

**AGNICO EAGLE MINES LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Prepared in accordance with International Financial Reporting Standards)**  
**For the Three and Six Months Ended June 30, 2020**

This Management's Discussion and Analysis ("MD&A") dated July 29, 2020 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 six months ended June 30, 2020 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 Company's annual Management's Discussion and Analysis ("Annual MD&A") and annual consolidated financial statements ("Annual Financial Statements") filed with Canadian securities regulators and included in the Company's Annual Report on Form 40-F for the year ended December 31, 2019 (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 is included in the Company's Annual Information Form for the year ended December 31, 2019 (the "AIF"). The Form 40-F is on file with the Securities and Exchange Commission ("SEC") at [www.sec.gov/edgar](http://www.sec.gov/edgar) and the AIF, Annual MD&A and Annual Financial Statements are available on the Canadian Securities Administrators' (the "CSA") SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Certain statements contained in this MD&A 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 MD&A, the words "anticipate", "could", "estimate", "expect", "forecast", "future", "plan", "possible", "potential", "will" and similar expressions are intended to identify forward-looking statements. Such statements include, without limitation:

- statements regarding the Company's plans to resume operations following temporary suspensions of operations related to the COVID-19 pandemic, including the timing thereof and impacts on anticipated gold production and costs, as well as expected activities while such suspensions are ongoing;
- 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;
- the Company's forward-looking production outlook, 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, and cash flows;
- the estimated timing and conclusions of technical studies and evaluations;
- the methods by which ore will be extracted or processed;
- statements concerning the Company's expansion plans at the Kittila mine, Meliadine mine's Phase 2 project and Amaruq deposit's Phase 2 project, and the Company's ramp up of activities at the Meliadine mine, and Amaruq's deposit, 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, other expenditures and other cash needs, financing costs and expectations as to the funding or reductions thereof;
- estimates of future mineral reserves, mineral resources, mineral production, optimization efforts and sales;

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- 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 the Company's ability to obtain the necessary permits and authorizations in connection with its proposed or current exploration, development and mining operations and the anticipated timing thereof;
- statements regarding anticipated future exploration;
- the anticipated timing of events with respect to the Company's mine sites;
- statements regarding the sufficiency of the Company's cash resources;
- statements regarding the Company's future effective tax rate, and the influences on such tax rate;
- future dividend amounts and payment dates; and
- 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 MD&A 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 this MD&A, 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 the Company's Annual MD&A and AIF filed with Canadian securities regulators and that are included in the Form 40-F filed with the SEC as well as: the return to normal operations at all of the Company's mine sites following measures being put in place in response to the COVID-19 pandemic; that governments, the Company or others do not take additional 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 cautionary measures taken in connection with the COVID-19 pandemic do not affect productivity; that measures taken relating to, or other effects of, the COVID-19 pandemic do not affect the Company's ability to obtain necessary supplies and deliver them to its mine sites; that there are no other 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 the LaRonde mine and other properties are 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, whether directly or through effects on 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,

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supply availability, ability to sell or deliver gold dore bars or concentrate, availability of insurance and the cost thereof, the ability to procure inputs required for the Company's operations and projects or other aspects of the Company's business; 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 actions or 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 MD&A, see the AIF and Annual MD&A 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.

**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.

### **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.

### **Recent Developments**

#### *Impact of COVID-19 on the Company's Business and Operations*

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 related to COVID-19, may affect the Company cannot be predicted with certainty.

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During the second quarter of 2020, the majority of the Company's mines experienced either temporary shutdowns or reduced activity levels related to government mandated COVID-19 restrictions. All operations were subsequently restarted in a timely manner during the quarter, with production progressively ramping up to more "steady state" levels in June at all operations. Exploration activities and capital expenditure programs at operating mine sites and certain projects were also affected. During the government-mandated suspensions, the Company paid the base salaries of employees affected in Canada and Mexico.

In response to an order by the Government of Quebec, issued on March 23, 2020 (the "Quebec Order") to close all non-essential businesses as a result of 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). The Quebec Order was part of the Quebec government's response to the COVID-19 pandemic. During the period, each of these operations remained on temporary suspension, and minimal work took place. Commencing on April 15, 2020, the Company restarted operations in the Abitibi region and ramped up production gradually to regular capacity over the course of the second quarter of 2020.

As a result of the Quebec Order, the Company significantly reduced activities at the Meliadine mine and Meadowbank Complex in Nunavut, which are fly-in/fly-out mining camps, serviced out of Quebec. During the period of reduced operations, the focus was on reducing maintenance backlog and advancing open pit mine development at the Meadowbank Complex as well as reducing paste backfilling backlog at the Meliadine mine to position both operations for the successful ramp-up upon activity levels returning to normal. Mining and milling activities in the Nunavut operations gradually returned to normal schedule and were ramped up to full capacity in June 2020.

Following the declaration of a state of public health emergency relating to COVID-19 by the Government of Nunavut, the Company also decided to send home its Nunavut-based workforce from its Meliadine and Meadowbank operations as well as its exploration projects, as part of an effort to limit the risk of spread of COVID-19 in Nunavut. There is currently no set date for the Nunavut-based workforce to return to work. The Company is in regular discussions with community leaders, the Nunavut chief medical officer and local government officials to establish when and how a return to work could be accomplished.

On April 2, 2020 the Government of Mexico issued a decree (the "Decree") relating to the COVID-19 pandemic requiring that all non-essential businesses suspend operations until April 30, 2020 which was subsequently extended to May 30, 2020. In response to the Decree, mining operations at the Company's Mexico operations (Pinos Altos, Creston Mascota and La India mines) were ramped down. Most of the activity at these operations were suspended by the Company with the exception of heap leaching at the Creston Mascota and La India mines. The Company was permitted to re-start operations on May 18, 2020 and gradually ramped up production to normal levels at all mines by the end of June 2020.

The government of Finland did not mandate the suspension of business activities to respond to the COVID-19 pandemic. With the exception of a 3-day mine shutdown in April 2020 to manage one positive COVID-19 case, underground and mill operations operated at normal levels in the course of the second quarter of 2020 under new preventive and safety protocols. However, as a result of travel restrictions, shaft sinking activities were delayed and resumed in July 2020. Completion is expected to be delayed four to five months.

In response to each region's government mandated restrictions, exploration drilling at certain projects was temporarily suspended and exploration offices were closed during the course of the second quarter of 2020. By the end of June 2020, most sites restarted their activities, with the focus on pipeline projects, near mine opportunities and reserve and resource replacement.

As a cautionary measure, in March 2020, the Company drew down \$1,000.0 million on its \$1,200.0 million Credit Facility. Over the course of the second quarter of 2020, the Company repaid \$750.0 million outstanding on its Credit Facility. Subsequent to the end of the second quarter of 2020, in late July, based on existing market

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conditions and the timing of the production ramp up of its operating mines, the Company repaid the remaining \$250.0 million outstanding on its Credit Facility.

As a result of the COVID-19 pandemic, the Company took action to help prevent the spread of the outbreak at its sites and protect its employees, contractors and the communities in which it operates. The enhanced health and safety measures included:

- screening employees and contractors entering the Company's sites for potential symptoms of COVID-19, including setting up a mobile laboratory for on-site testing for COVID-19 at the Nunavut sites;
- adopting isolation protocols for people exhibiting symptoms, or who have traveled recently or who were in close contact with a confirmed or probable COVID-19 case;
- contact tracing of individuals that may have been exposed to the virus;
- increasing cleaning and disinfection services in lunchrooms, change areas and workplaces; and
- modifying of mining protocols to facilitate physical distancing.

Some of the measures implemented to manage the COVID-19 outbreak are expected to remain in place for the foreseeable future and will increase the production costs at the Company's operations. These costs relate mostly to increased sanitizing personnel, personal protective equipment ("PPE"), testing of employees, contractors, rental of trailers for screening, additional employee transportation and supplies and health support to surrounding communities. For the three and six months ended June 2020, the Company has incurred direct and incremental COVID-19 costs of \$2.3 million, of which almost all are presented in the production costs line item in the condensed interim consolidated statements of income.

Due to border closures and travel restrictions imposed by federal, provincial, state and local governments, the Company suspended non-essential travel for all employees, including non-essential visits to the Company's mines and projects. The Company also initially instituted a change to the shift rotation of its employees at Nunavut sites, which operate as fly-in/fly-out camps, to 28 days from 14 days to increase the safety of its employees and the communities; however, with the new screening and testing protocols in place, the shift rotation went back to the usual 14 days in June 2020. In addition, while the Company's corporate office and regional offices were initially closed, and employees were requested to work from home, these offices were subsequently re-opened under new hygiene and physical distancing protocols. As employees whose work does not require physical presence in the office continue to work remotely, the Company has utilized various technology solutions to limit the adverse impact of travel restrictions and remote work arrangements on the Company's ability to operate and adhere to its business goals. Further measures taken by governments, the Company or others related to COVID-19 may adversely affect workforce productivity and availability, including the ability to transport personnel to the Meadowbank Complex and Meliadine mine.

