

**AGNICO EAGLE MINES LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Prepared in accordance with International Financial Reporting Standards)**  
**For the Three and Nine Months Ended September 30, 2018**

This Management's Discussion and Analysis ("MD&A") dated October 25, 2018 of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 that were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). This MD&A should also be read in conjunction with the MD&A and consolidated financial statements included in the Company's Annual Report on Form 40-F for the year ended December 31, 2017 (the "Form 40-F"), prepared in accordance with IFRS. The condensed interim 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, 2017 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Business Overview**

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.

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.

### **Financial and Operating Results**

#### ***Balance Sheet Review***

Total assets as at September 30, 2018 of \$8,355.8 million increased by \$490.2 million compared with total assets of \$7,865.6 million as at December 31, 2017. Cash and cash equivalents decreased by \$112.7 million to \$520.3 million between December 31, 2017 and September 30, 2018 primarily due to \$909.4 million in capital expenditures and acquisitions, \$63.1 million in dividends paid and \$26.5 million for the repurchase of common shares for stock-based compensation plans during the first nine months of 2018, partially offset by cash provided by operating activities of \$465.4 million and the issuance of \$350.0 million guaranteed senior unsecured notes. Inventories decreased to \$491.9 million at September 30, 2018 compared with \$501.0 million at December 31, 2017 primarily due to a \$44.4 million decrease in the current portion of ore in stockpiles and on leach pads, partially offset by an increase in fuel and supplies inventory in Nunavut as a result of the summer barge season. Equity securities decreased from \$122.8 million at December 31, 2017 to \$76.2 million at September 30, 2018 due to \$37.2 million in unrealized fair value losses and \$17.8 million in disposals, partially offset by \$8.4 million in new investments during the first nine months of 2018. Other current assets increased from \$150.6 million at December 31, 2017 to \$206.5 million at September 30, 2018 primarily due to a \$41.8 million increase in prepaid expenses. Property, plant and mine development increased from \$5,626.6 million at December 31, 2017 to \$6,173.0 million at September 30, 2018 primarily due to an acquisition and additions capitalized to property,

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plant and mine development of \$963.8 million, partially offset by amortization expense of \$416.7 million during the first nine months of 2018.

Total liabilities increased to \$3,407.0 million at September 30, 2018 from \$2,918.6 million at December 31, 2017 primarily due to the issuance of \$350.0 million guaranteed senior unsecured notes on April 5, 2018. Agnico Eagle's reclamation provision increased by \$8.4 million between December 31, 2017 and September 30, 2018 primarily due to the re-measurement of the Company's reclamation provisions by applying updated expected cash flows and assumptions at September 30, 2018. Agnico Eagle's net income taxes payable position of \$3.2 million at December 31, 2017 was reduced during the first nine months of 2018 by payments to tax authorities in excess of the year to date current tax provision, resulting in a net income taxes recoverable position of \$24.5 million at September 30, 2018.

*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 condensed interim consolidated financial statements.

*Results of Operations*

Agnico Eagle reported net income of \$17.1 million, or \$0.07 per share, in the third quarter of 2018 compared with net income of \$72.5 million<sup>(i)</sup>, or \$0.31 per share<sup>(i)</sup>, in the third quarter of 2017. Agnico Eagle reported an adjusted net income of \$1.2 million, or \$0.01 per share, in the third quarter of 2018 compared with adjusted net income of \$66.5 million<sup>(i)</sup>, or \$0.29 per share<sup>(i)</sup>, in the third quarter of 2017. For a reconciliation of adjusted net income to net income as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

In the third quarter of 2018, the operating margin (revenues from mining operations less production costs) of \$241.8 million decreased compared to \$317.8 million in the third quarter of 2017 primarily due to a 5.3% decrease in the sales volume of gold, a 6.1% decrease in the realized price of gold and a 5.6% increase in production costs between periods. Gold production decreased to 421,718 ounces in the third quarter of 2018 compared with 454,362 ounces in the third quarter of 2017 primarily due to a 11.8% lower gold grade at the LaRonde mine from the expected mining sequence and an expected decrease in the tonnes of ore processed at the Meadowbank mine as it transitions through the last full year of operations. Partially offsetting the overall decrease in gold production between the third quarter of 2018 and the third quarter of 2017 was a 7.0% increase in gold grade at the Canadian Malartic mine. Cash provided by operating activities amounted to \$137.6 million in the third quarter of 2018 compared with \$194.1 million in the third quarter of 2017.

Total weighted average cash costs per ounce of gold produced amounted to \$637 on a by-product basis and \$690 on a co-product basis in the third quarter of 2018 compared with \$546 on a by-product basis and \$623 on a co-product basis in the third quarter of 2017. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

Agnico Eagle reported net income of \$67.0 million or \$0.29 per share, in the nine months ended September 30, 2018 compared with net income of \$203.3 million<sup>(i)</sup>, or \$0.89 per share<sup>(i)</sup>, in the nine months ended September 30, 2017. Agnico Eagle reported adjusted net income of \$38.0 million, or \$0.16 per share, in

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the first nine months of 2018 compared with adjusted net income of \$185.4 million<sup>(i)</sup>, or \$0.81 per share<sup>(i)</sup>, in the first nine months of 2017. For a reconciliation of adjusted net income to net income as presented in the condensed interim consolidated statements of income in accordance with IFRS, see Non-GAAP *Financial Performance Measures* in this MD&A.

In the first nine months of 2018, the operating margin (revenues from mining operations less production costs) decreased to \$777.5 million from \$907.2 million in the first nine months of 2017 primarily due to a 4.6% decrease in the sales volume of gold and a 13.7% increase in production costs between periods. Gold production decreased to 1,215,957 ounces in the first nine months of 2018 compared with 1,300,321 ounces in the first nine months of 2017 primarily due to a 21.4% lower gold grade at the Meadowbank mine and an expected decrease in the tonnes processed at the Lapa mine as it approaches the end of operations. Partially offsetting the overall decrease in gold production between the first nine months of 2018 and the first nine months of 2017 was a 11.0% higher gold grade at the Canadian Malartic mine. Cash provided by operating activities amounted to \$465.4 million in the first nine months of 2018 compared with \$600.6 million in the first nine months of 2017.

Total weighted average cash costs per ounce of gold produced amounted to \$647 on a by-product basis and \$719 on a co-product basis in the first nine months of 2018 compared with \$547 on a by-product basis and \$622 on a co-product basis in the first nine months of 2017. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see Non-GAAP Financial Performance Measures in this MD&A.

