

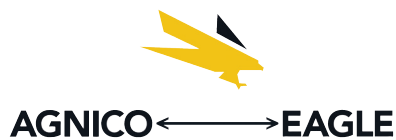
**Building trust.
Creating value.
Contributing to community well-being.**



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

A Sign of the Times

Slowing the spread of COVID-19 in the workplace comes down to three simple actions: wash your hands, wear a face mask and keep a safe distance. We developed a special logo to remind everyone at Agnico Eagle that to practice social and physical distancing, you should stay at least two metres apart from other people (where possible). Another way to measure it? Keep one Golden Eagle wingspan apart.



Thanks for keeping your distance.

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A year unlike any other

We have the right business strategy, the right culture and the right mind-set to adapt to changing circumstances and to remain resilient in the face of what is “unknowable”.



Message from the CEO

Building trust with our stakeholders, creating value for our shareholders, and contributing to the well-being of our people, their families and the communities in which we operate.

These have been Agnico Eagle's priorities for over 60 years now. They have earned us a reputation as a partner of choice within our industry, and recognition as a company that operates with respect for others.

And they have grounded us throughout this pandemic. While we couldn't control the day-to-day turmoil of COVID-19 – the temporary shutdowns, the evolving health and safety protocols, the stay-at-home work orders – we could control our priorities and focus on what really matters most.

For Agnico Eagle, what matters most is the health and well-being of our employees, their families and our communities. We reached out to governments, infectious disease specialists, and community leaders to help us navigate through the global pandemic, while sharing our own expertise and resources to keep our operating communities, employees and workplaces safe.

If we have been successful, it is because our stakeholders trusted us to do the right thing. Trust that we have earned over many years, and trust that we have built by consistently delivering on our promises and commitments.

While we don't know what the pandemic has in store for us in 2021, we do know that we will continue to work hard to maintain the trust of our stakeholders. We know that we have the right business strategy, the right culture and the right mind-set to adapt to changing circumstances and to remain resilient in the face of what is "unknowable".

We also know we have our priorities straight and we will take the profound insights gained from the global COVID-19 pandemic with us as we work to maximize our full potential.

Protecting employee and community health and safety

Protecting the health and safety of Agnico Eagle employees and stopping the spread of COVID-19 in our workforce and operating communities was our top priority in 2020.

Our health, safety and operations teams implemented strict screening and enhanced hygiene protocols – as well as physical distancing, awareness campaigns and teleworking where possible – while collaborating with all levels of government and partners on public health and safety measures.



Testing for COVID-19 proved key to protecting our workforce and reducing the risk of the pandemic at our remote sites and in the communities where we operate.

In Canada, we worked with world-renowned infectious disease specialist Dr. Gary Kobinger to launch a mobile same-day testing lab to test our workforce for COVID-19, particularly in Nunavut. We took the added precaution of sending our entire Nunavut-based workforce home with compensation in order to protect them and reduce the risk of the virus spreading in remote Kivalliq communities.¹

We now have five testing facilities in place to support our Canadian operations. We also fund a testing facility in Finland, which is available to our Kittila employees, as well as to all residents of the Kittila municipality. In Mexico, we rapid test all employees prior to traveling to the mine site, with over 27,550 tests performed in 2020.

Making a difference in our communities

Throughout the pandemic, we have consulted widely with local authorities to understand community-based priorities and to provide much needed support to community health and well-being initiatives. Each of our sites made significant donations of safety (PPE) equipment to their local health services, funds to regional food banks and help centres, and supported other initiatives where the need was greatest.

It was often the smallest initiatives that had the biggest impact:

- In **Mexico**, our mine's medical doctors were reassigned to community Health Centres to ensure vulnerable community members received appropriate medical attention, and contributed molecular biology equipment to a major government health lab, supporting its COVID-19 confirmation testing, which benefitted 67 communities.
- In **Finland**, we distributed 140 gift vouchers through Kittila's social services department to help the most vulnerable, and provided grants to local tourist businesses to obtain their Environmental Certificates and maintain their business standing.
- In **Abitibi**, we distributed grocery gift cards and other funding to three First Nations communities, and supported local organizations helping the homeless who were impacted by the province's overnight COVID-19 curfew.

- In Nunavut, we launched the Good Deeds Brigade with our Kivallimmiut employees who remained at home but were anxious to make a difference in their communities. To date, they have worked on 20 community-led projects across six communities – providing their expertise to support everything from local landfill cleanups and prenatal-daycare programs to translating and transcribing Inuit traditional knowledge.

Achieving best-ever results

At one point during the first half of the year, seven of our eight mines were on care and maintenance or reduced activities status. Despite this rocky beginning, 2020 was another record year for Agnico Eagle. With the unwavering support of our employees, Agnico Eagle delivered 1.7 million ounces of gold in 2020, and for the first time in our Company's history we produced over 500,000 ounces in a quarter.

This performance, along with rising gold prices, allowed us to generate record annual earnings and cash flow, deliver the highest share price on record for Agnico Eagle shareholders, and increase our quarterly dividend by a significant 75%. Additionally, with recent exploration success in several of our long-life mining camps, we are confident we can produce over 2 million ounces of gold per year for the next 10 years.

We are grateful that throughout this challenging year, Agnico Eagle employees continued to prioritize safety first. In particular, Canadian Malartic posted its best performance in health and safety since the opening of the mine in 2011.

Maximizing our full potential

Agnico Eagle's exploration program continued to drive growth in 2020 and add to our value proposition. Our mineral reserves increased by 12% to a record 24.1 million ounces of gold and our inferred mineral resources rose by 9% to 23.4 million ounces.