The Company continues to assess the logistics challenges to its supply chain and distribution methods to deliver its dore bar and concentrate products from mines to third-party refineries and smelters. The Company has observed minimal impact to the supply chain to date. The Company has sufficient stock of critical components and has worked closely with its key suppliers to secure future orders of materials. Inventory of PPE, tires, cyanide, reagents and other critical parts has been increased at all sites. The sealift season, delivering materials and equipment to Nunavut operations, is underway with no significant interruption. Similarly, the Company has not experienced significant disruption to its distribution network and ability to deliver its products to smelting and refining facilities or ability to sell finished products to its customers. However, further measures taken by governments, the Company or others related to COVID-19 may adversely affect the Company's availability of supplies or its ability to sell or deliver gold dore bars or concentrate.

There are significant uncertainties with respect to future developments and impact on the Company related to the COVID-19 pandemic, including the duration, severity and scope of the outbreak and the measures taken by

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governments the Company and others in response to the pandemic. While the Company worked closely with the authorities and mining associations to have mining classified as an essential business both by the Quebec and Mexican governments, further suspension of operations may be required by the Company in response to additional government measures or other measures that the Company otherwise deems appropriate.

## **Financial and Operating Results**

### *Operating Results*

Agnico Eagle reported net income of \$105.3 million, or \$0.44 per share, in the second quarter of 2020, compared with net income of \$27.8 million, or \$0.12 per share, in the second quarter of 2019. Agnico Eagle reported adjusted net income of \$44.3 million, or \$0.18 per share, in the second quarter of 2020 compared with adjusted net income of \$22.7 million, or \$0.10 per share, in the second quarter of 2019. Adjusted net income is a non-GAAP measure; 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 second quarter of 2020, operating margin increased to \$276.8 million compared with \$247.1 million in the second quarter of 2019, primarily due to a 5.8% increase in revenues from mining operations resulting from a 30.9% higher average realized price of gold between periods (excluding 2,651 pre-commercial gold ounces from the Barnat deposit at the Canadian Malartic mine). Operating margin is a non-GAAP measure; for a reconciliation of operating margin 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.

Gold production decreased to 331,064 ounces in the second quarter of 2020 compared with 412,315 ounces in the second quarter of 2019, primarily due to decreased gold production from all of the Company's mines (other than at the Kittila mine) as operations were reduced to minimum levels which were the result of measures taken by the Quebec and Mexican governments and the Company related to the COVID-19 pandemic. Partially offsetting the overall decrease in gold production compared to the prior period was an increase in gold production from the Kittila mine where autoclave relining required the mill to be shutdown for 58 days during the second quarter of 2019.

Cash provided by operating activities amounted to \$162.6 million in the second quarter of 2020 compared with \$126.3 million in the second quarter of 2019.

Agnico Eagle reported net income of \$83.7 million or \$0.35 per share, in the six months ended June 30, 2020, compared with net income of \$64.8 million, or \$0.28 per share, in the six months ended June 30, 2019. Agnico Eagle reported adjusted net income of \$100.3 million, or \$0.42 per share, in the first six months of 2020 compared with adjusted net income of \$54.6 million, or \$0.23 per share, in the first six months of 2019. Adjusted net income is a non-GAAP measure; 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 six months of 2020, operating margin increased to \$592.6 million, compared with \$502.4 million in the first six months of 2019, primarily due to a 16.1% increase in revenues from mining operations resulting from a 25.4% higher average realized price of gold between periods (excluding 5,625 pre-commercial gold ounces from the Barnat deposit at the Canadian Malartic mine). Operating margin is a non-GAAP measure; for a reconciliation of operating margin 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.

Gold production decreased to 742,430 ounces in the first six months of 2020, compared with 810,532 ounces in the first six months of 2019, primarily due to decreased gold production from all of the Company's mines (other than at the Meliadine and Kittila mines) as operations were reduced to minimum levels as a result of measures

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taken by the Quebec and Mexican governments and the Company related to the COVID-19 pandemic. Partially offsetting the overall decrease in gold production between the first six months of 2020 and the first six months of 2019 was the contribution of six months of production from the Meliadine mine which achieved commercial production in May 2019. In addition, there was an increase in gold production from the Kittila mine between periods resulting from the 58 day mill shutdown referred to above during the second quarter of 2019.

Cash provided by operating activities amounted to \$326.0 million in the first six months of 2020, compared with \$275.0 million in the first six months of 2019.

*Financial Results*

The table below sets out variances in the key drivers of net income for the three and six months ended June 30, 2020, compared with the three and six months ended June 30, 2019:

<u>(millions of United States dollars)</u>	<u>Three Months Ended June 30, 2020 vs. Three Months Ended June 30, 2019</u>	<u>Six Months Ended June 30, 2020 vs. Six Months Ended June 30, 2019</u>
Increase in gold revenues . . . . .	\$ 43.3	\$183.5
Decrease in silver revenues . . . . .	(5.3)	(3.5)
Decrease in net copper revenues . . . . .	(0.5)	(0.6)
Decrease in net zinc revenues . . . . .	(7.0)	(9.2)
Decrease in production costs due to effects of foreign currencies . . . . .	7.6	10.7
Increase in production costs . . . . .	(8.5)	(90.8)
Decrease in exploration and corporate development expenses . . . . .	13.0	8.8
Increase in amortization of property, plant and mine development . . . . .	(5.2)	(30.5)
Decrease in general and administrative expenses . . . . .	3.6	2.1
Decrease in finance costs . . . . .	2.3	0.3
Change in gain on derivative financial instruments . . . . .	59.3	6.9
Change in non-cash foreign currency translation . . . . .	0.8	(0.8)
Increase in other expenses . . . . .	(28.7)	(31.4)
Decrease (increase) in income and mining taxes . . . . .	2.8	(26.6)
<b>Total net income variance . . . . .</b>	<u>\$ 77.5</u>	<u>\$ 18.9</u>

*Three Months Ended June 30, 2020 vs. Three Months Ended June 30, 2019*

Revenues from mining operations increased to \$557.2 million in the second quarter of 2020, compared with \$526.6 million in the second quarter of 2019, primarily due to a 30.9% increase in the average realized price of gold.

Production costs were \$280.4 million in the second quarter of 2020, compared with \$279.5 million in the second quarter of 2019. Production costs were relatively unchanged in the quarter even as operations were reduced to minimum levels, primarily due to the contribution of a full quarter of mining and milling costs from the Meliadine mine which achieved commercial production in May 2019, and the contribution of a full quarter of milling costs from the Kittila mine where the above-mentioned mill shutdown occurred during the second quarter of 2019.

Weighted average total cash costs per ounce of gold produced was \$825 on a by-product basis and \$875 on a co-product basis in the second quarter of 2020, compared with \$652 on a by-product basis and \$736 on a co-product basis in the second quarter of 2019, primarily due to decreased gold production from all of the Company's mines (other than at the Kittila mine) as operations were reduced to minimum levels which were the

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result of measures taken by the Quebec and Mexican governments and the Company related to the COVID-19 pandemic. Cash costs per ounce is a non-GAAP measure; 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 \$14.3 million in the second quarter of 2020, compared with \$27.4 million in the second quarter of 2019, primarily due to a decrease in exploration drilling at all of the Company's projects in response to the COVID-19 pandemic.

Amortization of property, plant and mine development increased by \$5.2 million to \$129.5 million between the second quarter of 2019 and the second quarter of 2020, primarily due to the contribution of a full quarter of amortization from the Meliadine mine which commenced commercial production in May 2019. Partially offsetting the increase in amortization was a decrease in amortization at the Company's mines (other than at the Meliadine and Kittila mines) as operations were reduced to minimum levels, which were the result of measures taken by the Quebec and Mexican governments and the Company related to the COVID-19 pandemic.

General and administrative expenses decreased to \$25.5 million during the second quarter of 2020, compared with \$29.1 million during the second quarter of 2019, primarily due to decreased office and IT expenses, travel expenses, consulting expenses and investor relations expenses from reduced activity and scope of projects between periods related to the COVID-19 pandemic.

Gain on derivative financial instruments increased to \$62.2 million during the second quarter of 2020, compared with \$2.9 million during the second quarter of 2019, primarily due to an unrealized gain on currency and commodity derivatives. As a result of a strengthening of the Canadian dollar, Mexican peso and diesel spot prices at the end of June 2020, the Company recognized an unrealized gain on currency and commodity derivatives of \$38.4 million during the second quarter of 2020, compared to an unrealized gain on currency and commodity derivatives of \$2.8 million during the second quarter of 2019. In addition, the recovery of the market for securities, including securities of gold resource companies resulted in an unrealized gain on warrants of \$33.7 million in the second quarter of 2020, compared to an unrealized gain of \$0.1 million in the second quarter of 2019. The Company holds warrants attached to equity securities of certain issuers in the mining industry.