The table below sets out variances in the key drivers of net income for the three and nine months ended September 30, 2018 compared with the three and nine months ended September 30, 2017:

<u>(millions of United States dollars)</u>	<u>Three Months Ended September 30, 2018 vs. Three Months Ended September 30, 2017</u>	<u>Nine Months Ended September 30, 2018 vs. Nine Months Ended September 30, 2017</u>
Decrease in gold revenue . . . . .	\$(60.8)	\$ (36.4)
Decrease in silver revenue . . . . .	(2.4)	(5.2)
Increase in net copper revenue . . . . .	3.8	13.8
(Decrease) increase in net zinc revenue . . . . .	(1.9)	3.9
Decrease (increase) in production costs due to effects of foreign currencies . . . . .	10.7	(18.6)
Increase in production costs . . . . .	(25.4)	(87.2)
Decrease (increase) in exploration and corporate development expenses . . . . .	9.2	(0.4)
Increase in amortization of property, plant and mine development . . . . .	(25.5)	(37.4)
Increase in general and administrative expenses . . . . .	(1.4)	(7.0)
Decrease in impairment loss on equity securities . . . . .	1.4	7.2
Increase in finance costs . . . . .	(3.6)	(13.2)
Decrease in gain on derivative financial instruments <sup>(i)</sup> . . . . .	(0.7)	(10.2)
Decrease in environmental remediation costs . . . . .	0.2	0.1
Change in non-cash foreign currency translation . . . . .	5.4	8.5
Decrease in income and mining taxes <sup>(i)</sup> . . . . .	32.9	8.5
Other . . . . .	2.7	37.3
<b>Total net income variance<sup>(i)</sup> . . . . .</b>	<u><u>\$(55.4)</u></u>	<u><u>\$(136.3)</u></u>

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*Three Months Ended September 30, 2018 vs. Three Months Ended September 30, 2017*

Revenues from mining operations decreased to \$518.7 million in the third quarter of 2018 compared with \$580.0 million in the third quarter of 2017 primarily due to a 6.1% decrease in the realized price of gold and a 5.3% decrease in the sales volume of gold between periods.

Production costs were \$276.9 million in the third quarter of 2018, a 5.6% increase compared with \$262.2 million in the third quarter of 2017 primarily due to increased underground mining costs at the LaRonde and Pinos Altos mines. This was partially offset by the impact of a weaker Canadian dollar, Euro and Mexican peso relative to the US dollar.

Weighted average total cash costs per ounce of gold produced increased to \$637 on a by-product basis and \$690 on a co-product basis in the third quarter of 2018 compared with \$546 on a by-product basis and \$623 on a co-product basis in the third quarter of 2017 primarily due to decreased gold production as a result of lower gold grade at the Meadowbank mine. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

Exploration and corporate development expenses decreased to \$40.9 million in the third quarter of 2018 compared with \$50.1 million in the third quarter of 2017 primarily due to lower spending at the Amaruq project.

Amortization of property, plant and mine development increased by \$25.5 million to \$143.9 million between the third quarter of 2017 and the third quarter of 2018 primarily due to the timing of inventory at the LaRonde and Pinos Altos mines and an increase in the throughput levels at the Kittila and Canadian Malartic mines.

General and administrative expense increased to \$29.4 million during the third quarter of 2018 compared with \$28.0 million during the third quarter of 2017 primarily due to increased compensation and benefits expenses between periods.

During the third quarter of 2018, there was a non-cash foreign currency translation gain of \$1.1 million attributable to a strengthening of the Canadian dollar and Mexican peso relative to the US dollar at September 30, 2018 compared to June 30, 2018 on the Company's net monetary assets denominated in foreign currencies. A non-cash foreign currency translation loss of \$4.3 million was recorded during the comparative third quarter of 2017.

In the third quarter of 2018, the Company recorded income and mining taxes expense of \$1.4 million on income before income and mining taxes of \$18.5 million, resulting in an effective tax rate of 7.6%. In the third quarter of 2017, the Company recorded income and mining taxes expense of \$34.3 million<sup>(i)</sup> on income before income and mining taxes of \$106.7 million<sup>(i)</sup>, resulting in an effective tax rate of 32.1%. The decrease in the effective tax rate between the third quarter of 2017 and the third quarter of 2018 is primarily due to a decrease in permanent differences.

There are a number of factors that can significantly impact the Company's effective tax rate including varying rates in different jurisdictions, the non-recognition of certain tax assets, mining allowances, foreign currency exchange rate movements, changes in tax laws, the impact of specific transactions and assessments and the relative distribution of income in the Company's operating jurisdictions. As a result of these factors, the Company's effective tax rate is expected to fluctuate significantly in future periods.

*Nine Months Ended September 30, 2018 vs. Nine Months Ended September 30, 2017*

Revenues from mining operations decreased to \$1,653.4 million during the first nine months of 2018 compared with \$1,677.4 million during the first nine months of 2017 primarily due to a 4.6% decrease in the sales volume of gold. This was partially offset by a 1.8% increase in the realized price of gold and a 30.0% increase in the sales volume of zinc between periods.

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Production costs were \$875.9 million during the first nine months of 2018, a 13.7% increase compared with \$770.2 million in the first nine months of 2017 primarily due to increased underground mining costs and timing of inventory at the LaRonde and Pinos Altos mines, increased mining and milling costs at the Canadian Malartic mine and the impact of a stronger Canadian dollar and Euro relative to the US dollar. Partially offsetting the total increase in production costs between the first nine months of 2017 and the first nine months of 2018 was lower mining costs at the Lapa mine as it approaches the end of operations.

Weighted average total cash costs per ounce of gold produced increased to \$647 on a by-product basis and \$719 on a co-product basis during the first nine months of 2018 compared with \$547 on a by-product basis and \$622 on a co-product basis during the first nine months of 2017 primarily due to decreased gold production as a result of lower gold grades at the Meadowbank and Kittila mines. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

Exploration and corporate development expenses were \$110.1 million during the first nine months of 2018 compared with \$109.7 million during the first nine months of 2017 which were essentially the same.

Amortization of property, plant and mine development increased by \$37.4 million to \$416.7 million between the first nine months of 2017 and the first nine months of 2018 due to the timing of inventory at the Meadowbank, Pinos Altos and Creston Mascota mines and an increase in the throughput levels at the Kittila mine.

General and administrative expense increased to \$93.5 million during the first nine months of 2018 compared with \$86.5 million during the first nine months of 2017 primarily due to increased compensation and benefits expenses between periods.

Other income increased to \$36.6 million during the first nine months of 2018 compared with other expenses of \$0.6 million during the first nine months of 2017 primarily due to a net gain from the sale of certain non-core properties.

During the first nine months of 2018, there was a non-cash foreign currency translation gain of \$0.7 million attributable to a weakening of the Canadian dollar and European Euro versus the US dollar at September 30, 2018 relative to December 31, 2017 on the Company's net monetary liabilities denominated in foreign currencies. A non-cash foreign currency translation loss of \$7.8 million was recorded during the comparative first nine months of 2017.

