 2019, \$1.2 billion was available for future drawdown under the Credit Facility (December 31, 2018 – \$1.2 billion). During the year ended December 31, 2019, Credit Facility drawdowns totaled \$220.0 million and repayments totaled \$220.0 million. During the year ended December 31, 2018, Credit Facility drawdowns totaled \$300.0 million and repayments totaled \$300.0 million.

The Credit Facility is available in multiple currencies through prime rate and base rate advances, priced at the applicable rate plus a margin that ranges from 0.20% to 1.75%, through LIBOR advances, bankers’ acceptances and financial letters of credit, priced at the applicable rate plus a margin that ranges from 1.20% to 2.75% and through performance letters of credit, priced at the applicable rate plus a margin that ranges from 0.80% to 1.83%. The lenders under the Credit Facility are each paid a standby fee at a rate that ranges from 0.24% to 0.55% of the undrawn portion of the facility. In each case, the applicable margin or standby fees vary depending on the Company’s credit rating and the Company’s total net debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio.

2018 Notes

On February 27, 2018, the Company agreed to a \$350.0 million private placement of guaranteed senior unsecured notes (the “2018 Notes”) which were issued on April 5, 2018. Upon issuance, the 2018 Notes had a weighted average maturity of 13.9 years and weighted average yield of 4.57%.

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14. LONG-TERM DEBT (Continued)

The following table sets out details of the individual series of the 2018 Notes:

	Principal	Interest Rate	Maturity Date
Series A	\$ 45,000	4.38%	4/5/2028
Series B	55,000	4.48%	4/5/2030
Series C	250,000	4.63%	4/5/2033
Total	\$350,000		

2017 Notes

On June 29, 2017, the Company closed a \$300.0 million private placement of guaranteed senior unsecured notes (the "2017 Notes").

The following table sets out details of the individual series of the 2017 Notes:

	Principal	Interest Rate	Maturity Date
Series A	\$ 40,000	4.42%	6/29/2025
Series B	100,000	4.64%	6/29/2027
Series C	150,000	4.74%	6/29/2029
Series D	10,000	4.89%	6/29/2032
Total	\$300,000		

2016 Notes

On June 30, 2016, the Company closed a \$350.0 million private placement of guaranteed senior unsecured notes (the "2016 Notes").

The following table sets out details of the individual series of the 2016 Notes:

	Principal	Interest Rate	Maturity Date
Series A	\$100,000	4.54%	6/30/2023
Series B	200,000	4.84%	6/30/2026
Series C	50,000	4.94%	6/30/2028
Total	\$350,000		

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14. LONG-TERM DEBT (Continued)

2015 Note

On September 30, 2015, the Company closed a private placement of a \$50.0 million guaranteed senior unsecured note (the "2015 Note") with a September 30, 2025 maturity date and a yield of 4.15%.

2012 Notes

On July 24, 2012, the Company closed a \$200.0 million private placement of guaranteed senior unsecured notes (the "2012 Notes").

The following table sets out details of the individual series of the 2012 Notes:

	Principal	Interest Rate	Maturity Date
Series A	\$100,000	4.87%	7/23/2022
Series B	100,000	5.02%	7/23/2024
Total	\$200,000		

2010 Notes

On April 7, 2010, the Company closed a \$600.0 million private placement of guaranteed senior unsecured notes (the "2010 Notes" and, together with the 2018 Notes, the 2017 Notes, the 2016 Notes, the 2015 Note and the 2012 Notes, the "Notes").

The following table sets out details of the individual series of the 2010 Notes that remain outstanding:

	Principal	Interest Rate	Maturity Date
Series B	\$360,000	6.67%	4/7/2020
Series C	125,000	6.77%	4/7/2022
Total	\$485,000		

Covenants

Payment and performance of Agnico Eagle's obligations under the Credit Facility and the Notes are guaranteed by each of its material subsidiaries and certain of its other subsidiaries (the "Guarantors").

The Credit Facility contains covenants that limit, among other things, the ability of the Company to incur additional indebtedness, make distributions in certain circumstances and sell material assets.

The note purchase agreements pursuant to which the Notes were issued (the "Note Purchase Agreements") contain covenants that restrict, among other things, the ability of the Company to amalgamate or otherwise transfer its assets, sell material assets, carry on a business other than one related to mining and the ability of the Guarantors to incur indebtedness.

The Credit Facility and Note Purchase Agreements also require the Company to maintain a total net debt to EBITDA ratio below a specified maximum value and the Note Purchase Agreements (other than the 2018 Notes) require the Company to maintain a minimum tangible net worth.

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14. LONG-TERM DEBT (Continued)

The Company was in compliance with all covenants contained in the Credit Facility and Note Purchase Agreements throughout the years-ended and as at December 31, 2019 and 2018.

Finance Costs

Total finance costs consist of the following:

	Year Ended December 31,	
	2019	2018
Interest on Notes	\$ 91,147	\$87,100
Stand-by fees on credit facilities	5,862	5,811
Amortization of credit facilities, financing and note issuance costs	2,800	2,671
Interest on Credit Facility	1,270	310
Accretion expense on reclamation provisions	5,715	7,107
Interest on lease obligations, other interest and penalties	2,336	1,521
Interest capitalized to assets under construction	(4,048)	(7,953)
Total finance costs	\$105,082	\$96,567

Total borrowing costs capitalized to assets under construction during the year ended December 31, 2019 were at a capitalization rate of 1.31% (2018 – 1.33%).

15. OTHER LIABILITIES

Other liabilities consist of the following:

	As at December 31, 2019	As at December 31, 2018
Pension benefit obligations	\$40,490	\$32,881
Other	20,512	9,738
Total other liabilities	\$61,002	\$42,619

Pension Benefit Obligations

The Company provides the Executives Plan for certain current and former senior officers and the Retirement Program for eligible employees, which are both considered defined benefit plans under IAS 19 – Employee Benefits. The funded status of the plans are based on actuarial valuations performed as at December 31, 2019. The plans operate under similar regulatory frameworks and generally face similar risks.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. OTHER LIABILITIES (Continued)

The Executives Plan pension formula is based on final average earnings in excess of the amounts payable from the registered plan. Assets for the Executives Plan consist of deposits on hand with regulatory authorities that are refundable when benefit payments are made or on the ultimate wind-up of the plan.

The Company provides a Retirement Program for certain eligible employees that provides a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. An eligible employee is entitled to a benefit if they have completed at least 10 years of service as a permanent employee and are 57 years of age or older. The Retirement Program is not funded.

The funded status of the Company's defined benefit obligations relating to the Company's Executives Plan and Retirement Program for 2019 and 2018, is as follows:

	Year Ended December 31,	
	2019	2018
Reconciliation of plan assets:		
Plan assets, beginning of year	\$ 2,363	\$ 2,457
Employer contributions	862	1,037
Benefit payments	(643)	(819)
Administrative expenses	(109)	(109)
Interest on assets	93	79
Net return on assets excluding interest	(93)	(79)
Effect of exchange rate changes	121	(203)
Plan assets, end of year	\$ 2,594	\$ 2,363
Reconciliation of defined benefit obligation:		
Defined benefit obligation, beginning of year	\$23,032	24,243
Current service cost	1,020	975
Benefit payments	(672)	(819)
Interest cost	889	758
Actuarial losses (gains) arising from changes in economic assumptions	1,989	(1,188)
Actuarial losses arising from changes in demographic assumptions	2,033	1,277
Actuarial gains arising from Plan experience	(251)	(226)
Effect of exchange rate changes	1,296	(1,988)
Defined benefit obligation, end of year	29,336	23,032
Net defined benefit liability, end of year	\$26,742	\$20,669

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. OTHER LIABILITIES (Continued)

The components of Agnico Eagle's pension expense recognized in the consolidated statements of net income (loss) relating to the Executives Plan and the Retirement Program are as follows:

	Year Ended December 31,	
	2019	2018
Current service cost	\$1,020	\$ 975
Administrative expenses	109	109
Interest cost on defined benefit obligation	889	758
Interest on assets	(93)	(79)
Pension expense	\$1,925	\$1,763

The remeasurements of the net defined benefit liability recognized in other comprehensive income (loss) relating to the Company's Executives Plan and the Retirement Program are as follows:

	Year Ended December 31,	
	2019	2018
Actuarial losses (gains) relating to the defined benefit obligation	\$3,771	\$(137)
Net return on assets excluding interest	93	79
Total remeasurements of the net defined benefit liability	\$3,864	\$ (58)

In 2020, the Company expects to make contributions of \$1.5 million and benefit payments of \$1.4 million, in aggregate, related to the Executives Plan and the Retirement Program. The weighted average duration of the Company's defined benefit obligation is 12.4 years at December 31, 2019 (2018 – 5.8 years).