Other expenses increased to \$23.7 million during the second quarter of 2020, compared with other income of \$5.0 million during the second quarter of 2019, primarily due to costs of \$22.1 million associated with the temporary suspension of mining and exploration activities at the Company's mine sites and exploration properties due to COVID-19. These costs include primarily payroll and other incidental costs associated with maintaining the sites and payroll costs associated with employees who were not working during the period of suspended operations.

During the second quarter of 2020, there was a non-cash foreign currency translation loss of \$3.3 million primarily attributable to the strengthening of the Euro relative to the US dollar at June 30, 2020, relative to March 31, 2020. The net foreign currency translation loss in the second quarter of 2020 was primarily due to the translation impact of the Company's net monetary liabilities denominated in the Euro. A non-cash foreign currency translation loss of \$4.1 million was recorded during the second quarter of 2019.

In the second quarter of 2020, the Company recorded income and mining taxes expense of \$12.3 million on income before income and mining taxes of \$117.6 million, resulting in an effective tax rate of 10.5%. In the second quarter of 2019, the Company recorded income and mining taxes expense of \$15.0 million on income before income and mining taxes of \$42.8 million, resulting in an effective tax rate of 35.1%. The decrease in the effective tax rate between the second quarter of 2019 and the second quarter of 2020 is primarily due to a higher

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tax recovery as a result of the foreign exchange impact on non-monetary items denominated in a foreign currency.

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.

*Six Months Ended June 30, 2020 vs. Six Months Ended June 30, 2019*

Revenues from mining operations increased to \$1,229.1 million during the six months ended June 30, 2020, compared with \$1,058.8 million during the six months ended June 30, 2019, primarily due to a 25.4% increase in the average realized price of gold, partially offset by a 72.2% decrease in the sales volume of zinc.

Production costs increased to \$636.5 million during the six months ended June 30, 2020, a 14.4% increase compared with \$556.4 million in the six months ended June 30, 2019, primarily due to the contribution of six months of mining and milling costs from the Meliadine mine which achieved commercial production in May 2019, and increased milling costs from the Kittila mine where the above-mentioned mill shutdown occurred during the second quarter of 2019. Partially offsetting the total increase in production costs was the temporary suspension of operations due to the COVID-19 pandemic at the LaRonde, Canadian Malartic, Pinos Altos and Goldex mines.

Weighted average total cash costs per ounce of gold produced increased to \$832 on a by-product basis and \$883 on a co-product basis during the six months ended June 30, 2020, compared with \$638 and \$720 during the six months ended June 30, 2019, primarily due to decreased gold production from all of the Company's mines (other than at the Meliadine and Kittila mines) as operations were reduced to minimum levels which were the result of measures taken by the Quebec and Mexican governments and the Company related to the COVID-19 pandemic. Cash costs per ounce is a non-GAAP measure; 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 consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

Exploration and corporate development expenses were \$44.0 million during the six months ended June 30, 2020, compared with \$52.8 million during the six months ended June 30, 2019, primarily due to a decrease in exploration drilling at the Gilt Edge project in South Dakota and the Amaruq satellite deposit.

Amortization of property, plant and mine development increased by \$30.5 million to \$283.0 million between the six months ended June 30, 2019 and the six months ended June 30, 2020, primarily due to the contribution of six months of amortization from the Meliadine mine which commenced commercial production in May 2019. Partially offsetting the increase in amortization was a decrease in amortization at the Company's mines (other than at the Meliadine, Kittila, Canadian Malartic and LaRonde Zone 5 mines) as operations were reduced to minimum levels which were the result of measures taken by the Quebec and Mexican governments and the Company related to the COVID-19 pandemic.

General and administrative expense decreased to \$56.1 million during the six months ended June 30, 2020, compared with \$58.2 million during the six months ended June 30, 2019, primarily due to decreased travel expenses, consulting expenses and investor relations expenses from reduced activity and scope of projects between periods as a result of the COVID-19 pandemic.

Gain on derivative financial instruments increased to \$19.6 million during the six months ended June 30, 2020, compared with \$12.7 million during the six months ended June 30, 2019, primarily due to an increase in the

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market value of outstanding warrants resulting in an unrealized gain of \$31.8 million, which was partially offset by a realized loss of \$13.2 million on currency and commodity derivatives.

Other expenses increased to \$28.3 million during the six months ended June 30, 2020, compared with other income of \$3.1 million during the six months ended June 30, 2019, primarily due to costs of \$26.1 million associated with the temporary suspension of mining and exploration activities at the Company's mine sites and exploration properties due to COVID-19. These costs include primarily payroll and other incidental costs associated with maintaining the sites and payroll costs associated with employees who were not working during the period of suspended operations.

During the six months ended June 30, 2020, there was a non-cash foreign currency translation loss of \$7.2 million primarily attributable to the weakening of the Canadian dollar relative to the US dollar at June 30, 2020 relative to December 31, 2019. The net foreign currency translation loss in the first six months of 2020 was primarily due to the translation impact of the Company's net monetary assets denominated in the Canadian dollar. A non-cash foreign currency translation loss of \$6.3 million was recorded during the first six months of 2019.

During the six months ended June 30, 2020, the Company recorded income and mining taxes expense of \$57.1 million on income before income and mining taxes of \$140.9 million, resulting in an effective tax rate of 40.5%. During the six months ended June 30, 2019, the Company recorded income and mining taxes expense of \$30.5 million on income before income and mining taxes of \$95.3 million, resulting in an effective tax rate of 32.0%. The increase in the effective tax rate between the first six months of 2019 and the first six months of 2020 is primarily due to a higher tax expense as a result of the foreign exchange impact on non-monetary items denominated in a foreign currency.

*LaRonde mine*

At the LaRonde mine, gold production decreased by 18.7% to 62,266 ounces in the second quarter of 2020, compared with 76,587 ounces in the second quarter of 2019, primarily due to the temporary suspension of mining activities at the Company's Quebec mines to comply with the Quebec Order (the "Quebec Operations Suspension"). Production costs at the LaRonde mine were \$41.4 million in the second quarter of 2020, a decrease of 15.2% compared with production costs of \$48.8 million in the second quarter of 2019, driven primarily by the Quebec Operations Suspension.

Gold production decreased by 23.7% to 117,489 ounces in the first six months of 2020 compared with 154,020 ounces in the first six months of 2019 at the LaRonde mine, primarily due to the delay in accessing higher grade ore from the West mine as additional ground support was being completed and the Quebec Operations Suspension. Production costs at the LaRonde mine were \$62.0 million in the first six months of 2020, a decrease of 43.9% compared with production costs of \$110.6 million in the first six months of 2019, driven primarily by the temporary suspension of mining activities in the West mine area during the first quarter of 2020, which resulted in lower mine and mill production costs, the Quebec Operations Suspension, the timing of inventory sales and the weakening of the Canadian dollar relative to the US dollar between periods.

*LaRonde Zone 5 mine*

At the LaRonde Zone 5 mine, gold production decreased by 25.5% to 12,051 ounces in the second quarter of 2020 from 16,170 ounces in the second quarter of 2019, primarily due to the Quebec Operations Suspension. Production costs at the LaRonde Zone 5 mine were \$9.3 million in the second quarter of 2020, a decrease of 23.8% compared with production costs of \$12.3 million in the second quarter of 2019, driven primarily by the Quebec Operations Suspension.

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Gold production decreased by 9.1% to 26,515 ounces in the first six months of 2020 from 29,158 ounces in the first six months of 2019 at the LaRonde Zone 5 mine, primarily due to lower gold grade ore being processed. Production costs at the LaRonde Zone 5 mine were \$21.1 million in the first six months of 2020, an increase of 17.8% compared with production costs of \$17.9 million in the first six months of 2019, driven primarily by the timing of inventory sales, partially offset by the Quebec Operations Suspension.

*Goldex mine*

At the Goldex mine, gold production decreased by 32.6% to 23,142 ounces in the second quarter of 2020, compared with 34,325 ounces in the second quarter of 2019, primarily due to the Quebec Operations Suspension. Production costs at the Goldex mine were \$16.3 million in the second quarter of 2020, a decrease of 19.7% compared with production costs of \$20.3 million in the second quarter of 2019, driven primarily by the Quebec Operations Suspension.

Gold production decreased by 17.1% to 57,025 ounces in the first six months of 2020, compared with 68,779 ounces in the first six months of 2019 at the Goldex mine, primarily due to the Quebec Operations Suspension. Production costs at the Goldex mine were \$36.2 million in the first six months of 2020, a decrease of 7.9% compared with production costs of \$39.3 million in the first six months of 2019, driven primarily by the Quebec Operations Suspension and the weakening of the Canadian dollar relative to the US dollar between periods.