In the first nine months of 2018, the Company recorded income and mining taxes expense of \$61.3 million on income before income and mining taxes of \$128.2 million, resulting in an effective tax rate of 47.8%. In the first nine months of 2017, the Company recorded income and mining taxes expense of \$69.8 million<sup>(i)</sup> on income before income and mining taxes of \$273.1 million<sup>(i)</sup>, resulting in an effective tax rate of 25.6%. The increase in the effective tax rate between the first nine months of 2017 and the first nine months of 2018 is due primarily to an increase in permanent differences and an increase in foreign exchange rate movements.

Note:

- (i) The Company has adopted IFRS 9 — *Financial instruments* ("IFRS 9") effective January 1, 2018 on a retrospective basis and the comparative amounts have been adjusted accordingly. For more information please see Note 3 in the Company's condensed interim consolidated financial statements.

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*LaRonde mine*

At the LaRonde mine, gold production decreased by 16.1% to 88,353 ounces in the third quarter of 2018 compared with 105,345 ounces in the third quarter of 2017, primarily due to lower gold grade ore being processed from the expected mining sequence. Production costs at the LaRonde mine were \$46.5 million in the third quarter of 2018, an increase of 17.1% compared with production costs of \$39.7 million in the third quarter of 2017, driven primarily by slightly higher labour costs and the timing of inventory sales.

Gold production increased by 2.5% to 262,664 ounces in the first nine months of 2018 compared with 256,347 ounces in the first nine months of 2017 at the LaRonde mine, primarily due to higher gold grade ore being processed. Production costs at the LaRonde mine were \$174.4 million in the first nine months of 2018, an increase of 33.4% compared with production costs of \$130.7 million in the first nine months of 2017, driven primarily by slightly higher labour costs, increased underground mining costs and the timing of inventory sales.

*LaRonde Zone 5 mine*

The LaRonde Zone 5 mine achieved commercial production on June 1, 2018. In the third quarter of 2018, the LaRonde Zone 5 mine produced 3,823 ounces of gold and incurred production costs of \$6.1 million. During the third quarter, ore from the LaRonde Zone 5 mine was only processed in the month of July with the remaining ore being stockpiled for processing later in 2018.

*Lapa mine*

At the Lapa mine, gold production decreased by 39.2% to 10,464 ounces in the third quarter of 2018 compared with 17,169 ounces in the third quarter of 2017, primarily due to an expected decrease in the tonnes of ore being processed. During the third quarter, ore from the Lapa mine was only processed during the months of August and September. Production costs at the Lapa mine were \$6.0 million in the third quarter of 2018, a decrease of 49.9% compared with production costs of \$12.1 million in the third quarter of 2017 driven primarily by the expected decrease in underground mining and development costs as the mine approaches the end of operations.

Gold production decreased by 44.8% to 26,719 ounces in the first nine months of 2018 compared with 48,410 ounces in the first nine months of 2017 at the Lapa mine, primarily due to an expected decrease in the tonnes of ore being processed. Production costs at the Lapa mine were \$17.3 million in the first nine months of 2018, a 52.8% decrease compared with production costs of \$36.7 million in the first nine months of 2017, driven primarily by the expected decrease in underground mining and development costs as the mine approaches the end of operations.

*Goldex mine*

At the Goldex mine, gold production increased by 8.1% to 31,255 ounces in the third quarter of 2018 compared with 28,906 ounces in the third quarter of 2017, primarily due to higher gold grade ore being processed. Production costs at the Goldex mine were \$19.3 million in the third quarter of 2018, an increase of 9.3% compared with production costs of \$17.7 million in the third quarter of 2017, driven primarily by higher underground maintenance costs during a planned shutdown and the timing of inventory.

Gold production decreased by 2.5% to 89,659 ounces in the first nine months of 2018 compared with 91,914 ounces in the first nine months of 2017 at the Goldex mine, primarily due to a decrease in the tonnes of ore being processed. Production costs at the Goldex mine were \$58.8 million in the first nine months of 2018, an increase of 19.5% compared with production costs of \$49.2 million in the first nine months of 2017, driven primarily by an increase in underground production, maintenance, contractor and consumable costs.

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*Meadowbank mine*

At the Meadowbank mine, gold production decreased by 21.4% to 68,259 ounces in the third quarter of 2018 compared with 86,821 ounces in the third quarter of 2017, primarily due to lower gold grade and a decrease in the tonnes of ore being processed as the mine transitions through the last full year of mining at site. Production costs at the Meadowbank mine were \$48.8 million in the third quarter of 2018, a decrease of 19.2% compared with production costs of \$60.5 million in the third quarter of 2017, driven primarily by decreased open pit mining and maintenance costs, partially offset by increased re-handling costs.

Gold production decreased by 29.2% to 189,333 ounces in the first nine months of 2018 compared with 267,480 ounces in the first nine months of 2017 at the Meadowbank mine, primarily due to lower gold grade and a decrease in the tonnes of ore being processed. Production costs at the Meadowbank mine were \$166.8 million in the first nine months of 2018, a decrease of 1.2% compared with production costs of \$168.9 million in the first nine months of 2017, driven primarily by decreased open pit mining and maintenance costs, partially offset by increased re-handling costs.

*Canadian Malartic mine*

Agnico Eagle and Yamana Gold Inc. ("Yamana") jointly acquired 100.0% of Osisko on June 16, 2014 by way of a statutory plan of arrangement (the "Osisko Arrangement"). As a result of the Osisko Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of Canadian Malartic Corporation ("CMC") and the Canadian Malartic General Partnership ("the Partnership" or "Canadian Malartic GP" or "CMGP"), which holds the Canadian Malartic mine in northwestern Quebec.

At the Canadian Malartic mine, attributable gold production increased by 7.9% to 88,602 ounces in the third quarter of 2018 compared with 82,097 ounces in the third quarter of 2017, primarily due to higher gold grade ore being processed. Attributable production costs at the Canadian Malartic mine were \$50.7 million in the third quarter of 2018, an increase of 12.7% compared with production costs of \$45.0 million in the third quarter of 2017, driven primarily by an increase in fuel costs resulting from higher commodity prices, partially offset by lower re-handling costs.

Attributable gold production increased by 11.8% to 263,868 ounces in the first nine months of 2018 compared with 235,988 ounces in the first nine months of 2017, primarily due to higher gold grade ore being processed. Attributable production costs at the Canadian Malartic mine were \$148.6 million in the first nine months of 2018, an increase of 14.1% compared with production costs of \$130.3 million in the first nine months of 2017, driven primarily by higher contractor costs at the mill and an increase in fuel costs resulting from higher commodity prices, partially offset by lower re-handling costs.

On August 2, 2016, the Partnership 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 are seeking 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. On December 11, 2017, hearings were completed in respect of certain preliminary matters, including the Partnership's application for partial dismissal of the class action. Judgment was rendered on the preliminary matters and the partial dismissal of the class action was granted, removing the period of August 2013 to June 2014 from the class period. The Company and the Partnership will take all necessary steps to defend themselves from this lawsuit.