The following table sets out significant assumptions used in measuring the Company's Executives Plan defined benefit obligations:

	As at December 31, 2019	As at December 31, 2018
Assumptions:		
Discount rate – beginning of year	3.8%	3.3%
Discount rate – end of year	3.0%	3.8%

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15. OTHER LIABILITIES (Continued)

The following table sets out significant assumptions used in measuring the Company's Retirement Program defined benefit obligations:

	As at December 31, 2019	As at December 31, 2018
Assumptions:		
Discount rate – beginning of year	3.5%	3.0%
Discount rate – end of year	2.8%	3.5%
Range of mine closure dates	2026 – 2032	2019 – 2032
Termination of employment per annum	0.50% – 3.25%	0.53% – 2.58%

Other significant actuarial assumptions used in measuring the Company's Retirement Program defined benefit obligations as at December 31, 2019 and December 31, 2018 include assumptions of the expected retirement age of participants.

The following table sets out the effect of changes in significant actuarial assumptions on the Company's Executives Plan and Retirement Program defined benefit obligations:

	As at December 31, 2019
Change in assumption:	
0.5% increase in discount rate	\$(1,352)
0.5% decrease in discount rate	\$ 1,470

The summary of the effect of changes in significant actuarial assumptions was prepared using the same methods and actuarial assumptions as those used for the calculation of the Company's defined benefit obligation related to the Executives Plan and the Retirement Program as at the end of the fiscal year, except for the change in the single actuarial assumption being evaluated. The modification of several actuarial assumptions at the same time could lead to different results.

Other Plans

In addition to its defined benefit pension plans, the Company maintains the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico Eagle contributes 5.0% of certain employees' base employment compensation to a defined contribution plan. In 2019, \$13.3 million (2018 – \$12.6 million) was contributed to the Basic Plan, \$0.2 million of which related to contributions for key management personnel (2018 – \$0.2 million). The Company also maintains the Supplemental Plan for designated executives at the level of Vice-President or above. The Supplemental Plan is funded by the Company through notional contributions equal to 10.0% of the designated executive's earnings for the year (including salary and short-term bonus). In 2019, the Company made \$1.5 million (2018 – \$1.6 million) in notional contributions to the Supplemental Plan, \$1.0 million (2018 – \$1.0 million) of which related to contributions for key management personnel. The Company's liability related to the Supplemental Plan is \$11.5 million at December 31, 2019 (2018 – \$8.8 million). At retirement date, the notional account balance is converted to a pension payable in five annual installments.

AGNICO EAGLE MINES LIMITED

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(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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16. EQUITY

Common Shares

The Company's authorized share capital includes an unlimited number of common shares with no par value. As at December 31, 2019, Agnico Eagle's issued common shares totaled 240,167,790 (December 31, 2018 – 235,025,507), of which 548,755 common shares are held in trusts as described below (2018 – 566,910).

The common shares held in trusts relate to the Company's RSU plan, PSU plan and a Long Term Incentive Plan ("LTIP") for certain employees of the Partnership and CMC. The trusts have been evaluated under IFRS 10 – *Consolidated Financial Statements* and are consolidated in the accounts of the Company, with shares held in trust offset against the Company's issued shares in its consolidated financial statements. The common shares purchased and held in trusts are excluded from the basic net income per share calculations until they have vested. All of the non-vested common shares held in trusts are included in the diluted net income per share calculations, unless the impact is anti-dilutive.

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding as at December 31, 2019 were exercised:

Common shares outstanding at December 31, 2019	239,619,035
Employee stock options	4,122,300
Common shares held in trusts in connection with the RSU plan (Note 17(C)), PSU plan (Note 17(D)) and LTIP	548,755
Total	244,290,090

Net Income (Loss) Per Share

The following table sets out the weighted average number of common shares used in the calculation of basic and diluted net income (loss) per share:

	Year Ended December 31,	
	2019	2018
Net income (loss) for the year	\$473,166	\$(326,701)
Weighted average number of common shares outstanding – basic (in thousands)	236,934	233,251
Add: Dilutive impact of common shares related to the RSU plan, PSU plan and LTIP	805	–
Add: Dilutive impact of employee stock options	491	–
Weighted average number of common shares outstanding – diluted (in thousands)	238,230	233,251
Net income (loss) per share – basic	\$ 2.00	\$ (1.40)
Net income (loss) per share – diluted	\$ 1.99	\$ (1.40)

Diluted net income per share has been calculated using the treasury stock method. In applying the treasury stock method, outstanding employee stock options with an exercise price greater than the average quoted market price of the common shares for the period outstanding are not included in the calculation of diluted net income per share as the impact would be anti-dilutive.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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16. EQUITY (Continued)

For the year ended December 31, 2019, 3,750 employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive. For the year ended December 31, 2018, the impact of any additional shares issued under the employee stock option plan or related to the RSU plan, PSU plan or LTIP would have been anti-dilutive as a result of the net loss recorded for the year. Consequently, diluted net loss per share was calculated in the same manner as basic net loss per share in 2018.

17. STOCK-BASED COMPENSATION

A) Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the grant of stock options to directors, officers, employees and service providers to purchase common shares. Under the ESOP, stock options are granted at the fair market value of the underlying shares on the day prior to the date of grant. The number of common shares that may be reserved for issuance to any one person pursuant to stock options (under the ESOP or otherwise), warrants, share purchase plans or other arrangements may not exceed 5.0% of the Company's common shares issued and outstanding at the date of grant.

On April 24, 2001, the Compensation Committee of the Board adopted a policy pursuant to which stock options granted after that date have a maximum term of five years. In 2018, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP to 35,700,000 common shares.

Of the 2,118,850 stock options granted under the ESOP in 2019, 527,975 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2024, vest in equal installments on each anniversary date of the grant over a three-year period. Of the 1,990,850 stock options granted under the ESOP in 2018, 496,973 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2023, vest in equal installments on each anniversary date of the grant over a three-year period. Upon the exercise of stock options under the ESOP, the Company issues common shares from treasury to settle the obligation.

The following table sets out activity with respect to Agnico Eagle's outstanding stock options:

	Year Ended December 31, 2019		Year Ended December 31, 2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	6,361,265	C\$47.65	5,857,504	C\$41.18
Granted	2,118,850	55.10	1,990,850	58.04
Exercised	(4,214,332)	44.05	(1,220,921)	32.46
Forfeited	(143,093)	56.47	(59,168)	53.91
Expired	(390)	28.03	(207,000)	52.13
Outstanding, end of year	4,122,300	C\$54.86	6,361,265	C\$47.65
Options exercisable, end of year	1,195,730	C\$51.39	3,429,813	C\$42.28

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17. STOCK-BASED COMPENSATION (Continued)

The average share price of Agnico Eagle's common shares during the year ended December 31, 2019 was C\$66.49 (2018 – C\$52.81).