*Meadowbank Complex*

At the Meadowbank Complex, gold production decreased by 58.4% to 16,417 ounces in the second quarter of 2020, compared with 39,457 ounces in the second quarter of 2019 (which included 2,147 ounces produced prior to the achievement of commercial production at the Amaruq satellite deposit) primarily due to the reduction of mining activities as the Company decided to send home its Nunavut-based workforce as part of an effort to limit the spread of COVID-19 in Nunavut (the "Nunavut Workforce Reduction"). Production costs at the Meadowbank mine were \$28.5 million in the second quarter of 2020, a decrease of 31.8% compared with production costs of \$41.8 million in the second quarter of 2019, driven primarily by the timing of inventory and an increase in capitalized deferred stripping costs.

Gold production decreased by 20.7% to 65,758 ounces in the first six months of 2020, compared with 82,959 ounces in the first six months of 2019 at the Meadowbank mine, (which included 2,147 ounces produced prior to the achievement of commercial production at the Amaruq satellite deposit) primarily due to the reduction of mining activities due to the Nunavut Workforce Reduction. Production costs at the Meadowbank mine were \$117.8 million in the first six months of 2020, an increase of 40.9% compared with production costs of \$83.7 million in the first six months of 2019, driven primarily by an increase in open pit mining costs as a result of the switch to the Amaruq satellite deposit and an increase in maintenance costs, partially offset by an increase in capitalized deferred stripping costs and the weakening of the Canadian dollar relative to the US dollar between periods.

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*Meliadine mine*

At the Meliadine mine, gold production was 59,375 ounces in the second quarter of 2020. Production costs at the Meliadine mine were \$61.3 million in the second quarter of 2020. As the Meliadine mine achieved commercial production in May 2019, the second quarter of 2019 does not represent a comparable period.

Gold production was 129,350 ounces in the first six months of 2020. Production costs at the Meliadine mine were \$115.6 million during the first six months of 2020. As the Meliadine mine achieved commercial production in May 2019, the first six months of 2019 do not represent a comparable period.

*Canadian Malartic mine*

Agnico Eagle and Yamana Gold Inc. ("Yamana") each indirectly own 50.0% of Canadian Malartic Corporation ("CMC") and the Canadian Malartic General Partnership ("the Partnership", "Canadian Malartic GP" or "CMGP"), which holds the Canadian Malartic mine in northwestern Quebec.

At the Canadian Malartic mine, attributable gold production decreased by 32.6% to 56,785 ounces in the second quarter of 2020 (which includes 2,651 ounces produced prior to the achievement of commercial production at the Barnat deposit) compared with 84,311 ounces in the second quarter of 2019, primarily due to the Quebec Operations Suspension. Attributable production costs at the Canadian Malartic mine were \$37.3 million in the second quarter of 2020, a decrease of 27.0% compared with production costs of \$51.1 million in the second quarter of 2019, driven primarily by the Quebec Operations Suspension and the weakening of the Canadian dollar relative to the US dollar between periods.

Attributable gold production decreased by 27.6% to 121,548 ounces in the first six months of 2020 (which includes 5,625 ounces produced prior to the achievement of commercial production at the Barnat deposit) compared with 167,981 ounces in the first six months of 2019, primarily due to the Quebec Operations Suspension. Attributable production costs at the Canadian Malartic mine were \$86.0 million in the first six months of 2020, a decrease of 14.8% compared with production costs of \$100.9 million in the first six months of 2019, driven primarily by the Quebec Operations Suspension and the weakening of the Canadian dollar relative to the US dollar between periods.

On June 3, 2020, the Partnership announced that it had reached a collaboration agreement with four local First Nations groups aimed at the sustainable development of the First Nations groups and their increased participation in the Canadian Malartic mine's mining activities and projects. Among other things, the collaboration agreement sets out measures to increase the participation of the four First Nations groups in the Canadian Malartic Mine's activities with regards to training, jobs, business opportunities and environmental protection until 2027. In addition, the four communities will also receive annual financial contributions in order to promote their sustainable development and to enable the establishment of community-building projects.

*Kittila mine*

At the Kittila mine, gold production increased by 202.0% to 60,623 ounces in the second quarter of 2020, compared with 20,077 ounces in the second quarter of 2019, where autoclave relining required the mill to be shutdown for 58 days. Production costs at the Kittila mine were \$43.1 million in the second quarter of 2020, an increase of 104.7% compared with production costs of \$21.0 million in the second quarter of 2019, driven primarily by an increase in underground development, contractor and milling costs, partially offset by the weakening of the Euro relative to the US dollar between periods.

Gold production increased by 58.4% to 109,920 ounces in the first six months of 2020, compared with 69,413 ounces in the first six months of 2019 at the Kittila mine where autoclave relining required the mill to be shutdown for 58 days in the second quarter of 2019. Production costs at the Kittila mine were \$86.7 million in

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the first six months of 2020, an increase of 45.4% compared with production costs of \$59.6 million in the first six months of 2019, driven primarily by an increase in underground development, contractor and milling costs, partially offset by a decrease in re-handling costs and the weakening of the Euro relative to the US dollar between periods.

*Pinos Altos mine*

At the Pinos Altos mine, gold production decreased by 66.7% to 13,880 ounces in the second quarter of 2020, compared with 41,740 ounces in the second quarter of 2019, primarily due to the temporary suspension of mining activities to comply with the Decree in response to the COVID-19 pandemic (the "Mexican Operations Suspension"). Production costs at the Pinos Altos mine were \$18.2 million in the second quarter of 2020, a decrease of 41.7% compared with production costs of \$31.3 million in the second quarter of 2019, driven primarily by the Mexican Operations Suspension and the weakening of the Mexican peso relative to the US dollar between periods.

Gold production decreased by 44.1% to 47,190 ounces in the first six months of 2020, compared with 84,470 ounces in the first six months of 2019 at the Pinos Altos mine, primarily due to the Mexican Operations Suspension. Production costs at the Pinos Altos mine were \$54.1 million in the first six months of 2020, a decrease of 11.2% compared with production costs of \$60.9 million in the first six months of 2019, driven primarily by the Mexican Operations Suspension and the weakening of the Mexican peso relative to the US dollar between periods.

*Creston Mascota mine*

At the Creston Mascota mine, gold production decreased by 47.4% to 9,646 ounces in the second quarter of 2020, compared with 18,336 ounces in the second quarter of 2019, primarily due to the Mexican Operations Suspension. Production costs at the Creston Mascota mine were \$9.6 million in the second quarter of 2020, an increase of 6.6% compared with production costs of \$9.0 million in the second quarter of 2019, driven primarily by the timing of inventory.

Gold production decreased by 12.7% to 27,830 ounces in the first six months of 2020, compared with 31,865 ounces in the first six months of 2019 at the Creston Mascota mine, primarily due to the Mexican Operations Suspension. Production costs at the Creston Mascota mine were \$21.4 million in the first six months of 2020, an increase of 13.8% compared with production costs of \$18.8 million in the first six months of 2019, driven primarily by the timing of inventory.

*La India mine*

At the La India mine, gold production decreased by 16.4% to 16,879 ounces in the second quarter of 2020, compared with 20,200 ounces in the second quarter of 2019, primarily due to the Mexican Operations Suspension. Production costs at the La India mine were \$15.4 million in the second quarter of 2020, a decrease of 4.3% compared with production costs of \$16.1 million in the second quarter of 2019, driven primarily by the Mexican Operations Suspension and the weakening of the Mexican peso relative to the US dollar between periods, partially offset by the timing of inventory.

Gold production decreased by 7.8% to 39,805 ounces in the first six months of 2020, compared with 43,188 ounces in the first six months of 2019, primarily due to the Mexican Operations Suspension. Production costs at the La India mine were \$35.5 million in the first six months of 2020, an increase of 4.8% compared with production costs of \$33.8 million in the first six months of 2019, driven primarily by the timing of inventory.

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***Balance Sheet Review***

Total assets as at June 30, 2020 of \$9,059.0 million increased by \$269.1 million compared with total assets of \$8,789.9 million as at December 31, 2019, primarily due to a \$91.7 million increase in equity securities held to \$177.9 million at June 30, 2020 as a result of \$70.1 million in an unrealized net gain in fair value of equity securities and \$21.6 million in new equity investments. In addition, property, plant and mine development increased by \$89.9 million to \$7,093.6 million at June 30, 2020, primarily due to additions capitalized to property, plant and mine development of \$381.9 million, partially offset by amortization expense of \$283.0 million during the first six months of 2020. Furthermore, the fair value of derivative financial instruments increased by \$45.7 million to \$55.3 million at June 30, 2020, primarily due to an unrealized gain on on warrants of \$31.8 million and an unrealized gain on currency hedges of \$9.5 million during the first six months of 2020.