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. An application for permanent injunction is currently pending. The Company and the

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Partnership have reviewed the injunction request, consider the request without merit and will take all reasonable steps to defend against this injunction. These measures include a motion for the dismissal of the application for injunction, which has been filed and will be heard at a date that has yet to be determined. While at this time the potential impacts of the injunction cannot be definitively determined, the Company expects that if the injunction were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in production and shift reductions resulting in the loss of jobs.

On June 1, 2017, the Partnership was served with an application for judicial review to obtain the annulment of a governmental decree authorizing expansion of the Canadian Malartic mine. The Partnership is an impleaded party in the proceedings. The Company and the Partnership have reviewed the application for judicial review, consider the application without merit and will take all reasonable steps to defend against this application. The hearing on the merits began on October 1, 2018. While the Company believes it is highly unlikely that the annulment will be granted, the Company expects that if the annulment were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in anticipated future production.

*Kittila mine*

At the Kittila mine, gold production decreased by 1.9% to 49,459 ounces in the third quarter of 2018 compared with 50,415 ounces in the third quarter of 2017, primarily due to lower gold grade ore being processed and a lower recovery rate. Production costs at the Kittila mine were \$39.1 million in the third quarter of 2018, an increase of 3.6% compared with production costs of \$37.8 million in the third quarter of 2017, driven primarily by higher re-handling costs.

Gold production decreased by 6.4% to 139,626 ounces in the first nine months of 2018 compared with 149,192 ounces in the first nine months of 2017 at the Kittila mine, primarily due to lower gold grade ore being processed and a lower recovery rate. Production costs at the Kittila mine were \$120.6 million in the first nine months of 2018, an increase of 9.5% compared with production costs of \$110.1 million in the first nine months of 2017, driven primarily by higher contractor and mill maintenance costs during a planned shutdown, higher re-handling costs and the strengthening of the Euro relative to the US dollar.

*Pinos Altos mine*

At the Pinos Altos mine, gold production decreased by 1.0% to 46,405 ounces in the third quarter of 2018 compared with 46,897 ounces in the third quarter of 2017, primarily due to a decrease in the tonnes of ore processed through the mill. Production costs at the Pinos Altos mine were \$33.7 million in the third quarter of 2018, an increase of 31.8% compared with production costs of \$25.6 million in the third quarter of 2017, driven primarily by higher underground mining costs and timing of inventory sales, partially offset by the weakening of the Mexican peso relative to the US dollar.

Gold production decreased by 6.1% to 131,887 ounces in the first nine months of 2018 compared with 140,453 ounces in the first nine months of 2017 at the Pinos Altos mine, primarily due to a decrease in the tonnes of ore processed through the mill. Production costs at the Pinos Altos mine were \$103.2 million in the first nine months of 2018, an increase of 32.3% compared with production costs of \$78.0 million in the first nine months of 2017, driven primarily by an increase in underground mining costs and the timing of inventory sales, partially offset by the weakening of the Mexican peso relative to the US dollar.

*Creston Mascota mine*

At the Creston Mascota mine, gold production decreased by 27.4% to 8,024 ounces in the third quarter of 2018 compared with 11,054 ounces in the third quarter of 2017, primarily due to lower gold grade and a decrease in the tonnes of ore processed as the mine transitions from the Creston Mascota deposit to the Bravo deposit. Production costs at the Creston Mascota mine were \$8.3 million in the third quarter of 2018, an increase of

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6.3% compared with production costs of \$7.8 million in the third quarter of 2017, driven primarily by the timing of inventory sales, partially offset by a decrease in mining costs and the weakening of the Mexican peso relative to the US dollar.

Gold production decreased by 16.4% to 28,728 ounces in the first nine months of 2018 compared with 34,372 ounces in the first nine months of 2017 at the Creston Mascota mine, primarily due to lower gold grade and a decrease in the tonnes of ore processed. Production costs at the Creston Mascota mine were \$28.2 million in the first nine months of 2018, an increase of 27.2% compared with production costs of \$22.2 million in the first nine months of 2017, driven primarily by the timing of inventory sales, partially offset by a decrease in mining costs and the weakening of the Mexican peso relative to the US dollar.

*La India mine*

At the La India mine, gold production increased by 7.7% to 27,074 ounces in the third quarter of 2018 compared with 25,143 ounces in the third quarter of 2017, primarily due to an increase in the gold grade ore being processed and plant optimizations completed in the period. Production costs at the La India mine were \$18.1 million in the third quarter of 2018, an increase of 13.0% compared with production costs of \$16.0 million in the third quarter of 2017, driven primarily by the timing of inventory sales, partially offset by the weakening of the Mexican peso relative to the US dollar.

Gold production decreased by 0.8% to 75,049 ounces in the first nine months of 2018 compared with 75,650 ounces in the first nine months of 2017, primarily due to lower heap leach recoveries, partially offset by an increase in the tonnes of ore processed and plant optimizations completed in the period. Production costs at the La India mine were \$51.3 million in the first nine months of 2018, an increase of 16.4% compared with production costs of \$44.1 million in the first nine months of 2017, driven primarily by increased heap leach costs resulting from a higher consumption of reagents and general materials to facilitate a higher amount of ore processed, partially offset by the weakening of the Mexican peso relative to the US dollar.

**Liquidity and Capital Resources**

As at September 30, 2018, the Company's cash and cash equivalents, short-term investments and current restricted cash totaled \$533.8 million compared with \$644.3 million at December 31, 2017. 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 \$896.4 million at September 30, 2018 compared with \$1,127.7 million at December 31, 2017.

***Operating Activities***

Cash provided by operating activities decreased to \$137.6 million in the third quarter of 2018 compared with \$194.1 million in the third quarter of 2017 primarily due to a 5.3% decrease in payable gold ounces sold and lower realized gold prices, partially offset by more favourable working capital changes between periods.

Cash provided by operating activities decreased to \$465.4 million in the first nine months of 2018 compared with \$600.6 million in the first nine months of 2017 primarily due to a 4.6% decrease in the sales volume of gold and a 13.7% increase in production costs between periods.

***Investing Activities***

Cash used in investing activities increased to \$311.9 million in the third quarter of 2018 compared with \$265.6 million in the third quarter of 2017 primarily due to a \$53.6 million increase in capital expenditures

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between periods. The increase in capital expenditures between periods is mainly attributable to construction expenditures incurred in the third quarter of 2018 related to the Meliadine project.

In the third quarter of 2018, the Company purchased \$1.1 million in equity securities compared with \$7.0 million in the third quarter of 2017. The Company's equity securities consist primarily of investments in common shares of entities in the mining industry.

Cash used in investing activities increased to \$868.0 million in the first nine months of 2018 compared with \$622.7 million in the first nine months of 2017 primarily due to an asset acquisition for \$162.5 million and a \$169.0 million increase in capital expenditures between periods, partially offset by a \$35.1 million increase in proceeds from the sale of property, plant and mine development. The increase in capital expenditures between periods is mainly attributable to construction expenditures incurred in the first nine months of 2018 related to the Meliadine project.