The weighted average grant date fair value of stock options granted in 2019 was C\$10.44 (2018 – C\$12.66). The following table sets out information about Agnico Eagle's stock options outstanding and exercisable as at December 31, 2019:

Range of Exercise Prices	Stock Options Outstanding			Stock Options Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
C\$28.92 – C\$36.37	311,550	0.99 years	C\$36.20	311,550	0.99 years	C\$36.20
C\$55.10 – C\$66.57	3,810,750	3.24 years	56.38	884,180	2.78 years	56.74
C\$28.92 – C\$66.57	4,122,300	3.07 years	C\$54.86	1,195,730	2.32 years	C\$51.39

The Company has reserved for issuance 4,122,300 common shares in the event that these stock options are exercised.

The number of common shares available for the grant of stock options under the ESOP as at December 31, 2019 was 5,071,614.

Agnico Eagle estimated the fair value of stock options under the Black-Scholes option pricing model using the following weighted average assumptions:

	Year Ended December 31,	
	2019	2018
Risk-free interest rate	2.23%	2.10%
Expected life of stock options (in years)	2.4	2.4
Expected volatility of Agnico Eagle's share price	30.0%	35.0%
Expected dividend yield	1.2%	1.0%

The Company uses historical volatility to estimate the expected volatility of Agnico Eagle's share price. The expected term of stock options granted is derived from historical data on employee exercise and post-vesting employment termination experience.

Compensation expense related to the ESOP amounted to \$16.8 million (2018 – \$19.8 million). Of the total compensation expense for the ESOP, \$0.7 million was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in the year ended December 31, 2019 (2018 – \$0.5 million).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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17. STOCK-BASED COMPENSATION (Continued)

Subsequent to the year ended December 31, 2019, 1,561,150 stock options were granted under the ESOP, of which 390,289 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2025, vest in equal installments on each anniversary date of the grant over a three-year period.

B) Incentive Share Purchase Plan (“ISPP”)

On June 26, 1997, the Company’s shareholders approved the ISPP to encourage Participants to purchase Agnico Eagle’s common shares at market value. In 2009, the ISPP was amended to remove non-executive directors as eligible Participants.

Under the ISPP, Participants may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each Participant’s contribution. All common shares subscribed for under the ISPP are issued by the Company. The total compensation cost recognized in 2019 related to the ISPP was \$7.7 million (2018 – \$6.9 million).

In 2019, 435,420 common shares were subscribed for under the ISPP (2018 – 515,432) for a value of \$23.2 million (2018 – \$20.6 million). In May 2019, the Company’s shareholders approved an increase in the maximum number of common shares reserved for issuance under the ISPP to 8,100,000 from 7,100,000. As at December 31, 2019, Agnico Eagle has reserved for issuance 1,221,455 common shares (2018 – 656,875) under the ISPP.

C) Restricted Share Unit (“RSU”) Plan

In 2009, the Company implemented the RSU plan for certain employees. Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company as eligible participants.

A deferred compensation balance is recorded for the total grant date value on the date of each RSU plan grant. The deferred compensation balance is recorded as a reduction of equity and is amortized as compensation expense over the vesting period of up to three years.

In 2019, 409,100 (2018 – 379,324) RSUs were granted with a grant date fair value of \$40.41 (2018 – \$47.91). In 2019, the Company funded the RSU plan by transferring \$16.5 million (2018 – \$17.6 million) to an employee benefit trust that then purchased common shares of the Company in the open market. The grant date fair value of the RSUs generally approximates the cost of purchasing the shares in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding.

Compensation expense related to the RSU plan was \$17.9 million in 2019 (2018 – \$15.2 million). Compensation expense related to the RSU plan is included as part of the general and administrative line item of the consolidated statements of income (loss).

Subsequent to the year ended December 31, 2019, 303,037 RSUs were granted under the RSU plan.

D) Performance Share Unit (“PSU”) Plan

Beginning in 2016, the Company adopted a PSU plan for senior executives of the Company. PSUs are subject to vesting requirements over a three-year period based on specific performance measurements established by the Company. The fair value for the portion of the PSUs related to market conditions is based on the application of pricing models at the grant date and the fair value for the portion related to non-market conditions is based on the market value of the shares at the grant date. Compensation expense is based on the current best estimate of the outcome for the specific performance measurement established by the Company and is recognized over the vesting period based on the number of units estimated to vest.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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17. STOCK-BASED COMPENSATION (Continued)

In 2019, 196,500 (2018 – 180,000) PSUs were granted with a grant date fair value of \$47.43 (2018 – \$58.47). The Company funded the PSU plan by transferring \$8.0 million (2018 – \$8.4 million) to an employee benefit trust that then purchased common shares of the Company in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding. In 2020, the Company purchased an additional 117,648 shares to fulfill the payout of its 2017 PSU grant. The Company funded the purchase by transferring \$9.1 million to an employee benefit trust that then purchased common shares of the Company in the open market. The purchase was treated as a treasury transaction and recognized directly in equity.

Compensation expense related to the PSU plan was \$12.0 million in 2019 (2018 – \$9.3 million). Compensation expense related to the PSU plan is included as part of the general and administrative line item of the consolidated statements of income (loss).

Subsequent to the year ended December 31, 2019, 167,500 PSUs were granted under the PSU plan.

18. OTHER RESERVES

The following table sets out the movements in other reserves during the years ended December 31, 2019 and December 31, 2018:

	Equity securities reserve	Cash flow hedge reserve	Costs of hedging reserve	Total
Balance at January 1, 2018	\$(19,800)	\$10,763	\$ 3,092	\$ (5,945)
Net change in fair value	(39,585)	(6,984)	(3,092)	(49,661)
Transfer of loss on disposal of equity securities at FVOCI to deficit	1,290	–	–	1,290
Hedging gains transferred to property, plant and mine development	–	(3,779)	–	(3,779)
Balance at December 31, 2018	\$(58,095)	\$ –	\$ –	\$(58,095)
Net change in fair value	12,238	–	–	12,238
Transfer of gain on disposal of equity securities at FVOCI to deficit	(2,065)	–	–	(2,065)
Balance at December 31, 2019	\$(47,922)	\$ –	\$ –	\$(47,922)

19. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES

Agnico Eagle is a gold mining company with mining operations in Canada, Mexico and Finland. The Company earns a significant proportion of its revenues from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals. The revenue from by-product metals is primarily generated by production at the LaRonde mine in Canada (silver, zinc and copper) and the Pinos Altos mine in Mexico (silver).

The cash flow and profitability of the Company's operations are significantly affected by the market price of gold and, to a lesser extent, silver, zinc and copper. The prices of these metals can fluctuate significantly and are affected by numerous factors beyond the Company's control.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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19. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

During the year ended December 31, 2019, five customers each contributed more than 10.0% of total revenues from mining operations for a combined total of approximately 84.8% of revenues from mining operations in the Northern and Southern business units. However, because gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sale of its product.

The following table sets out sales to individual customers that exceeded 10% of revenues from mining operations:

	Year Ended December 31,	
	2019	2018
Customer 1	\$ 600,171	\$ 453,561
Customer 2	504,763	419,907
Customer 3	344,534	390,745
Customer 4	335,755	358,087
Customer 5	329,804	—
Total sales to customers exceeding 10% of revenues from mining operations	\$2,115,027	\$1,622,300
Percentage of total revenues from mining operations	84.8%	74.0%

Trade receivables are recognized once the transfer of control for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties. As at December 31, 2019, the Company had \$8.3 million (2018 – \$10.1 million) in receivables relating to provisionally priced concentrate sales.