Total liabilities increased by \$143.9 million to \$3,822.3 million at June 30, 2020 from \$3,678.4 million at December 31, 2019 primarily due to an \$89.8 million net increase in long-term debt from a net drawdown on the Credit Facility, partially offset by a net repayment of Senior Notes. In addition, Agnico Eagle's reclamation provision increased by \$43.4 million between December 31, 2019 and June 30, 2020, primarily due to the re-measurement of these provisions by applying updated cash flow estimates and assumptions, including discount and inflation rates.

While 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. During the first six months of 2020, the Company increased its currency and diesel hedge positions to support its key input costs used in budgeting and mine planning assumptions. As at June 30, 2020, the Company had outstanding currency derivative contracts related to \$1,341.2 million of 2020, 2021 and 2022 expenditures (December 31, 2019 — \$252.0 million) and diesel fuel derivative contracts related to 36.0 million gallons of heating oil (December 31, 2019 — 12.0 million).

**Liquidity and Capital Resources**

As at June 30, 2020, the Company's cash and cash equivalents and short-term investments totaled \$336.4 million compared with \$327.9 million as at December 31, 2019. The Company's policy is to invest excess cash in highly liquid investments of high 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) increased to \$936.9 million as at June 30, 2020 compared with \$417.9 million as at December 31, 2019, primarily due to a repayment of \$360.0 million Senior Notes that were previously classified in current liabilities, a \$91.7 million increase in the carrying value of equity securities from a net change in fair value, and a \$45.7 million increase in the fair value of derivative financial instruments in an asset position from an unrealized gain on warrants of \$31.8 million.

In March 2020, the Company drew down \$1,000.0 million from the Credit Facility as a cautionary measure given the uncertainty with respect to the COVID-19 pandemic. In the second quarter of 2020, based on prevailing market conditions and the timing of the production ramp up of its operating mines, the Company repaid \$750.0 million outstanding on its Credit Facility. As at June 30, 2020, \$949.2 million was available for future drawdown under the Credit Facility. Credit Facility availability is reduced by outstanding letters of credit which were \$0.8 million as of June 30, 2020. In July 2020 the Company repaid in full the outstanding balance of \$250.0 million on the Credit Facility.

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During the first six months of 2020, DBRS Morningstar upgraded the Company's investment grade credit rating to BBB from BBB (low) and changed the trend to Stable from Positive, reflecting the Company's strong financial risk profile. Additionally, Fitch Ratings Inc. issued its inaugural credit rating for the Company, assigning a rating of BBB with a Stable trend in consideration of the Company's strong credit and growing production profile. These ratings are expected to result in a reduction in future financing costs for the Company.

On April 7, 2020, the Company closed a \$200.0 million private placement of guaranteed senior unsecured notes (the "2020 Notes"). The 2020 Notes consist of \$100.0 million 2.78% Series A Senior Notes due 2030 and \$100.0 million 2.88% Series B Senior Notes due 2032. The other terms of the Notes are substantially the same as the terms of the existing outstanding Notes of the Company. Proceeds from the 2020 Notes were used to partially fund the repayment at maturity of \$360.0 million 2010 6.67% Series B Notes. The remaining balance of the 2010 Series B Notes was repaid using the Company's existing cash resources.

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. As of June 30, 2020, the Company had no debt or Credit Facility maturities until 2022, except for leases in the normal course of business. While the Company believes its capital resources will be sufficient to satisfy all its mandatory and discretionary commitments, 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. See *Recent Developments* and *Risk Profile* in this MD&A.

***Operating Activities***

Cash provided by operating activities increased to \$162.6 million in the second quarter of 2020, compared with \$126.3 million in the second quarter of 2019, primarily due to higher average realized gold prices, a decrease in exploration and corporate development costs and more favourable working capital changes between periods, which was partially offset by an increase in costs related to temporary suspension of mining and exploration activities due to COVID-19, and a 17.0% decrease in payable gold ounces sold between periods.

Cash provided by operating activities increased to \$326.0 million in the first six months of 2020, compared with \$275.0 million in the first six months of 2019, primarily due to higher average realized gold prices and a decrease in exploration and corporate development costs between periods, which was partially offset by less favourable working capital changes, an increase in costs related to temporary suspension of mining and exploration activities due to COVID-19, an increase in production costs, and a 5.7% decrease in payable gold ounces sold between periods.

***Investing Activities***

Cash used in investing activities decreased to \$177.7 million in the second quarter of 2020, compared with \$233.2 million in the second quarter of 2019, primarily due to a \$60.5 million decrease in capital expenditures between periods. The decrease in capital expenditures between periods is mainly attributable to delayed capital expenditures at the Pinos Altos mine due to COVID-19 and a decrease in construction expenditures related to the Amaruq satellite deposit at the Meadowbank Complex, which achieved commercial production in September 2019.

In the second quarter of 2020, the Company purchased \$8.8 million in equity securities and other investments compared with \$3.9 million in the second quarter of 2019. The Company's equity securities and other investments consist primarily of investments in common shares and financial instruments of entities in the mining industry.

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Cash used in investing activities decreased to \$355.9 million in the first six months of 2020, compared with \$460.8 million in the first six months of 2019, primarily due to a \$95.0 million decrease in capital expenditures and a \$7.9 million increase in proceeds from the sale of equity securities and other investments between periods. The decrease in capital expenditures between periods is mainly attributable to delayed capital expenditures at the Pinos Altos mine due to COVID-19 and a decrease in construction expenditures related to the Amaruq satellite deposit at the Meadowbank Complex, which achieved commercial production in September 2019.

In the first six months of 2020, the Company purchased \$24.9 million in equity securities and other investments compared with \$28.9 million in the first six months of 2019. In the first six months of 2020, the Company received net proceeds of \$8.8 million from the sale of equity securities and other investments compared with \$0.9 million in the first six months of 2019.

***Financing Activities***

Cash used in financing activities was \$914.4 million in the second quarter of 2020, compared with cash provided by financing activities of \$34.9 million in the second quarter of 2019, primarily due to a \$750.0 million net repayment of proceeds from the Credit Facility and a \$360.0 million repayment of the 2010 Series B Notes, partially offset by \$200.0 million of proceeds from the issuance of the 2020 Notes.

Cash provided by financing activities increased to \$40.4 million in the first six months of 2020, compared with \$1.5 million in the first six months of 2019, primarily due to an \$89.8 million increase in net proceeds from the Credit Facility drawdown and Senior Notes issuance, partially offset by a \$29.4 million increase in dividends paid and an \$11.9 million increase in the repurchase of common shares between periods.

The Company issued common shares for net proceeds of \$42.0 million in the second quarter of 2020, compared to \$62.1 million in the second quarter of 2019, 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 \$74.0 million in the first six months of 2020, compared to \$81.6 million in the first six months of 2019, attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan.

On April 30, 2020, Agnico Eagle declared a quarterly cash dividend of \$0.20 per common share paid on June 15, 2020 to holders of record of the common shares of the Company as of June 1, 2020. Agnico Eagle has declared a cash dividend every year since 1983. In the second quarter of 2020, the Company paid dividends of \$41.1 million, an increase of \$17.3 million compared to \$23.8 million paid in the second quarter of 2019. In the first six months of 2020, the Company paid dividends of \$78.6 million, an increase of \$29.4 million compared to \$49.2 million paid in the first six months of 2019. 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 December 14, 2018, the Company amended its \$1,200.0 million Credit Facility to extend the maturity date from June 22, 2022 to June 22, 2023. In the first quarter of 2020, the Company drew down \$1,000.0 million on its Credit Facility, of which \$750.0 million was repaid in the second quarter of 2020. In July 2020 the Company repaid in full the outstanding balance of \$250.0 million on 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 June 30, 2020, the aggregate undrawn face amount of letters of credit under the Third LC Facility amounted to \$61.0 million.

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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 June 30, 2020, the aggregate undrawn face amount of letters of credit under the Second LC Facility was \$95.5 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 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 June 30, 2020, the aggregate undrawn face amount of letters of credit under the First LC Facility amount to \$196.5 million.

The Company was in compliance with all covenants contained in the Credit Facility, First LC Facility, Second LC Facility, Third LC Facility and the \$1,575.0 million guaranteed senior unsecured notes as at June 30, 2020.

#### **Risk Profile**

The Company is subject to significant risks, including but not limited to fluctuations in commodity prices, foreign exchange rates and other risks due to the inherent nature of the business of exploration, development and mining of properties with precious metals. Changes in 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 Company is subject to risks related to pandemics and other outbreaks of communicable diseases such as COVID-19, as well as the economic impacts that result therefrom. For a more comprehensive discussion of these and other risks, see "Risk Factors" in the AIF on file with the SEC and filed on the CSA's SEDAR website. For the discussion of risks incremental to those disclosed in the AIF, see *Forward-Looking Statements and Impact of COVID-19 on the Company's Business and Operations* in this MD&A.