In the first nine months of 2018, the Company purchased \$8.7 million in equity securities and other investments compared with \$43.4 million in the first nine months of 2017. In the first nine months of 2018, the Company received net proceeds of \$16.4 million from the sale of equity securities compared with \$0.3 million in the first nine months of 2017.

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, including the Kirkland Lake and Hammond Reef Gold projects (the "Transaction") by way of an asset purchase agreement (the "Agreement") dated December 21, 2017. On the closing of the transactions relating to the Agreement, Agnico had acquired all of Yamana's indirect 50% interest in the Canadian exploration assets of CMC, giving Agnico Eagle 100% ownership of CMC's interest in the assets on closing of the Transaction. Pursuant to the Agreement, the effective consideration for the 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. ("Orla") 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 10.30% of the issued and outstanding Common Shares on a partially-diluted basis assuming exercise of the Warrants held by the Company.

#### ***Financing Activities***

Cash used in financing activities was \$14.0 million in the third quarter of 2018 compared with cash used in financing activities of \$12.1 million in the third quarter of 2017 primarily due to a \$3.5 million increase in dividend payments between periods.

Cash provided by financing activities decreased to \$292.2 million in the first nine months of 2018 compared with \$339.3 million in the first nine months of 2017 primarily due to a \$220.1 million decrease in net proceeds

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from the issuance of common shares, partially offset by a \$130.4 million decrease in the net repayment of long-term debt and a \$50.0 million increase in notes issuances between periods.

The Company issued common shares for net proceeds of \$8.1 million in the third quarter of 2018 and \$6.9 million in the third quarter of 2017 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 amounted to \$36.7 million in the first nine months of 2018 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 amounted to \$256.8 million in the first nine months of 2017 attributable to an equity issuance directly to one institutional investor, employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan.

On July 25, 2018, Agnico Eagle declared a quarterly cash dividend of \$0.11 per common share paid on September 14, 2018 to holders of record of the common shares of the Company on August 31, 2018. Agnico Eagle has declared a cash dividend every year since 1983. In the third quarter of 2018, the Company paid dividends of \$21.1 million, an increase of \$3.5 million compared to \$17.6 million paid in the third quarter of 2017. In the first nine months of 2018, the Company paid dividends of \$63.1 million, an increase of \$7.4 million compared to \$55.8 million paid in the first nine months of 2017. 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.

On April 5, 2018, the Company closed a note purchase agreement with certain institutional investors, providing for the issuance of guaranteed senior unsecured notes consisting 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 (collectively, the "2018 Notes"). Upon issuance, the 2018 Notes had a weighted average maturity of 13.9 years and weighted average yield of 4.57%.

On October 25, 2017, the Company amended its \$1.2 billion Credit Facility (the "Credit Facility") to extend the maturity date from June 22, 2021 to June 22, 2022. As at September 30, 2018, the Company's outstanding balance under the Credit Facility was nil. Credit Facility availability is reduced by outstanding letters of credit. As at September 30, 2018, \$1,200.0 million was available for future drawdown under the Credit Facility.

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 September 30, 2018, total letters of credit outstanding under the Third LC Facility amounted to \$39.8 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 September 30, 2018, total letters of credit outstanding under the Second LC Facility amounted to \$96.3 million.

On July 31, 2015, the Company amended its credit agreement with another financial institution relating to its uncommitted letter of credit facility (as amended, the "First LC Facility"). Effective September 27, 2016, the amount available under the First LC Facility was increased to C\$350.0 million. The obligations of the Company

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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 September 30, 2018, \$192.2 million had been drawn under the First LC Facility.

Agnico Eagle's indirect attributable interest in the finance lease obligations of Canadian Malartic GP include secured finance lease obligations provided in separate tranches with remaining maturities up to 2019 and an average effective annual interest rate of 4.3%. As at September 30, 2018, the Company's attributable finance lease obligations were \$2.2 million.

The Company was in compliance with all covenants contained in the Credit Facility, 2018 Notes, 2017 Notes, 2016 Notes, 2015 Note, 2012 Notes, 2010 Notes, First LC Facility, Second LC Facility, and the Third LC Facility as at September 30, 2018.

### **Risk Profile**

Volatility remains high in global financial markets and weakness in the global economy continues to have an impact on the profitability and liquidity of many businesses. Although there are signs of stabilization, the timing of a return to historical market conditions is uncertain. Weak economic conditions and volatile financial markets may have a significant impact on Agnico Eagle's cost and availability of financing and overall liquidity. The volatility in gold, silver, zinc and copper prices directly affects Agnico Eagle's revenues, earnings and cash flow. Volatile energy, commodity and consumables prices and currency exchange rates impact production costs. The volatility of global stock markets impacts the valuation of the Company's equity securities.

### **Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

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.

There have been no significant changes in the Company's internal control over financial reporting in the third quarter of 2018 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting.

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**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 condensed interim consolidated statements of income 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. Beginning in 2016, the Company began to exclude stock based compensation expense from the calculation of adjusted net income. Stock option expense for the three months ended September 30, 2018 was \$3.9 million (three months ended September 30, 2017 — \$3.7 million). Stock option expense for the nine months ended September 30, 2018 was \$15.5 million (nine months ended September 30, 2017 — \$15.1 million).

<u>(thousands of United States dollars)</u>	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2018</u>	<u>2017<sup>(i)</sup></u>	<u>2018</u>	<u>2017<sup>(i)</sup></u>
<b>Net income for the period</b> . . . . .	\$17,053	\$72,469	\$ 66,955	\$203,295
Impairment loss on equity securities . . . . .	—	1,432	—	7,246
Foreign currency translation (gain) loss . . . . .	(1,056)	4,322	(666)	7,821
Gain on derivative financial instruments . . . . .	(8,143)	(8,830)	(5,009)	(15,207)
Income and mining taxes adjustments <sup>(ii)</sup> . . . . .	(7,724)	(4,295)	124	(27,022)
Other <sup>(iii)</sup> . . . . .	1,051	1,422	(23,368)	9,256
<b>Adjusted net income for the period</b> . . . . .	<u>\$ 1,181</u>	<u>\$66,520</u>	<u>\$ 38,036</u>	<u>\$185,389</u>
Net income per share — basic . . . . .	\$ 0.07	\$ 0.31	\$ 0.29	\$ 0.89
Net income per share — diluted . . . . .	\$ 0.07	\$ 0.31	\$ 0.29	\$ 0.88
Adjusted net income per share — basic . . . . .	\$ 0.01	\$ 0.29	\$ 0.16	\$ 0.81
Adjusted net income per share — diluted . . . . .	\$ 0.01	\$ 0.28	\$ 0.16	\$ 0.80

Notes:

- (i) The Company has adopted IFRS 9 effective January 1, 2018 on a retrospective basis and the comparative amounts above have been adjusted accordingly. For more information please see Note 3 in the Company's condensed interim consolidated financial statements.
- (ii) Income and mining tax 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 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, gains and losses on the disposal of assets and other non-recurring items.