The Company has recognized the following amounts relating to revenue in the consolidated statements of income (loss):

	Year Ended December 31,	
	2019	2018
Revenue from contracts with customers	\$2,496,878	\$2,192,044
Provisional pricing adjustments on concentrate sales	(1,986)	(823)
Total revenues from mining operations	\$2,494,892	\$2,191,221

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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19. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

The following table sets out the disaggregation of revenue by metal:

	Year Ended December 31,	
	2019	2018
Revenues from contracts with customers:		
Gold	\$2,392,739	\$2,080,270
Silver	73,297	75,676
Zinc	18,128	15,293
Copper	12,714	20,805
Total revenues from contracts with customers	\$2,496,878	\$2,192,044

In 2019, precious metals (gold and silver) accounted for 98.9% of Agnico Eagle's revenues from mining operations (2018 – 98.4%). The remaining revenues from mining operations consisted of net by-product metal revenues from non-precious metals.

20. CAPITAL AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management policy is to support the delivery of the Company's financial targets while minimizing the potential adverse effects on the Company's performance.

Risk management is carried out by a centralized treasury department under policies approved by the Board. The Company's financial activities are governed by policies and procedures and its financial risks are identified, measured and managed in accordance with its policies and risk tolerance.

A) *Market Risk*

Market risk is the risk that changes in market factors, such as interest rates, commodity prices and foreign exchange rates, will affect the value of Agnico Eagle's financial instruments. The Company can choose to either accept market risk or mitigate it through the use of derivatives and other economic hedging strategies.

i. *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations that have floating interest rates.

There is no impact on income before income and mining taxes or equity of a 1.0% increase or decrease in interest rates, based in financial instruments in place as at December 31, 2019.

ii. *Commodity Price Risk*

a. *Metal Prices*

Agnico Eagle's revenues from mining operations and net income are sensitive to metal prices. Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

by-product metals (silver, zinc and copper) may be attributed to factors such as demand and global mine production levels.

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Board-approved Risk Management Policies and Procedures. The Company has a long-standing policy of no long-term forward gold sales. However, the policy does allow the Company to use other economic hedging strategies, where appropriate, to mitigate by-product metal pricing risks. The Company's policy does not allow speculative trading. As at December 31, 2019, there were no metal derivative positions.

b. Fuel

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of its diesel fuel costs (see Note 21 for further details on the Company's derivative financial instruments).

iii. Foreign Currency Risk

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant foreign currency risk exposure. The Company enters into currency economic hedging transactions under the Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), which does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes (but is not limited to) the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes (refer to Note 21 for further details on the Company's derivative financial instruments).

The following table sets out the translation impact, based on financial instruments in place as at December 31, 2019, on income before income and mining taxes and equity for the year ended December 31, 2019 of a 10.0% change in the exchange rate of the US dollar relative to the Canadian dollar, Euro and Mexican peso, with all other variables held constant.

	Impact on Income Before Income and Mining Taxes and Equity	
	10.0% Strengthening of the US Dollar	10.0% Weakening of the US Dollar
Canadian dollar	\$(12,415)	\$12,415
Euro	\$(12,676)	\$12,676
Mexican peso	\$ 4,882	\$(4,882)

B) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments, trade receivables, loan receivable and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

derivative financial instruments. The Company holds its cash and cash equivalents and short-term investments in highly rated financial institutions resulting in a low level of credit risk. For trade receivables and derivative financial instruments, historical levels of default have been negligible, resulting in a low level of credit risk. The Company mitigates credit risk by dealing with recognized credit-worthy counterparties and limiting concentration risk. For derivative financial instrument liabilities, the Company assumes no credit risk when the fair value of an instrument is negative. The loan receivable is collateralized by pledged assets which mitigates the level of credit risk. The maximum exposure to credit risk is equal to the carrying amount of the instruments as follows:

	As at December 31, 2019	As at December 31, 2018
Cash and cash equivalents	\$321,897	\$301,826
Short-term investments	6,005	6,080
Trade receivables	8,320	10,055
Derivative financial instrument assets	9,519	180
Loan receivable	4,526	–
Total	\$350,267	\$318,141

C) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its risk of a shortage of funds by monitoring its credit rating and projected cash flows taking into account the maturity dates of existing debt and other payables. The Company manages exposure to liquidity risk by maintaining cash balances, having access to undrawn credit facilities and access to public debt markets. Contractual maturities relating to lease obligations are set out in Note 13 and contractual maturities relating to long-term debt are set out in Note 14. Other financial liabilities, including accounts payable and accrued liabilities and derivative financial instruments, have maturities within one year of December 31, 2019.

D) Capital Risk Management

The Company's primary capital management objective is to maintain an optimal capital structure to support current and long-term business activities and to provide financial flexibility in order to maximize value for equity holders.

Agnico Eagle's capital structure comprises a mix of lease financing, long-term debt, and total equity as follows:

	As at December 31, 2019	As at December 31, 2018
Lease obligations	\$ 116,828	\$ 1,914
Long-term debt	1,724,108	1,721,308
Total equity	5,111,514	4,550,012
Total	\$6,952,450	\$6,273,234

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the requirements of financial covenants. To effectively manage its capital requirements, Agnico Eagle has in place a rigorous planning, budgeting and forecasting process to ensure it has the appropriate liquidity to meet its operating and growth objectives. The Company has the ability to adjust its capital structure by various means.

See Note 14 for details related to Agnico Eagle's compliance with its long-term debt covenants.

E) Changes in liabilities arising from financing activities

	As at December 31, 2018	Changes from Financing Cash Flows	Foreign Exchange	Other ⁽ⁱ⁾	As at December 31, 2019
Long-term debt	\$1,721,308	–	–	2,800	\$1,724,108
Lease obligations	1,914	(15,451)	(195)	130,560	116,828
Total liabilities from financing activities	\$1,723,222	(15,451)	(195)	133,360	\$1,840,936

Notes:

- (i) Includes the amortization of deferred financing costs on long-term debt, initial application of IFRS 16, lease obligation additions and interest paid on lease obligations reflected in finance costs.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Currency Risk Management

The Company uses foreign exchange economic hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange rates. The Company is primarily exposed to currency fluctuations relative to the US dollar as a significant portion of the Company's operating costs and capital expenditures are denominated in foreign currencies; primarily the Canadian dollar, the Euro and the Mexican peso. These potential currency fluctuations increase the volatility of, and could have a significant impact on, the Company's production costs and capital expenditures. The economic hedges relate to a portion of the foreign currency denominated cash outflows arising from foreign currency denominated expenditures.

As at December 31, 2019, the Company had outstanding derivative contracts related to \$252.0 million of 2020 expenditures. The Company recognized mark-to-market adjustments in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss). The Company did not apply hedge accounting to these arrangements in its derivative programs for the 2019 and 2020 fiscal years.

Mark-to-market gains and losses related to foreign exchange derivative financial instruments are recorded at fair value based on broker-dealer quotations corroborated by option pricing models that utilize period-end forward pricing of the applicable foreign currency to calculate fair value.

The Company's other foreign currency derivative strategies in 2019 and 2018 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars for Canadian dollars and Mexican pesos. All of these derivative transactions expired prior to year-end such that no derivatives were outstanding as at December 31, 2019 or December 31, 2018. The call option premiums were recognized in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Commodity Price Risk Management

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of diesel fuel costs associated primarily with its Nunavut's diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding as at December 31, 2019 relating to 12.0 million gallons of heating oil (December 31, 2018 – 12.0 million). The related mark-to-market adjustments prior to settlement were recognized in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss). The Company did not apply hedge accounting to these arrangements.