#### **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.

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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.

In response to the COVID-19 pandemic, the Company asked all of its corporate office staff and many site administrative staff at regional, mine site and exploration offices to work from home. These offices were subsequently re-opened under new hygiene and physical distancing protocols; however, employees whose work does not require physical presence in the office continue to work remotely. This change requires certain processes and controls that were previously done or documented manually to be completed and retained in electronic form. The Company continues to monitor whether remote work arrangements have adversely affected the Company's ability to maintain internal controls over financial reporting and disclosure controls and procedures. Despite the changes required by the current environment, there have been no significant changes in our internal controls during the three months and six months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

**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, all-in sustaining costs per ounce of gold produced (on both a by-product and co-product basis) and operating margin, 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.

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*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.

(thousands of United States dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Net income for the period</b> . . . . .	\$105,301	\$27,772	\$ 83,736	\$ 64,804
Foreign currency translation loss . . . . .	3,322	4,131	7,168	6,337
Realized and unrealized gain on derivative financial instruments . . . . .	(62,175)	(2,858)	(19,573)	(12,674)
Other <sup>(i)</sup> . . . . .	3,075	(3,107)	9,992	228
Income and mining taxes adjustments <sup>(ii)</sup> . . . . .	(5,228)	(3,271)	18,997	(4,057)
<b>Adjusted net income for the period<sup>(iii)</sup></b> . . . . .	<u>\$ 44,295</u>	<u>\$22,667</u>	<u>\$100,320</u>	<u>\$ 54,638</u>
Net income per share — basic . . . . .	\$ 0.44	\$ 0.12	\$ 0.35	\$ 0.28
Net income per share — diluted . . . . .	\$ 0.43	\$ 0.12	\$ 0.35	\$ 0.27
Adjusted net income per share — basic . . . . .	\$ 0.18	\$ 0.10	\$ 0.42	\$ 0.23
Adjusted net income per share — diluted . . . . .	\$ 0.18	\$ 0.10	\$ 0.41	\$ 0.23

Notes:

- (i) 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.
- (ii) Income and mining taxes adjustments reflect items such as foreign currency translation recorded to the income and mining taxes expense, income and mining taxes impact on normalized items, recognition of previously unrecognized capital losses, the result of income and mining taxes audits, impact of tax law changes and reflective adjustments to prior period operating results.
- (iii) The Company did not adjust for the following items in its calculation of adjusted net income:
  - Stock-based compensation expense for the three months ended June 30, 2020 of \$3.2 million (2019 — \$3.3 million) and the six months ended June 30, 2020 of \$9.8 million (2019 — \$9.5 million).
  - Temporary suspension costs for the three months ended June 30, 2020 of \$22.1 million and the six months ended June 30, 2020 of \$23.3 million. These costs represent recurring expenses incurred during the period of limited or no production activity due to COVID-19 and include primarily payroll and other incidental costs associated with maintaining the mine sites and exploration properties and payroll costs associated with employees who were not working at all or employees who were working remotely during the period of suspended operations.
  - Direct and incremental COVID-19 costs for the three and six months ended June 30, 2020 of \$2.3 million which are primarily related to cleaning and disinfection services, screening and on-site testing for COVID-19 and community support.
  - Interest on the Credit Facility for the three and six months ended June 30, 2020 of \$3.4 million, which was drawn down as a cautionary measure in the uncertain economic environment with respect to COVID-19.

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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.

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 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. 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 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 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.

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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**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>(thousands of United States dollars)</b>				
LaRonde mine . . . . .	\$ 41,351	\$ 48,787	\$ 61,987	\$110,590
LaRonde Zone 5 mine . . . . .	9,346	12,273	21,138	17,948
Lapa mine . . . . .	—	—	—	2,844
Goldex mine . . . . .	16,262	20,252	36,220	39,326
Meadowbank Complex . . . . .	28,483	41,751	117,849	83,656
Meliadine mine . . . . .	61,331	27,887	115,586	27,887
Canadian Malartic mine <sup>(i)</sup> . . . . .	37,333	51,141	85,989	100,900
Kittila mine . . . . .	43,053	21,033	86,724	59,633
Pinos Altos mine . . . . .	18,221	31,262	54,102	60,920
Creston Mascota mine . . . . .	9,595	9,002	21,432	18,838
La India mine . . . . .	15,419	16,109	35,469	33,848
Production costs per the condensed interim consolidated statements of income . . . . .	<u>\$280,394</u>	<u>\$279,497</u>	<u>\$636,496</u>	<u>\$556,390</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)**

<b>LaRonde mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		62,266		76,587		117,489		154,020
Production costs . . . . .	\$ 41,351	\$ 664	\$ 48,787	\$ 637	\$ 61,987	\$ 528	\$ 110,590	\$ 718
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(5,311)	(85)	7,911	103	18,545	157	699	5
Cash operating costs (co-product basis) . . . . .	\$ 36,040	\$ 579	\$ 56,698	\$ 740	\$ 80,532	\$ 685	\$ 111,289	\$ 723
By-product metal revenues . . . . .	(7,562)	(122)	(17,930)	(234)	(14,390)	(122)	(34,722)	(226)
Cash operating costs (by-product basis) . . . . .	<u>\$ 28,478</u>	<u>\$ 457</u>	<u>\$ 38,768</u>	<u>\$ 506</u>	<u>\$ 66,142</u>	<u>\$ 563</u>	<u>\$ 76,567</u>	<u>\$ 497</u>

<b>LaRonde mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes) . . . . .		324		462		736		1,009
Production costs . . . . .	\$ 41,351	\$ 128	\$ 48,787	\$ 106	\$ 61,987	\$ 84	\$ 110,590	\$ 110
Production costs (C\$) . . . . .	C\$ 55,219	C\$ 170	C\$ 65,215	C\$ 141	C\$ 81,050	C\$ 110	C\$ 147,270	C\$ 146
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	(12,584)	(38)	(1,543)	(3)	16,007	22	(19,198)	(19)
Minesite operating costs (C\$) . . . . .	<u>C\$ 42,635</u>	<u>C\$ 132</u>	<u>C\$ 63,672</u>	<u>C\$ 138</u>	<u>C\$ 97,057</u>	<u>C\$ 132</u>	<u>C\$ 128,072</u>	<u>C\$ 127</u>

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LaRonde Zone 5 mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		12,051		16,170		26,515		29,158
Production costs . . . . .	\$ 9,346	\$ 776	\$ 12,273	\$ 759	\$ 21,138	\$ 797	\$ 17,948	\$ 616
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(458)	(38)	381	24	4	—	3,494	119
Cash operating costs (co-product basis) . . . . .	\$ 8,888	\$ 738	\$ 12,654	\$ 783	\$ 21,142	\$ 797	\$ 21,442	\$ 735
By-product metal revenues . . . . .	(53)	(5)	(42)	(3)	(86)	(3)	(76)	(2)
Cash operating costs (by-product basis) . . . . .	\$ 8,835	\$ 733	\$ 12,612	\$ 780	\$ 21,056	\$ 794	\$ 21,366	\$ 733

LaRonde Zone 5 mine Per Tonne <sup>(iii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		185		241		430		422
Production costs . . . . .	\$ 9,346	\$ 51	\$ 12,273	\$ 51	\$ 21,138	\$ 49	\$ 17,948	\$ 43
Production costs (C\$) . . . . .	C\$ 12,762	C\$ 69	C\$ 16,372	C\$ 68	C\$ 28,565	C\$ 66	C\$ 23,885	C\$ 57
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	(712)	(4)	519	2	(52)	—	4,677	11
Minesite operating costs (C\$) . . . . .	C\$ 12,050	C\$ 65	C\$ 16,891	C\$ 70	C\$ 28,513	C\$ 66	C\$ 28,562	C\$ 68

Goldex mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		23,142		34,325		57,025		68,779
Production costs . . . . .	\$ 16,262	\$ 703	\$ 20,252	\$ 590	\$ 36,220	\$ 635	\$ 39,326	\$ 572
Inventory and other adjustments <sup>(iv)</sup> . . . . .	577	25	(18)	(1)	(486)	(8)	131	2
Cash operating costs (co-product basis) . . . . .	\$ 16,839	\$ 728	\$ 20,234	\$ 589	\$ 35,734	\$ 627	\$ 39,457	\$ 574
By-product metal revenues . . . . .	(13)	(1)	(4)	—	(13)	(1)	(10)	—
Cash operating costs (by-product basis) . . . . .	\$ 16,826	\$ 727	\$ 20,230	\$ 589	\$ 35,721	\$ 626	\$ 39,447	\$ 574