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***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.

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). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the condensed interim consolidated statements of income 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. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. 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. 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 cost 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 is calculated by adjusting production costs as shown in the condensed interim consolidated statements of income 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 measure can be impacted by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations. Management also uses minesite costs per tonne 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 production costs prepared in accordance with IFRS.

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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 condensed interim consolidated statements of income in accordance with IFRS.

**Total Production Costs by Mine**

(thousands of United States dollars)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
LaRonde mine . . . . .	\$ 46,519	\$ 39,726	\$174,363	\$130,732
LaRonde Zone 5 mine . . . . .	6,144	—	6,665	—
Lapa mine . . . . .	6,044	12,064	17,329	36,713
Goldex mine . . . . .	19,299	17,659	58,826	49,230
Meadowbank mine . . . . .	48,844	60,484	166,817	168,859
Canadian Malartic mine <sup>(i)</sup> . . . . .	50,736	45,020	148,613	130,273
Kittila mine . . . . .	39,142	37,787	120,617	110,126
Pinos Altos mine . . . . .	33,714	25,582	103,156	77,974
Creston Mascota mine . . . . .	8,327	7,836	28,204	22,175
La India mine . . . . .	18,093	16,015	51,293	44,071
Production costs per the condensed interim consolidated statements of income . . . . .	<u>\$276,862</u>	<u>\$262,173</u>	<u>\$875,883</u>	<u>\$770,153</u>

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

(thousands of United States dollars, except as noted)

LaRonde Mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		88,353		105,345		262,664		256,347
Production costs . . . . .	\$ 46,519	\$ 527	\$ 39,726	\$ 377	\$ 174,363	\$ 664	\$ 130,732	\$ 510
Inventory and other adjustments <sup>(iv)</sup> . . . . .	8,724	98	13,462	128	(9,143)	(35)	24,141	94
Cash operating costs (co-product basis) . . . . .	\$ 55,243	\$ 625	\$ 53,188	\$ 505	\$ 165,220	\$ 629	\$ 154,873	\$ 604
By-product metal revenues . . . . .	(9,871)	(111)	(18,636)	(177)	(48,083)	(183)	(48,948)	(191)
Cash operating costs (by-product basis) . . . . .	<u>\$ 45,372</u>	<u>\$ 514</u>	<u>\$ 34,552</u>	<u>\$ 328</u>	<u>\$ 117,137</u>	<u>\$ 446</u>	<u>\$ 105,925</u>	<u>\$ 413</u>

LaRonde Mine Per Tonne <sup>(iii)</sup>	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		555		582		1,593		1,661
Production costs . . . . .	\$ 46,519	\$ 84	\$ 39,726	\$ 68	\$ 174,363	\$ 109	\$ 130,732	\$ 79
Production costs (C\$) . . . . .	C\$ 60,780	C\$ 110	C\$ 54,305	C\$ 93	C\$222,803	C\$ 140	C\$175,103	C\$ 105
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	5,958	10	4,405	8	(31,362)	(20)	2,846	2
Minesite operating costs (C\$) . . . . .	<u>C\$ 66,738</u>	<u>C\$ 120</u>	<u>C\$ 58,710</u>	<u>C\$ 101</u>	<u>C\$191,441</u>	<u>C\$ 120</u>	<u>C\$177,949</u>	<u>C\$ 107</u>

LaRonde Zone 5 Mine Per Ounce of Gold Produced <sup>(ii)(vi)</sup>	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		3,823		—		8,424		—
Production costs . . . . .	\$ 6,144	\$ 1,607	\$ —	\$ —	\$ 6,665	\$ 791	\$ —	\$ —
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(2,709)	(708)	—	—	432	52	—	—
Cash operating costs (co-product basis) . . . . .	\$ 3,435	\$ 899	\$ —	\$ —	\$ 7,097	\$ 843	\$ —	\$ —
By-product metal revenues . . . . .	(7)	(2)	—	—	(7)	(1)	—	—
Cash operating costs (by-product basis) . . . . .	<u>\$ 3,428</u>	<u>\$ 897</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,090</u>	<u>\$ 842</u>	<u>\$ —</u>	<u>\$ —</u>

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<b>LaRonde Zone 5 Mine Per Tonne<sup>(iii)(vii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		54		—		110		—
Production costs . . . . .	\$ 6,144	\$ 114	\$ —	\$ —	\$ 6,665	\$ 61	\$ —	\$ —
Production costs (C\$) . . . . .	C\$ 8,001	C\$ 148	C\$ —	C\$ —	C\$ 8,682	C\$ 79	C\$ —	C\$ —
Inventory and other adjustments (C\$) <sup>(v)</sup>	(3,427)	(63)	—	—	675	6	—	—
Minesite operating costs (C\$) . . . . .	C\$ 4,574	C\$ 85	C\$ —	C\$ —	C\$ 9,357	C\$ 85	C\$ —	C\$ —
<b>Lapa Mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		10,464		17,169		26,719		48,410
Production costs . . . . .	\$ 6,044	\$ 578	\$ 12,064	\$ 703	\$ 17,329	\$ 649	\$ 36,713	\$ 758
Inventory and other adjustments <sup>(v)</sup> . . . . .	5,066	484	57	3	7,160	268	(83)	(1)
Cash operating costs (co-product basis)	\$ 11,110	\$ 1,062	\$ 12,121	\$ 706	\$ 24,489	\$ 917	\$ 36,630	\$ 757
By-product metal revenues . . . . .	(4)	(1)	(5)	—	(13)	(1)	(99)	(2)
Cash operating costs (by-product basis)	\$ 11,106	\$ 1,061	\$ 12,116	\$ 706	\$ 24,476	\$ 916	\$ 36,531	\$ 755
<b>Lapa Mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		116		134		242		398
Production costs . . . . .	\$ 6,044	\$ 52	\$ 12,064	\$ 90	\$ 17,329	\$ 72	\$ 36,713	\$ 92
Production costs (C\$) . . . . .	C\$ 7,771	C\$ 67	C\$ 15,288	C\$ 113	C\$ 22,166	C\$ 92	C\$ 48,337	C\$ 121
Inventory and other adjustments (C\$) <sup>(v)</sup>	6,535	56	(51)	—	9,196	38	(527)	(1)
Minesite operating costs (C\$) . . . . .	C\$ 14,306	C\$ 123	C\$ 15,237	C\$ 113	C\$ 31,362	C\$ 130	C\$ 47,810	C\$ 120
<b>Goldex Mine Per Ounce of Gold Produced<sup>(ii)(viii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		31,255		28,906		89,659		83,873
Production costs . . . . .	\$ 19,299	\$ 617	\$ 17,659	\$ 611	\$ 58,826	\$ 656	\$ 49,230	\$ 587
Inventory and other adjustments <sup>(v)</sup> . . . . .	(187)	(6)	(381)	(13)	(163)	(2)	(940)	(11)
Cash operating costs (co-product basis)	\$ 19,112	\$ 611	\$ 17,278	\$ 598	\$ 58,663	\$ 654	\$ 48,290	\$ 576
By-product metal revenues . . . . .	(5)	—	(6)	—	(19)	—	(21)	—
Cash operating costs (by-product basis)	\$ 19,107	\$ 611	\$ 17,272	\$ 598	\$ 58,644	\$ 654	\$ 48,269	\$ 576
<b>Goldex Mine Per Tonne<sup>(iii)(ix)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		616		657		1,914		1,803
Production costs . . . . .	\$ 19,299	\$ 31	\$ 17,659	\$ 27	\$ 58,826	\$ 31	\$ 49,230	\$ 27
Production costs (C\$) . . . . .	C\$ 25,157	C\$ 41	C\$ 22,231	C\$ 34	C\$ 75,712	C\$ 40	C\$ 64,356	C\$ 36
Inventory and other adjustments (C\$) <sup>(v)</sup>	(99)	—	427	—	225	—	(257)	—
Minesite operating costs (C\$) . . . . .	C\$ 25,058	C\$ 41	C\$ 22,658	C\$ 34	C\$ 75,937	C\$ 40	C\$ 64,099	C\$ 36