Mark-to-market gains and losses related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize period end forward pricing to calculate fair value.

The following table sets out a summary of the amounts recognized in the (gain) loss on derivative financial instruments line item of the consolidated statements of income (loss):

	Year Ended December 31,	
	2019	2018
Premiums realized on written foreign exchange call options	\$ (1,693)	\$ (3,110)
Realized loss on warrants	88	–
Unrealized (gain) loss on warrants ⁽ⁱ⁾	(2,325)	452
Realized gain on currency and commodity derivatives	(450)	(2,790)
Unrealized (gain) loss on currency and commodity derivatives ⁽ⁱ⁾	(12,744)	11,513
(Gain) loss on derivative financial instruments	\$(17,124)	\$ 6,065

Note:

(i) Unrealized gains and losses on financial instruments that are not designated and accounted for as hedges are recognized through the (gain) loss on derivative financial instruments line item in the consolidated statements of income (loss) and through the other line item of the consolidated statements of cash flows.

22. OTHER INCOME

The following table sets out a summary of the amounts recognized in the other income line item of the consolidated statements of income (loss):

	Year Ended December 31,	
	2019	2018
Loss (gain) on disposal of property, plant and mine development (Note 10)	\$ 11,907	\$(22,764)
Interest income	(6,688)	(10,245)
Other	(18,388)	(2,285)
Other income	\$(13,169)	\$(35,294)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

22. OTHER INCOME (Continued)

Sale of West Pequop Joint Venture, Summit and PQX Properties

On June 11, 2018, the Company completed the sale of its 51% interest in the West Pequop Joint Venture and its 100% interest in the Summit and PQX properties located in northeastern Nevada (collectively, the “Nevada Properties”) to a subsidiary of Newmont Mining Corp.

Under the purchase and sale agreement, the Company received a cash payment of \$35.0 million and was granted a 0.8% net smelter return (“NSR”) royalty on the Nevada Properties held by the West Pequop Joint Venture and a 1.6% NSR on the Summit and PQX properties. Upon closing of the sale, the Company recognized a net gain on disposal of \$26.5 million in the other income line item of the consolidated statements of income (loss) and through the other line item of the consolidated statements of cash flows.

The Nevada Properties were included in the Company’s Exploration segment.

23. SEGMENTED INFORMATION

Agnico Eagle operates in a single industry, namely exploration for and production of gold. The Company’s primary operations are in Canada, Mexico and Finland. The Company identifies its reportable segments as those operations whose operating results are reviewed by the Chief Operating Decision Maker (“CODM”), the Chief Executive Officer for the purpose of allocating resources and assessing performance and that represent more than 10.0% of the combined revenue from mining operations, income or loss or total assets of all operating segments. Each of the Company’s significant operating mines and projects are considered to be separate operating segments. Certain operating segments that do not meet the quantitative thresholds are still disclosed where the Company believes that the information is useful. The CODM also reviews segment income (defined as revenues from mining operations less production costs, exploration and corporate development expenses and impairment losses and reversals) on a mine-by-mine basis. The following are the Company’s reportable segments organized according to their relationship with the Company’s three business units and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

Northern Business: LaRonde mine, LaRonde Zone 5 mine, Lapa mine, Goldex mine, Meadowbank Complex, Meliadine mine, Canadian Malartic joint operation and Kittila mine

Southern Business: Pinos Altos mine, Creston Mascota mine and La India mine

Exploration: United States Exploration office, Europe Exploration office, Canada Exploration offices and Latin America Exploration office

Revenues from mining operations and production costs for the reportable segments are reported net of intercompany transactions. Corporate and other assets and specific income and expense items are not allocated to reportable segments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2019

23. SEGMENTED INFORMATION (Continued)

	Year Ended December 31, 2019				
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Impairment Reversal	Segment Income (Loss)
Northern Business:					
LaRonde mine	\$ 552,204	\$ (215,012)	\$ –	\$ –	\$ 337,192
LaRonde Zone 5 mine	80,365	(41,212)	–	–	39,153
Lapa mine	4,877	(2,844)	–	–	2,033
GolDEX mine	197,020	(82,533)	–	–	114,487
Meadowbank Complex	221,652	(180,848)	(3,528)	–	37,276
Meliadine mine	270,258	(142,932)	–	345,821	473,147
Canadian Malartic joint operation	466,317	(208,178)	(189)	–	257,950
Kittila mine	260,323	(142,517)	–	–	117,806
Total Northern Business	2,053,016	(1,016,076)	(3,717)	345,821	1,379,044
Southern Business:					
Pinos Altos mine	249,577	(130,190)	–	–	119,387
Creston Mascota mine	78,023	(35,801)	–	–	42,222
La India mine	114,276	(65,638)	–	–	48,638
Total Southern Business	441,876	(231,629)	–	–	210,247
Exploration	–	–	(101,062)	–	(101,062)
Segments totals	\$2,494,892	\$(1,247,705)	\$(104,779)	\$345,821	\$1,488,229
Total segments income					\$1,488,229
Corporate and other:					
Amortization of property, plant and mine development					(546,057)
General and administrative					(120,987)
Finance costs					(105,082)
Gain on derivative financial instruments					17,124
Environmental remediation					(2,804)
Foreign currency translation loss					(4,850)
Other income					13,169
Income before income and mining taxes					\$ 738,742

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

23. SEGMENTED INFORMATION (Continued)

	Year Ended December 31, 2018				
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Impairment Loss	Segment Income (Loss)
Northern Business:					
LaRonde mine	\$ 516,673	\$ (228,294)	\$ –	\$ –	\$ 288,379
LaRonde Zone 5 mine	21,327	(12,991)	–	–	8,336
Lapa mine	39,797	(27,870)	–	–	11,927
GolDEX mine	152,426	(78,533)	–	–	73,893
Meadowbank Complex	323,142	(211,147)	(25,128)	–	86,867
Canadian Malartic joint operation	448,526	(199,761)	(488)	(250,000)	(1,723)
Kittila mine	237,284	(157,032)	–	–	80,252
Total Northern Business	1,739,175	(915,628)	(25,616)	(250,000)	547,931
Southern Business:					
Pinos Altos mine	270,855	(138,362)	–	–	132,493
Creston Mascota mine	54,673	(37,270)	–	–	17,403
La India mine	126,518	(69,095)	–	(39,017)	18,406
Total Southern Business	452,046	(244,727)	–	(39,017)	168,302
Exploration	–	–	(112,054)	(100,676)	(212,730)
Segments totals	\$2,191,221	\$(1,160,355)	\$(137,670)	\$(389,693)	\$ 503,503
Total segments income					\$ 503,503
Corporate and other:					
Amortization of property, plant and mine development					(553,933)
General and administrative					(124,873)
Finance costs					(96,567)
Loss on derivative financial instruments					(6,065)
Environmental remediation					(14,420)
Foreign currency translation loss					(1,991)
Other income					35,294
Loss before income and mining taxes					\$(259,052)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

23. SEGMENTED INFORMATION (Continued)

The following table sets out total assets by segment:

	Total Assets as at	
	December 31, 2019	December 31, 2018
Northern Business:		
LaRonde mine	\$ 794,503	\$ 794,155
LaRonde Zone 5 mine	66,553	59,420
Lapa mine	4,128	11,654
Goldex mine	295,139	289,393
Meadowbank Complex	883,422	681,761
Meliadine mine	2,139,845	1,645,360
Canadian Malartic joint operation	1,548,564	1,550,565
Kittila mine	1,317,322	1,082,017
Total Northern Business	7,049,476	6,114,325
Southern Business:		
Pinos Altos mine	521,713	551,179
Creston Mascota mine	28,833	47,960
La India mine	264,498	315,411
Total Southern Business	815,044	914,550
Exploration	462,789	489,270
Corporate and other	462,576	334,698
Total assets	\$8,789,885	\$7,852,843