Goldex mine Per Tonne <sup>(iii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		533		734		1,190		1,389
Production costs . . . . .	\$ 16,262	\$ 31	\$ 20,252	\$ 28	\$ 36,220	\$ 30	\$ 39,326	\$ 28
Production costs (C\$) . . . . .	C\$ 22,367	C\$ 42	C\$ 27,042	C\$ 37	C\$ 48,606	C\$ 41	C\$ 52,357	C\$ 38
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	603	1	(4)	—	(329)	—	241	—
Minesite operating costs (C\$) . . . . .	C\$ 22,970	C\$ 43	C\$ 27,038	C\$ 37	C\$ 48,277	C\$ 41	C\$ 52,598	C\$ 38

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Meadowbank Complex Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		16,417		37,310		65,758		80,812
Production costs . . . . .	\$ 28,483	\$ 1,735	\$ 41,751	\$ 1,119	\$ 117,849	\$ 1,792	\$ 83,656	\$ 1,035
Inventory and other adjustments <sup>(iv)</sup> . . . . .	8,645	527	(1,766)	(47)	701	11	(3,731)	(46)
Cash operating costs (co-product basis) . . . . .	\$ 37,128	\$ 2,262	\$ 39,985	\$ 1,072	\$ 118,550	\$ 1,803	\$ 79,925	\$ 989
By-product metal revenues . . . . .	(29)	(2)	(207)	(6)	(330)	(5)	(560)	(7)
Cash operating costs (by-product basis) . . . . .	\$ 37,099	\$ 2,260	\$ 39,778	\$ 1,066	\$ 118,220	\$ 1,798	\$ 79,365	\$ 982

Meadowbank Complex Per Tonne <sup>(iii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		312		680		891		1,308
Production costs . . . . .	\$ 28,483	\$ 91	\$ 41,751	\$ 61	\$ 117,849	\$ 132	\$ 83,656	\$ 64
Production costs (C\$) . . . . .	C\$ 38,809	C\$ 124	C\$ 55,834	C\$ 82	C\$ 158,314	C\$ 178	C\$ 111,230	C\$ 85
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	5,843	19	(1,547)	(2)	(6,082)	(7)	(2,651)	(2)
Minesite operating costs (C\$) . . . . .	C\$ 44,652	C\$ 143	C\$ 54,287	C\$ 80	C\$ 152,232	C\$ 171	C\$ 108,579	C\$ 83

Meliadine mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		59,375		31,413		129,350		31,413
Production costs . . . . .	\$ 61,331	\$ 1,033	\$ 27,887	\$ 888	\$ 115,586	\$ 894	\$ 27,887	\$ 888
Inventory and other adjustments <sup>(iv)</sup> . . . . .	1,176	20	(1,166)	(37)	2,963	22	(1,166)	(37)
Cash operating costs (co-product basis) . . . . .	\$ 62,507	\$ 1,053	\$ 26,721	\$ 851	\$ 118,549	\$ 916	\$ 26,721	\$ 851
By-product metal revenues . . . . .	(90)	(2)	(18)	(1)	(202)	(1)	(18)	(1)
Cash operating costs (by-product basis) . . . . .	\$ 62,417	\$ 1,051	\$ 26,703	\$ 850	\$ 118,347	\$ 915	\$ 26,703	\$ 850

Meliadine mine Per Tonne <sup>(iii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		337		135		644		135
Production costs . . . . .	\$ 61,331	\$ 182	\$ 27,887	\$ 207	\$ 115,586	\$ 179	\$ 27,887	\$ 207
Production costs (C\$) . . . . .	C\$ 84,443	C\$ 251	C\$ 37,067	C\$ 274	C\$ 156,370	C\$ 243	C\$ 37,067	C\$ 274
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	(1,535)	(5)	(1,031)	(8)	583	1	(1,031)	(8)
Minesite operating costs (C\$) . . . . .	C\$ 82,908	C\$ 246	C\$ 36,036	C\$ 266	C\$ 156,953	C\$ 244	C\$ 36,036	C\$ 266

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Canadian Malartic mine Per Ounce of Gold Produced <sup>(i)(iii)(vi)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		54,134		84,311		115,923		167,981
Production costs . . . . .	\$ 37,333	\$ 690	\$ 51,141	\$ 607	\$ 85,989	\$ 742	\$ 100,900	\$ 601
Inventory and other adjustments <sup>(iv)</sup> . . . . .	5,146	95	1,475	17	3,639	31	1,102	6
Cash operating costs (co-product basis) . . . . .	\$ 42,479	\$ 785	\$ 52,616	\$ 624	\$ 89,628	\$ 773	\$ 102,002	\$ 607
By-product metal revenues . . . . .	(1,247)	(23)	(1,472)	(17)	(3,020)	(26)	(3,028)	(18)
Cash operating costs (by-product basis) . . . . .	\$ 41,232	\$ 762	\$ 51,144	\$ 607	\$ 86,608	\$ 747	\$ 98,974	\$ 589

Canadian Malartic mine Per Tonne <sup>(i)(iii)(vii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		2,228		2,642		4,549		5,159
Production costs . . . . .	\$ 37,333	\$ 17	\$ 51,141	\$ 19	\$ 85,989	\$ 19	\$ 100,900	\$ 20
Production costs (C\$) . . . . .	C\$ 50,379	C\$ 23	C\$ 68,028	C\$ 26	C\$ 115,851	C\$ 25	C\$ 133,592	C\$ 26
Inventory and other adjustments (C\$) <sup>(v)</sup> . . . . .	4,440	2	2,190	—	1,914	1	1,706	—
Minesite operating costs (C\$) . . . . .	C\$ 54,819	C\$ 25	C\$ 70,218	C\$ 26	C\$ 117,765	C\$ 26	C\$ 135,298	C\$ 26

Kittila mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		60,623		20,077		109,920		69,413
Production costs . . . . .	\$ 43,053	\$ 710	\$ 21,033	\$ 1,048	\$ 86,724	\$ 789	\$ 59,633	\$ 859
Inventory and other adjustments <sup>(iv)</sup> . . . . .	455	8	(8,545)	(426)	(3,221)	(29)	(8,827)	(127)
Cash operating costs (co-product basis) . . . . .	\$ 43,508	\$ 718	\$ 12,488	\$ 622	\$ 83,503	\$ 760	\$ 50,806	\$ 732
By-product metal revenues . . . . .	(39)	(1)	(56)	(3)	(93)	(1)	(132)	(2)
Cash operating costs (by-product basis) . . . . .	\$ 43,469	\$ 717	\$ 12,432	\$ 619	\$ 83,410	\$ 759	\$ 50,674	\$ 730

Kittila mine Per Tonne <sup>(iii)</sup>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		500		160		920		616
Production costs . . . . .	\$ 43,053	\$ 86	\$ 21,033	\$ 131	\$ 86,724	\$ 94	\$ 59,633	\$ 97
Production costs (€) . . . . .	€ 38,993	€ 78	€ 18,776	€ 117	€ 78,658	€ 85	€ 52,798	€ 86
Inventory and other adjustments (€) <sup>(v)</sup> . . . . .	164	—	(7,869)	(49)	(3,194)	(3)	(8,170)	(13)
Minesite operating costs (€) . . . . .	€ 39,157	€ 78	€ 10,907	€ 68	€ 75,464	€ 82	€ 44,628	€ 73

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<b>Pinos Altos mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		13,880		41,740		47,190		84,470
Production costs . . . . .	\$ 18,221	\$ 1,313	\$ 31,262	\$ 749	\$ 54,102	\$ 1,146	\$ 60,920	\$ 721
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(2,116)	(153)	1,953	47	(5,022)	(106)	2,236	27
Cash operating costs (co-product basis) . . . . .	\$ 16,105	\$ 1,160	\$ 33,215	\$ 796	\$ 49,080	\$ 1,040	\$ 63,156	\$ 748
By-product metal revenues . . . . .	(4,137)	(298)	(8,296)	(199)	(12,216)	(259)	(17,147)	(203)
Cash operating costs (by-product basis) . . . . .	\$ 11,968	\$ 862	\$ 24,919	\$ 597	\$ 36,864	\$ 781	\$ 46,009	\$ 545

<b>Pinos Altos mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		214		498		694		976
Production costs . . . . .	\$ 18,221	\$ 85	\$ 31,262	\$ 63	\$ 54,102	\$ 78	\$ 60,920	\$ 62
Inventory and other adjustments <sup>(v)</sup> . . . . .	(3,627)	(17)	1,710	3	(7,118)	(10)	1,688	2
Minesite operating costs . . . . .	\$ 14,594	\$ 68	\$ 32,972	\$ 66	\$ 46,984	\$ 68	\$ 62,608	\$ 64