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<b>Meadowbank Mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		68,259		86,821		189,333		267,480
Production costs . . . . .	\$ 48,844	\$ 716	\$ 60,484	\$ 697	\$ 166,817	\$ 881	\$ 168,859	\$ 631
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(945)	(14)	(2,199)	(26)	(5,592)	(29)	(4,622)	(17)
Cash operating costs (co-product basis)	\$ 47,899	\$ 702	\$ 58,285	\$ 671	\$ 161,225	\$ 852	\$ 164,237	\$ 614
By-product metal revenues . . . . .	(514)	(8)	(919)	(10)	(2,314)	(13)	(3,284)	(12)
Cash operating costs (by-product basis)	\$ 47,385	\$ 694	\$ 57,366	\$ 661	\$ 158,911	\$ 839	\$ 160,953	\$ 602
<b>Meadowbank Mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		888		939		2,562		2,861
Production costs . . . . .	\$ 48,844	\$ 55	\$ 60,484	\$ 64	\$ 166,817	\$ 65	\$ 168,859	\$ 59
Production costs (C\$) . . . . .	C\$ 64,489	C\$ 73	C\$ 77,233	C\$ 82	C\$214,629	C\$ 84	C\$221,168	C\$ 77
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	474	—	9	—	(5,153)	(2)	(2,885)	(1)
Minesite operating costs (C\$) . . . . .	C\$ 64,963	C\$ 73	C\$ 77,242	C\$ 82	C\$209,476	C\$ 82	C\$218,283	C\$ 76
<b>Canadian Malartic Mine<sup>(i)</sup> Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		88,602		82,097		263,868		235,988
Production costs . . . . .	\$ 50,736	\$ 573	\$ 45,020	\$ 548	\$ 148,613	\$ 563	\$ 130,273	\$ 552
Inventory and other adjustments <sup>(iv)</sup> . . . . .	1,632	18	3,624	44	3,846	15	5,513	23
Cash operating costs (co-product basis)	\$ 52,368	\$ 591	\$ 48,644	\$ 592	\$ 152,459	\$ 578	\$ 135,786	\$ 575
By-product metal revenues . . . . .	(1,652)	(19)	(1,300)	(15)	(5,198)	(20)	(4,166)	(17)
Cash operating costs (by-product basis)	\$ 50,716	\$ 572	\$ 47,344	\$ 577	\$ 147,261	\$ 558	\$ 131,620	\$ 558
<b>Canadian Malartic Mine<sup>(i)</sup> Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		2,557		2,528		7,700		7,564
Production costs . . . . .	\$ 50,736	\$ 20	\$ 45,020	\$ 18	\$ 148,613	\$ 19	\$ 130,273	\$ 17
Production costs (C\$) . . . . .	C\$ 65,891	C\$ 26	C\$ 56,303	C\$ 22	C\$191,194	C\$ 25	C\$170,167	C\$ 22
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	2,134	—	3,787	2	5,212	—	5,658	1
Minesite operating costs (C\$) . . . . .	C\$ 68,025	C\$ 26	C\$ 60,090	C\$ 24	C\$196,406	C\$ 25	C\$175,825	C\$ 23
<b>Kittila Mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		49,459		50,415		139,626		149,192
Production costs . . . . .	\$ 39,142	\$ 791	\$ 37,787	\$ 750	\$ 120,617	\$ 864	\$ 110,126	\$ 738
Inventory and other adjustments <sup>(iv)</sup> . . . . .	1,117	23	264	5	1,910	14	322	2
Cash operating costs (co-product basis)	\$ 40,259	\$ 814	\$ 38,051	\$ 755	\$ 122,527	\$ 878	\$ 110,448	\$ 740
By-product metal revenues . . . . .	(44)	(1)	(69)	(2)	(154)	(2)	(153)	(1)
Cash operating costs (by-product basis)	\$ 40,215	\$ 813	\$ 37,982	\$ 753	\$ 122,373	\$ 876	\$ 110,295	\$ 739