The following table sets out the carrying amount of goodwill by segment for the years ended December 31, 2019 and December 31, 2018:

	Canadian Malartic Joint Operation	Exploration	Total
Cost	\$ 597,792	\$60,000	\$ 657,792
Accumulated impairment	(250,000)	–	(250,000)
Carrying amount	\$ 347,792	\$60,000	\$ 407,792

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

23. SEGMENTED INFORMATION (Continued)

The following table sets out capital expenditures by segment:

	Capital Expenditures Year Ended December 31,	
	2019	2018
Northern Business:		
LaRonde mine	\$ 81,831	\$ 77,488
LaRonde Zone 5 mine	8,441	25,896
Goldex mine	41,356	52,857
Meadowbank Complex	267,319	202,353
Meliadine mine	165,389	398,090
Canadian Malartic joint operation	83,051	82,833
Kittila mine	171,908	173,704
Total Northern Business	819,295	1,013,221
Southern Business:		
Pinos Altos mine	39,421	40,297
Creston Mascota mine	—	19,500
La India mine	13,881	9,197
Total Southern Business	53,302	68,994
Corporate and other	10,067	6,885
Total capital expenditures	\$882,664	\$1,089,100

The following table sets out revenues from mining operations by geographic area⁽ⁱ⁾:

	Year Ended December 31,	
	2019	2018
Canada	\$1,792,693	\$1,501,891
Mexico	441,876	452,046
Finland	260,323	237,284
Total revenues from mining operations	\$2,494,892	\$2,191,221

Note:

(i) Presented based on the location of the mine from which the product originated.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

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23. SEGMENTED INFORMATION (Continued)

The following table sets out non-current assets by geographic area:

	Non-current Assets as at	
	December 31, 2019	December 31, 2018
Canada	\$5,571,885	\$4,893,840
Mexico	787,943	863,672
Finland	1,220,188	1,007,370
Sweden	13,812	13,812
United States	2,497	1,697
Total non-current assets	\$7,596,325	\$6,780,391

24. IMPAIRMENT AND IMPAIRMENT REVERSAL

Goodwill impairment tests

Canadian Malartic Joint Operation

The estimated recoverable amount of the Canadian Malartic joint operation CGU as at December 31, 2019 and 2018 was determined on the basis of fair value less costs to dispose of the Canadian Malartic mine. The estimated recoverable amount of the Canadian Malartic mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 5.00% (2018 – 5.50%). The recoverable amount calculation was based on an estimate of future production levels applying short-term gold prices of \$1,400 to \$1,500 per ounce and long-term gold prices of \$1,350 per ounce (in real terms) (2018 – short-term and long term gold prices of \$1,300), foreign exchange rates of US\$0.76:C\$1.00 to US\$0.80:C\$1.00 (2018 – US\$0.76:C\$1.00 to US\$0.80:C\$1.00), an inflation rate of 2.0% (2018 – 2.0%), and capital, operating and reclamation costs based on applicable life of mine plans. Certain mineralization was valued by a cashflow extension approach where the mineralization is expected to have sufficiently similar economics to the mineralization of the Canadian Malartic mine and adjusted for known differences, if necessary.

At December 31, 2019, the Canadian Malartic joint operation segment estimated recoverable amount exceeded its carrying amount. At December 31, 2018, as the Canadian Malartic joint operation segment's carrying amount exceeded its estimated recoverable amount, an impairment loss of \$250.0 million was recognized in the impairment (reversal) loss line item in the consolidated statements of income (loss) at December 31, 2018 to decrease the carrying amount of goodwill. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

CMC Exploration Assets

As a result of the acquisition of the additional 50.0% of the CMC Exploration Assets on March 28, 2018 (see Note 27), the Company separated the CMC Exploration Assets from the Canadian Malartic joint operation into a distinct goodwill test performed for the Exploration segment as at December 31, 2019 and 2018. The estimated recoverable amount of the CMC Exploration Assets CGU was calculated by reference to comparable market transactions or by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 7.80% (2018 – 8.25%). The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,350 per ounce (in real terms) (2018 – \$1,300), foreign exchange rates of US\$0.76:C\$1.00 to US\$0.80:C\$1.00 (2018 – US\$0.76:C\$1.00 to US\$0.80:C\$1.00), an inflation rate of 2.0% (2018 – 2.0%), and capital, operating and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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24. IMPAIRMENT AND IMPAIRMENT REVERSAL (Continued)

reclamation costs based on applicable life of mine plans. At December 31, 2019 and 2018, the CMC Exploration Assets CGU estimated recoverable amount exceeded its carrying amount.

La India Mine

As of December 31, 2019, the carrying value of goodwill attributable to the La India CGU was nil as a result of an impairment recorded in the year ended December 31, 2018.

The estimated recoverable amount of the La India mine CGU as at December 31, 2018 was determined on the basis of fair value less costs to dispose of the La India mine. The estimated recoverable amount of the La India mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 6.25% commensurate with the estimated level of risk. The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,300 per ounce (in real terms), an inflation rate of 2.0%, and capital, operating and reclamation costs based on applicable life of mine plans. Other mineral resources within the CGU were valued by reference to comparable recent transactions. As the La India mine CGU's carrying amount exceeded its estimated recoverable amount at December 31, 2018, an impairment loss of \$39.0 million was recognized in the impairment (reversal) loss line item in the consolidated statements of income (loss) at December 31, 2018 to reduce the carrying amount of goodwill to nil. The goodwill impairment was primarily due to the expected loss of value from production while the carrying value was not equally reduced through amortization. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

Impairment reversal

Meliadine Mine

In 2013, the Company performed an annual goodwill test of the Meliadine project CGU. As the Meliadine project CGU carrying amount exceeded its estimated recoverable amount, an impairment loss of \$639.3 million was recognized, of which \$200.1 million was allocated to reduce goodwill to nil with the balance allocated to other long-lived assets. In 2016, the Company identified indicators of impairment reversal and calculated the recoverable amount of the Meliadine project CGU. As the Meliadine mine CGU's estimated recoverable amount exceeded the previous carrying amount less amortization that would have been recognized had the assets not been impaired, an impairment reversal of \$83.0 million (\$53.6 million net of tax) was recognized in the impairment (reversal) loss line item in the consolidated statements of income (loss).

In 2019, the Meliadine mine achieved commercial production upon the completion of a two-year construction period that was characterized by higher risk due to uncertainty of completing the project according to plan, on time and within allocated capital plan. Subsequent to the commercial production which was achieved ahead of schedule, the Company continued to ramp up the mine for a period of time and observed that the asset performed within expectations, resulting in a reduction of the specific risk premium embedded in the calculation of the discount rate previously applied in the calculation of the recoverable amount. The reduced risk premium in conjunction with other factors that steadily improved over time, including the updated life of mine plans, long-term gold prices and increased geological confidence with respect to certain mineralization, represent an observable indication that the recoverable amount of the CGU has significantly increased. There is significant judgement involved in the determination of whether a previously recognized impairment loss should be reversed.