<b>Creston Mascota mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		9,646		18,336		27,830		31,865
Production costs . . . . .	\$ 9,595	\$ 995	\$ 9,002	\$ 491	\$ 21,432	\$ 770	\$ 18,838	\$ 591
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(74)	(8)	54	3	(217)	(8)	(348)	(11)
Cash operating costs (co-product basis) . . . . .	\$ 9,521	\$ 987	\$ 9,056	\$ 494	\$ 21,215	\$ 762	\$ 18,490	\$ 580
By-product metal revenues . . . . .	(2,830)	(293)	(3,181)	(174)	(6,830)	(245)	(5,511)	(173)
Cash operating costs (by-product basis) . . . . .	\$ 6,691	\$ 694	\$ 5,875	\$ 320	\$ 14,385	\$ 517	\$ 12,979	\$ 407

<b>Creston Mascota mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		126		328		338		689
Production costs . . . . .	\$ 9,595	\$ 76	\$ 9,002	\$ 27	\$ 21,432	\$ 63	\$ 18,838	\$ 27
Inventory and other adjustments <sup>(v)</sup> . . . . .	(277)	(2)	(205)	—	(638)	(1)	(907)	(1)
Minesite operating costs . . . . .	\$ 9,318	\$ 74	\$ 8,797	\$ 27	\$ 20,794	\$ 62	\$ 17,931	\$ 26

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<b>La India mine Per Ounce of Gold Produced<sup>(ii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces) . . . . .		16,879		20,200		39,805		43,188
Production costs . . . . .	\$ 15,419	\$ 914	\$ 16,109	\$ 797	\$ 35,469	\$ 891	\$ 33,848	\$ 784
Inventory and other adjustments <sup>(iv)</sup> . . . . .	(1,006)	(60)	126	7	(2,879)	(72)	605	14
Cash operating costs (co-product basis) . . . . .	\$ 14,413	\$ 854	\$ 16,235	\$ 804	\$ 32,590	\$ 819	\$ 34,453	\$ 798
By-product metal revenues . . . . .	(348)	(21)	(486)	(24)	(680)	(17)	(1,245)	(29)
Cash operating costs (by-product basis) . . . . .	\$ 14,065	\$ 833	\$ 15,749	\$ 780	\$ 31,910	\$ 802	\$ 33,208	\$ 769

<b>La India mine Per Tonne<sup>(iii)</sup></b>	<b>Three Months Ended June 30, 2020</b>		<b>Three Months Ended June 30, 2019</b>		<b>Six Months Ended June 30, 2020</b>		<b>Six Months Ended June 30, 2019</b>	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		776		1,445		2,310		2,896
Production costs . . . . .	\$ 15,419	\$ 20	\$ 16,109	\$ 11	\$ 35,469	\$ 15	\$ 33,848	\$ 12
Inventory and other adjustments <sup>(v)</sup> . . . . .	(1,147)	(2)	(199)	—	(3,385)	(1)	(587)	(1)
Minesite operating costs . . . . .	\$ 14,272	\$ 18	\$ 15,910	\$ 11	\$ 32,084	\$ 14	\$ 33,261	\$ 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. See above for more information on the Company's use of total cash costs per ounce.
- (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. See above for more information on the Company's use of minesite costs per tonne.
- (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 the 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 primarily the addition of smelting, refining and marketing charges to production costs.
- (v) This inventory and other adjustments reflect production costs associated with the portion of production still in inventory and smelting, refining and marketing charges associated with production.
- (vi) The Canadian Malartic mine's cost calculations per ounce of gold produced for the three and six months ended June 30, 2020 exclude 2,651 and 5,625 ounces of payable gold production, respectively, which were produced during these periods as commercial production at the Barnat deposit has not yet been achieved.
- (vii) The Canadian Malartic mine's cost calculations per tonne for the three and six months ended June 30, 2020 exclude 126,279 and 261,343 tonnes of ore from the Barnat deposit, respectively, which were processed during these periods as commercial production at the Barnat deposit has not yet been achieved.

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*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 producers. 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 producers 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 three and six months ended June 30, 2020, and June 30, 2019 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**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>(United States dollars per ounce of gold produced, except where noted)</b>				
Production costs per the condensed interim consolidated statements of income (thousands of United States dollars) . . . . .	\$280,394	\$279,497	\$636,496	\$556,390
Adjusted gold production (ounces) <sup>(i)(ii)(iii)(iv)</sup> . . . . .	328,413	380,469	736,805	761,099
Production costs per ounce of adjusted gold production . . . . .	\$ 854	\$ 735	\$ 864	\$ 731
Adjustments:				
Inventory and other adjustments <sup>(v)</sup> . . . . .	21	1	19	(11)
Total cash costs per ounce of gold produced (co-product basis) <sup>(vi)</sup> . . . . .	\$ 875	\$ 736	\$ 883	\$ 720
By-product metal revenues . . . . .	(50)	(84)	(51)	(82)
Total cash costs per ounce of gold produced (by-product basis) <sup>(vi)</sup> . . . . .	<u>\$ 825</u>	<u>\$ 652</u>	<u>\$ 832</u>	<u>\$ 638</u>
Adjustments:				
Sustaining capital expenditures (including capitalized exploration) . . . . .	228	214	199	171
General and administrative expenses (including stock options) . . . . .	78	77	76	76
Non-cash reclamation provision, sustaining leases and other . . . . .	11	10	11	10
All-in sustaining costs per ounce of gold produced (by-product basis) . . . . .	<u>\$ 1,142</u>	<u>\$ 953</u>	<u>\$ 1,118</u>	<u>\$ 895</u>
By-product metal revenues . . . . .	50	84	51	82
All-in sustaining costs per ounce of gold produced (co-product basis) . . . . .	<u>\$ 1,192</u>	<u>\$ 1,037</u>	<u>\$ 1,169</u>	<u>\$ 977</u>

Notes:

- (i) Adjusted gold production for the three and six months ended June 30, 2020 exclude 2,651 and 5,625 ounces of payable gold from the Barnat deposit at the Canadian Malartic mine, respectively, which were produced prior to the achievement of commercial production at the Barnat deposit.
- (ii) Adjusted gold production for the three and six months ended June 30, 2019 exclude 2,147 ounces of payable gold from the Amaruq deposit at the Meadowbank mine, which were produced prior to the achievement of commercial production at the Amaruq deposit.
- (iii) Adjusted gold production for the three and six months ended June 30, 2019 exclude 29,699 and 47,281 ounces of payable gold production at the Meliadine mine, respectively, which were produced prior to the achievement of commercial production.
- (iv) Adjusted gold production for the six months ended June 30, 2019 excludes 5 ounces of payable gold production at the Lapa mine, which were credited to the Company as a result of final refining reconciliations following the cessation of mining and processing operations at the Lapa mine on December 31, 2018.
- (v) 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 the 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 primarily the addition of smelting, refining and marketing charges to production costs.
- (vi) 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. See "Non-GAAP Financial Performance Measures — Total Cash Costs per Ounce of Gold Produced and Minesite Costs per Tonne" for more information on the Company's use of total cash cost per ounce of gold produced.

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***Operating Margin***

Operating margin 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 excluding the following from net income as recorded in the condensed interim consolidated financial statements:

- Income and mining taxes expense
- Other expenses (income)
- Foreign currency translation loss (gain)
- Gain (loss) on derivative financial instruments
- Finance costs
- General and administrative expenses
- Amortization of property, plant and mine development
- Exploration and corporate development expenses
- Impairment losses (reversals)

The Company believes that operating margin is a useful measure that reflects the operating performance of its mines associated with the ongoing production and sale of gold and by-product metals. Management uses this measure internally to plan and forecast future operating results. This measure is intended to provide investors with additional information about the Company's underlying operating results and should be evaluated in conjunction with net income and other data prepared in accordance with IFRS.

The following table sets out a reconciliation of net income to operating margin for the three and six months ended June 30, 2020 and June 30, 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(thousands of United States dollars)</i>				
<b>Net income for the period</b> . . . . .	\$105,301	\$ 27,772	\$ 83,736	\$ 64,804
Income and mining taxes expense . . . . .	12,250	15,048	57,146	30,537
Other expenses (income) . . . . .	23,735	(4,970)	28,275	(3,102)
Foreign currency translation loss . . . . .	3,322	4,131	7,168	6,337
Gain on derivative financial instruments . . . . .	(62,175)	(2,858)	(19,573)	(12,674)
Finance costs . . . . .	25,000	27,310	52,762	53,076
General and administrative . . . . .	25,546	29,126	56,089	58,219
Amortization of property, plant and mine development . . . .	129,465	124,203	282,974	252,445
Exploration and corporate development . . . . .	14,337	27,352	43,980	52,802
<b>Operating margin</b> . . . . .	<u>\$276,781</u>	<u>\$247,114</u>	<u>\$592,557</u>	<u>\$502,444</u>