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<b>Kittila Mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		474		429		1,365		1,291
Production costs . . . . .	\$ 39,142	\$ 83	\$ 37,787	\$ 88	\$ 120,617	\$ 88	\$ 110,126	\$ 85
Production costs (€) . . . . .	€ 33,643	€ 71	€ 32,734	€ 76	€ 101,480	€ 74	€ 98,586	€ 76
Inventory and other adjustments (€) <sup>(v)</sup> . . . . .	526	1	287	1	955	1	65	—
Minesite operating costs (€) . . . . .	€ 34,169	€ 72	€ 33,021	€ 77	€ 102,435	€ 75	€ 98,651	€ 76
<b>Pinos Altos Mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		46,405		46,897		131,887		140,453
Production costs . . . . .	\$ 33,714	\$ 727	\$ 25,582	\$ 545	\$ 103,156	\$ 782	\$ 77,974	\$ 555
Inventory and other adjustments <sup>(v)</sup> . . . . .	(28)	(1)	3,986	85	(2,335)	(18)	7,189	51
Cash operating costs (co-product basis)	\$ 33,686	\$ 726	\$ 29,568	\$ 630	\$ 100,821	\$ 764	\$ 85,163	\$ 606
By-product metal revenues . . . . .	(8,969)	(193)	(11,937)	(254)	(27,019)	(204)	(33,295)	(237)
Cash operating costs (by-product basis)	\$ 24,717	\$ 533	\$ 17,631	\$ 376	\$ 73,802	\$ 560	\$ 51,868	\$ 369
<b>Pinos Altos Mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes) . . . . .		508		587		1,630		1,760
Production costs . . . . .	\$ 33,714	\$ 66	\$ 25,582	\$ 44	\$ 103,156	\$ 63	\$ 77,974	\$ 44
Inventory and other adjustments <sup>(v)</sup> . . . . .	(104)	—	4,285	7	(2,575)	(1)	7,056	4
Minesite operating costs . . . . .	\$ 33,610	\$ 66	\$ 29,867	\$ 51	\$ 100,581	\$ 62	\$ 85,030	\$ 48
<b>Creston Mascota Mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		8,024		11,054		28,728		34,372
Production costs . . . . .	\$ 8,327	\$ 1,038	\$ 7,836	\$ 709	\$ 28,204	\$ 982	\$ 22,175	\$ 645
Inventory and other adjustments <sup>(v)</sup> . . . . .	447	55	88	8	730	25	523	15
Cash operating costs (co-product basis)	\$ 8,774	\$ 1,093	\$ 7,924	\$ 717	\$ 28,934	\$ 1,007	\$ 22,698	\$ 660
By-product metal revenues . . . . .	(784)	(97)	(937)	(85)	(3,581)	(125)	(3,167)	(92)
Cash operating costs (by-product basis)	\$ 7,990	\$ 996	\$ 6,987	\$ 632	\$ 25,353	\$ 882	\$ 19,531	\$ 568
<b>Creston Mascota Mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended September 30, 2018</b>		<b>Three Months Ended September 30, 2017</b>		<b>Nine Months Ended September 30, 2018</b>		<b>Nine Months Ended September 30, 2017</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes) . . . . .		309		518		1,039		1,638
Production costs . . . . .	\$ 8,327	\$ 27	\$ 7,836	\$ 15	\$ 28,204	\$ 27	\$ 22,175	\$ 14
Inventory and other adjustments <sup>(v)</sup> . . . . .	262	1	22	—	372	—	305	—
Minesite operating costs . . . . .	\$ 8,589	\$ 28	\$ 7,858	\$ 15	\$ 28,576	\$ 27	\$ 22,480	\$ 14

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La India Mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		27,074		25,143		75,049		75,650
Production costs . . . . .	\$ 18,093	\$ 668	\$ 16,015	\$ 637	\$ 51,293	\$ 683	\$ 44,071	\$ 583
Inventory and other adjustments <sup>(iv)</sup> . . . . .	1,061	39	1,528	61	1,842	25	1,901	25
Cash operating costs (co-product basis)	\$ 19,154	\$ 707	\$ 17,543	\$ 698	\$ 53,135	\$ 708	\$ 45,972	\$ 608
By-product metal revenues . . . . .	(606)	(22)	(1,022)	(41)	(1,982)	(26)	(4,569)	(61)
Cash operating costs (by-product basis)	\$ 18,548	\$ 685	\$ 16,521	\$ 657	\$ 51,153	\$ 682	\$ 41,403	\$ 547

La India Mine Per Tonne <sup>(iii)</sup>	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017		Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes) . . . . .		1,426		1,542		4,677		4,273
Production costs . . . . .	\$ 18,093	\$ 13	\$ 16,015	\$ 10	\$ 51,293	\$ 11	\$ 44,071	\$ 10
Inventory and other adjustments <sup>(iv)</sup> . . . . .	816	—	1,097	1	1,129	—	779	—
Minesite operating costs . . . . .	\$ 18,909	\$ 13	\$ 17,112	\$ 11	\$ 52,422	\$ 11	\$ 44,850	\$ 10

Notes:

- (i) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (ii) 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. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the condensed interim consolidated statements of income for by-product metal revenues, inventory production costs, smelting, refining and marketing charges, other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. 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 Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. 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. This measure is calculated by adjusting production costs as shown in the condensed interim consolidated statements of income for inventory production costs and other adjustments, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be affected by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides 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.

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- (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 LaRonde Zone 5 mine's per ounce of gold production calculations exclude 515 ounces for the three and nine months ended September 30, 2017 of payable gold production and the associated costs which were produced prior to the achievement of commercial production on June 1, 2018.
- (vii) The LaRonde Zone 5 mine's per tonne calculations exclude 7,709 tonnes for the three and nine months ended September 30, 2017 and the associated costs which were processed prior to the achievement of commercial production on June 1, 2018.
- (viii) The Goldex mine's data presented on a per ounce of gold produced basis for the nine months ended September 30, 2017 excludes 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 data presented on a per tonne basis for the nine months ended September 30, 2017 excludes 175,514 tonnes processed and the associated costs related to the Deep 1 Zone which were processed prior to the achievement of commercial production.

***All-in Sustaining Costs per Ounce of Gold Produced***

All-in sustaining 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 Company believes that this measure provides 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 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). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining 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 following table sets out a reconciliation of production costs to all-in sustaining costs per ounce of gold produced for the three and nine months ended September 30, 2018 and September 30, 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).

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**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)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Production costs per the condensed interim consolidated statements of income (thousands of United States dollars) . . . . .	\$276,862	\$262,173	\$ 875,883	\$ 770,153
Adjusted gold production (ounces) <sup>(i)(ii)</sup> . . . . .	421,718	453,847	1,215,957	1,291,765
Production costs per ounce of adjusted gold production <sup>(i)(ii)</sup> . . . . .	\$ 657	\$ 578	\$ 720	\$ 596
Adjustments:				
Inventory and other adjustments <sup>(iii)</sup> . . . . .	33	45	(1)	26
Total cash costs per ounce of gold produced (co-product basis) <sup>(iv)</sup> . . . . .	\$ 690	\$ 623	\$ 719	\$ 622
By-product metal revenues . . . . .	(53)	(77)	(72)	(75)
Total cash costs per ounce of gold produced (by-product basis) <sup>(iv)</sup> . . . . .	\$ 637	\$ 546	\$ 647	\$ 547
Adjustments:				
Sustaining capital expenditures (including capitalized exploration) . . . . .	139	178	157	155
General and administrative expenses (including stock options) . . . . .	70	62	77	67
Non-cash reclamation provision and other . . . . .	2	3	4	3
All-in sustaining costs per ounce of gold produced (by-product basis) . . . . .	\$ 848	\$ 789	\$ 885	\$ 772
By-product metal revenues . . . . .	53	77	72	75
All-in sustaining costs per ounce of gold produced (co-product basis) . . . . .	\$ 901	\$ 866	\$ 957	\$ 847

Notes:

- (i) Adjusted gold production for the nine months ended September 30, 2017 excludes 8,041 ounces of payable gold production at the Goldex mine's Deep 1 Zone which were produced prior to the achievement of commercial production.
- (ii) Adjusted gold production for the three and nine months ended September 30, 2017 exclude 515 ounces of payable gold production at the LaRonde Zone 5 mine which were produced prior to the achievement of commercial production on June 1, 2018.
- (iii) 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 include the addition of smelting, refining and marketing charges to production costs.
- (iv) 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. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the condensed interim consolidated statements of income for by-product metal revenues, inventory production costs, smelting, refining and marketing charges, other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. 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 Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. 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.