The estimated recoverable amount of the Meliadine mine CGU as at December 31, 2019 was determined on the basis of fair value less costs to dispose and calculated by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 5.10%. The recoverable amount calculation was based on an estimate of future production levels applying short-term gold prices of \$1,400 to \$1,500 per ounce and long-term gold prices of \$1,350 per ounce (in real terms), an inflation rate of 2.0%, and capital, operating and reclamation costs based on applicable life of mine plans. As the Meliadine mine CGU's estimated recoverable amount exceeded the previous carrying amount less amortization

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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December 31, 2019

24. IMPAIRMENT AND IMPAIRMENT REVERSAL (Continued)

that would have been recognized had the assets not been impaired, an impairment reversal of \$345.8 million (\$223.4 million net of tax) was recognized in the impairment (reversal) loss line item in the consolidated statements of income (loss). This impairment reversal, in combination with an impairment reversal recognized in 2016, represents the full reversal of prior impairment allocated to long-lived assets, as adjusted for amortization. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

In 2018, the Company did not identify any indicators of impairment reversal on long-lived assets.

Impairment loss

In 2019, the Company did not identify any indicators of impairment on long-lived assets.

El Barqueño project

In 2018, 28,000 meters of drilling was completed at the El Barqueño project in the state of Jalisco, Mexico, with a principal focus on testing new target areas. Progress on current development studies at the end of 2018 indicated that the project did not meet the Company's internal investment criteria. The Company identified this as a circumstance that suggested that the carrying amount of the El Barqueño exploration asset may exceed its recoverable amount and an impairment test was performed as at December 31, 2018. In estimating the fair value of the El Barqueño project, the Company applied a market approach using a price per gold equivalent ounce metric by reference to comparable recent transactions. As the El Barqueño project's carrying amount exceeded its estimated fair value, an impairment loss of \$101.6 million was recognized in the impairment (reversal) loss line item in the consolidated statements of income (loss) at December 31, 2018 to decrease the carrying amount of the mining property. The El Barqueño project is part of the Company's Exploration segment.

Key Assumptions

The determination of the recoverable amount with level 3 input of the fair value hierarchy, includes the following key applicable assumptions:

- Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on local government marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction;
- Gold price estimates were determined using forecasts of future prices prepared by industry analysts, which were available as at or close to the valuation date;
- Foreign exchange estimates are based on a combination of currency forward curves and estimates that reflect the outlooks of major global financial institutions;
- Estimated production levels, and future operating and capital costs are based on detailed life of mine plans and also take into account management's expected development plans.
- Estimates of the fair value attributable to mineralization in excess of life of mine plans are based on various assumptions, including determination of the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited or no comprehensive economic study has been completed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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25. INCOME AND MINING TAXES

Income and mining taxes expense is made up of the following components:

	Year Ended December 31,	
	2019	2018
Current income and mining taxes	\$112,981	\$ 98,610
Deferred income and mining taxes:		
Origination and reversal of temporary differences	152,595	(30,961)
Total income and mining taxes expense	\$265,576	\$ 67,649

The income and mining taxes expense is different from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

	Year Ended December 31,	
	2019	2018
Combined federal and composite provincial tax rates	26%	26%
Expected income tax expense (recovery) at statutory income tax rate	\$192,073	\$ (67,354)
Increase (decrease) in income and mining taxes resulting from:		
Mining taxes	92,200	42,991
Impact of foreign tax rates	(14,915)	(11,308)
Permanent differences	(2,450)	(3,599)
Impairment loss not tax deductible	–	100,736
Impact of foreign exchange on deferred income tax balances	(1,332)	6,183
Total income and mining taxes expense	\$265,576	\$ 67,649

The following table sets out the components of Agnico Eagle's net deferred income and mining tax liabilities:

	As at December 31, 2019	As at December 31, 2018
Mining properties	\$1,293,863	\$1,056,185
Net operating and capital loss carry forwards	(167,139)	(87,025)
Mining taxes	(71,507)	(72,637)
Reclamation provisions and other liabilities	(107,075)	(99,815)
Total deferred income and mining tax liabilities	\$ 948,142	\$ 796,708

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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25. INCOME AND MINING TAXES (Continued)

	As at December 31, 2019	As at December 31, 2018
Deferred income and mining tax liabilities – beginning of year	\$796,708	\$827,341
Income and mining tax impact recognized in net income	152,006	(30,671)
Income tax impact recognized in other comprehensive income (loss) and equity	(572)	38
Deferred income and mining tax liabilities – end of year	\$948,142	\$796,708

The Company operates in different jurisdictions and, accordingly, it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject, in the future, to a review of its historic income and other tax filings and, in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved.

The deductible temporary differences and unused tax losses in respect of which a deferred tax asset has not been recognized in the consolidated balance sheets are as follows:

	As at December 31, 2019	As at December 31, 2018
Net capital loss carry forwards	\$ 56,003	\$ 74,364
Other deductible temporary differences	296,425	270,590
Unrecognized deductible temporary differences and unused tax losses	\$352,428	\$344,954

The Company also has unused tax credits of \$12.7 million as at December 31, 2019 (December 31, 2018 – \$12.7 million) for which a deferred tax asset has not been recognized.

Capital loss carry forwards and other deductible temporary differences have no expiry date while the unused tax credits expire in 2020.

The Company has \$276.8 million (2018 – \$285.7 million) of taxable temporary differences associated with its investments in subsidiaries for which deferred income tax has not been recognized, as the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

The Company is subject to taxes in Canada, Mexico and Finland, each with varying statutes of limitations. Prior taxation years generally remain subject to examination by applicable taxation authorities.

26. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL

During the year ended December 31, 2019, employee benefits expense recognised in the statements of income (loss) was \$636.8 million (2018 – \$596.7 million). In 2019, there were no related party transactions other than compensation of key management personnel. In 2018, related party transactions consisted of the Company's acquisition of the CMC Exploration Assets (Note 27) and compensation of key management personnel. Key management personnel include the members of the Board and the senior leadership team.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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26. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL (Continued)

The following table sets out the compensation of key management personnel:

	Year Ended December 31,	
	2019	2018
Salaries, short-term incentives and other benefits	\$14,553	\$14,701
Post-employment benefits	1,579	1,984
Share-based payments	24,130	20,440
Total	\$40,262	\$37,125

27. ACQUISITIONS

CMC Exploration Assets

On March 28, 2018, the Company acquired 100% of the Canadian exploration assets of CMC, including the Kirkland Lake and Hammond Reef gold projects (the “CMC Exploration Assets”) by way of an asset purchase agreement (the “CMC Purchase Agreement”) dated December 21, 2017. On the closing of the transactions relating to the CMC Purchase Agreement, Agnico acquired all of Yamana’s indirect 50% interest in the CMC Exploration Assets, giving Agnico Eagle 100% ownership of the CMC Exploration Assets.

Pursuant to the CMC Purchase Agreement, the effective consideration for the CMC Exploration Assets after the distribution of the sale proceeds by CMC to its shareholders totaled \$162.5 million in cash paid at closing.

The acquisition was accounted for by the Company as an asset acquisition and transaction costs associated with the acquisition totaling \$2.9 million were capitalized to the mining properties acquired in addition to the purchase price allocation set out below.

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed, based on management’s estimates of fair value:

Total purchase price:

Cash paid for acquisition	\$162,479
Total purchase price to allocate	\$162,479

Fair value of assets acquired and liabilities assumed:

Mining properties	\$161,242
Plant and equipment	2,423
Reclamation provision	(1,186)
Net assets acquired	\$162,479

28. COMMITMENTS AND CONTINGENCIES

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2019, the total amount of these guarantees was \$420.6 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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28. COMMITMENTS AND CONTINGENCIES (Continued)

Certain of the Company's properties are subject to royalty arrangements. Set out below are the Company's most significant royalty arrangements related to operating mines:

- The Company has a royalty agreement with the Finnish government relating to the Kittila mine. Starting 12 months after the Kittila mine's operations commenced, the Company has been required to pay 2.0% net smelter return royalty, defined as revenue less processing costs. The royalty is paid on an annual basis in the following year.
- The Partnership is committed to pay a royalty on production or metal sales from certain properties in Quebec, Canada. The type of royalty agreements include, but are not limited to, net smelter return royalties, with percentages ranging from 1.5% to 5.0%.
- The Company is committed to pay 2.0% net smelter return royalty on the metal sales from the LaRonde Zone 5 mine in Quebec, Canada.
- The Company is committed to pay a 12.0% net profits interest royalty on production from the Vault pit at the Meadowbank mine in Nunavut, Canada.
- The Company is committed to pay a 1.2% net smelter return royalty on sales from the Meliadine mine in Nunavut, Canada.
- The Company is committed to two royalty arrangements on production from the Amaruq satellite deposit at the Meadowbank Complex in Nunavut, Canada. These royalty arrangements include a 1.4% net smelter return royalty and 12.0% net profits interest royalty.
- The Company is committed to pay a royalty on production from certain properties in Mexico. The type of royalty agreements include, but are not limited to, net smelter return royalties, with percentages ranging from 2.5% to 3.5% at the Pinos Altos and Creston Mascota mines and 0.5% at the La India mine.

The Company regularly enters into various earn-in and shareholder agreements, often with commitments to pay net smelter return and other royalties.

The Company had the following contractual commitments as at December 31, 2019, of which \$62.5 million related to capital expenditures:

	Contractual Commitments
2020	\$166,492
2021	8,356
2022	3,271
2023	3,270
2024	1,722
Thereafter	5,339
Total	\$188,450

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

29. ONGOING LITIGATION

On August 2, 2016, the Partnership, a general partnership jointly owned by the Company and Yamana, was served with a class action lawsuit filed in the Superior Court of Quebec with respect to allegations involving the Canadian Malartic mine. The complaint is in respect of “neighbourhood annoyances” arising from dust, noise, vibrations and blasts at the mine. The plaintiffs sought damages in an unspecified amount as well as punitive damages in the amount of C\$20 million. The class action was certified in May 2017. In November 2017, a declaratory judgment was issued allowing the Partnership to settle individually with class members for 2017 under its Good Neighbor Guide (the “Guide”). In September 2018, the Superior Court introduced an annual revision of the ending date of the class action period and a mechanism for the partial exclusion of class members, allowing the residents to individually settle for a specific period (usually a calendar year) and to opt-out from the class action for such specific period. Both of these judgments were confirmed by the Quebec Court of Appeal and the class members continued to have the option to benefit from the Guide. In January 2018, a judgment was rendered in favor of the Partnership, resulting in the removal from the class action of the pre-transaction period, spanning from August 2013 to June 16, 2014, during which the Canadian Malartic mine was not operated by the Partnership. The plaintiff did not seek leave to appeal this decision and rather added new allegations in an attempt to recapture the pre-transaction period. On July 19, 2019, the Court refused to add back the pre-transaction period based on these new allegations. An application for leave to appeal was filed by the plaintiff.

On August 15, 2016, the Partnership received notice of an application for injunction relating to the Canadian Malartic mine, which had been filed under the Environment Quality Act (Quebec). A hearing related to an interlocutory injunction was completed on March 17, 2017 and a decision of the Superior Court of Quebec dismissed the injunction.

On June 1, 2017, the Partnership was served with an application for judicial review to obtain the annulment of a governmental decree. The Partnership was an impleaded party in the proceedings. The applicant sought to obtain the annulment of a decree authorizing the expansion of the Canadian Malartic mine. Following a hearing on the merits in October 2018, the Superior Court dismissed the judicial review on May 13, 2019 and an application for leave to appeal was filed by the plaintiff on June 20, 2019 and allowed on September 19, 2019.

On October 15, 2019, an agreement in principle was announced by the parties with respect to the class action, the permanent injunction and the judicial review proceedings. A formal settlement agreement was executed on November 11, 2019 and approved by the Court on December 13, 2019. This agreement includes: (i) the reopening of the 2013 to 2018 compensation periods of the Guide for the benefit of the residents who did not individually settle for these periods under the Guide; (ii) the implementation of a new renovation program for the benefit of property owners in the South sector, whether they are class members or not; (iii) the full and final release of the Partnership for the class action period; (iv) the current compensations under the Guide as a threshold for the three upcoming compensation years (2019 to 2021); and (v) the plaintiff’s withdrawal from the injunction and the judicial review proceedings. The Court also approved certain other non-material considerations agreed by the parties before and during the settlement approval hearing held on December 11, 2019. As no appeal was filed, the judgement approving the settlement is definitive and the plaintiff consequently withdrew from the injunction and the judicial review proceedings on January 20, 2020.

30. SUBSEQUENT EVENTS

Dividends Declared

On February 13, 2020, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of \$0.20 per common share (a total value of approximately \$47.5 million), payable on March 16, 2020 to holders of record of the common shares of the Company on February 28, 2020.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)

December 31, 2019

30. SUBSEQUENT EVENTS (Continued)

Impact of COVID-19 on the Company's operations

In response to the order by the Government of Quebec, issued on March 23, 2020 (the "Order") to close all non-essential businesses in response to the COVID-19 pandemic, the Company took steps to ramp down its operations in the Abitibi region of Quebec (the LaRonde, LaRonde Zone 5, Goldex and Canadian Malartic mines) in an orderly fashion while ensuring the safety of employees and the sustainability of the infrastructure. Each of these operations are in process of being placed on care and maintenance until April 13, 2020, and, as instructed, minimal work will take place during that time. The Company is also reducing activities at the Meliadine mine and Meadowbank Complex in Nunavut, which are currently serviced out of Quebec. Further, the Company announced that exploration activities in Canada will be suspended until April 13, 2020. The duration of the suspension of operations under the Order may be extended.

There are significant uncertainties with respect to future developments and impact to the Company related to the COVID-19 pandemic, including the duration, severity and scope of the outbreak and the measures taken by governments and businesses to contain the pandemic. As a cautionary measure given the current uncertainty, in March 2020 the Company drew down \$1.0 billion on its \$1.2 billion Credit Facility.

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Shareholder Information

Auditors

Ernst & Young LLP

Solicitors

Davies Ward Phillips & Vineberg LLP
(Toronto and New York)

Listings

New York Stock Exchange and
the Toronto Stock Exchange

Stock Symbol: AEM

Corporate Head Office

Agnico Eagle Mines Limited
145 King Street East, Suite 400
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Transfer Agent

Computershare Trust Company of Canada
1-800-564-6253

Investor Relations

(416) 947-1212

Annual Meeting of Shareholders*

Friday, May 1, 2020 at 11:00 AM (E.D.T.)

Arcadian Court

401 Bay Street
Simpson Tower, 8th Floor
Toronto, Ontario, Canada

*IMPORTANT NOTICE

The Meeting is currently scheduled to take place in person. However, the Company's Board of Directors and management are assessing whether an in-person Meeting is in the best interests of the Company and its shareholders in light of the concerns raised by COVID-19. Accordingly, there is a possibility that the Meeting will be held virtually and that shareholders will not be able to attend the Meeting physically. In the event that the Company decides to hold the Meeting virtually, the Company will make a public announcement to this effect by issuing a news release as soon as reasonably practicable prior to the Meeting. The news release will contain detailed instructions explaining how shareholders will be able to attend, communicate and vote at the virtual Meeting. The news release will be posted on the Company's website at www.agnicoeagle.com and will be filed under the Company's profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Shareholders are strongly encouraged to check the Company's website, SEDAR and/or EDGAR on a regular basis to ensure that they are apprised of any and all developments with respect to the Meeting.



AGNICO EAGLE

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