Our near-term growth opportunities include the Amaruq Underground project at the Meadowbank Complex and our 50% owned Odyssey project at Canadian Malartic. Gold production from Amaruq Underground is expected to begin in early 2022, while initial production from the Odyssey project, which has an expected 17-year mine life, is anticipated to begin in 2023.

Adding to our growth story is our recent acquisition of TMAC Resources Inc. and the enormous potential of the Hope Bay property in Nunavut, which is expected to become our fourth largest asset by mineral resources. Work is now underway to assess and optimize current production from the Doris deposit, as well as to further explore the property and evaluate the Madrid and Boston deposits for future production.

Our 2021 outlook & priorities

Gold performed exceptionally well in 2020 and while COVID-19 was not the sole cause, it certainly played a significant role. The outlook for 2021 is for a positive, though more subdued performance, with gold prices remaining strong and increased investor interest in the sector, along with continued industry consolidation.

In 2021, we will continue to execute our strategy to grow the business and maximize our full potential. We expect to generate strong net free cash flow and to increase production by nearly 300,000 ounces, allowing us to produce over 2 million ounces of gold for the first time ever. We have increased our exploration budget by over 40%, and we plan to advance our pipeline of growth projects, including Amaruq, Odyssey and Hope Bay.

Ultimately, we will continue to focus on our priorities and what matters most to our business: building trust with our stakeholders, creating value for our shareholders, and contributing to the well-being of our people, their families and the communities in which we operate.

On behalf of everyone at Agnico Eagle, I want to thank Yvon Sylvestre, Greg Laing and Louise Grondin, for the exceptional contributions they have made to Agnico Eagle during their respective careers. I also want to pay tribute to Dr. Leanne Baker who sadly passed away in 2020. Leanne was one of the top equity analysts in the United States and a trailblazer for women on Wall Street. A trusted and outstanding Agnico Eagle Board member for 17 years, we are honouring her memory by launching an internal development program for women within Agnico Eagle.

Our business has never been easy – in fact, it gets more complicated every year – and 2020 was particularly challenging. But we enter 2021 with our business stronger than ever, with our remarkable culture intact, and with the knowledge that our stakeholders trust us to do the right thing. Thanks to the extraordinary efforts of our employees this past year, the future of Agnico Eagle has never looked brighter.



Sean Boyd
Vice-Chairman and Chief Executive Officer

March 22, 2021

1. In early 2021, with the distribution of COVID-19 vaccines underway in local Nunavut communities, we are preparing to reintegrate the Nunavut-based workforce into our operations over the course of the year.

Operations At-a-Glance

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



MINING OPERATIONS

1. Hope Bay Mine and Project
Nunavut, Canada
Underground mine in Nunavut Territory, northern Canada

On February 2, 2021, Agnico Eagle completed the acquisition of TMAC. Hope Bay Property hosts three known deposits containing significant mineral reserves and mineral resources.

2. Meadowbank Complex
Nunavut, Canada
Open pit mine and underground development project in Nunavut Territory, northern Canada

2020 payable production:
209,413 ounces of gold

3. Meliadine Mine
Nunavut, Canada
Underground and open pit mine in Nunavut Territory, northern Canada

2020 payable production:
318,889 ounces of gold

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

2020 payable production:
349,913 ounces of gold

5. Goldex Mine
Quebec, Canada
Underground mine in Abitibi region, Quebec

2020 payable production:
127,540 ounces of gold

6. Canadian Malartic Mine (50%)
Quebec, Canada
Open pit mine and developing the Odyssey underground project in Abitibi region, Quebec, in which Agnico Eagle has 50% ownership.

2020 payable production:
284,317 ounces of gold

7. Kittila Mine
Lapland, Finland
Underground mine, northern Finland

2020 payable production:
208,125 ounces of gold

8. Pinos Altos Complex
Chihuahua State, Mexico
Open pit and underground mine with milling and heap leach operation in northern Mexico

2020 payable production:
153,397 ounces of gold

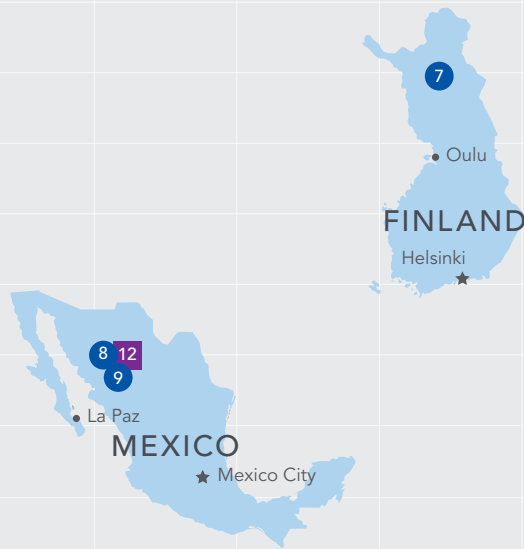
9. La India Mine
Sonora State, Mexico
Open pit mine with heap leach operation in Mulatos Gold Belt

2020 payable production:
84,974 ounces of gold



2020 PRODUCTION

Gold (in ounces)	Silver (in ounces)	Zinc (in tonnes)	Copper (in tonnes)
1.74M ¹	3.37M	6.26k	3.07k



EXPLORATION PROJECTS

10. Hammond Reef

Northwestern Ontario, Canada

A gold exploration project where open pit mineral reserves and mineral resources have been outlined.

11. Kirkland Lake

Northeastern Ontario, Canada

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

12. Santa Gertrudis

Sonora, Mexico

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

1. Includes pre-commercial gold production of 18,930 ounces at Canadian Malartic; 10,995 ounces at the Meadowbank Complex; and 6,491 ounces at Meliadine.

2020 HIGHLIGHTS

1.74M¹

Annual gold production (in ounces)

\$775

Total cash costs per ounce

75%

Annual increase in dividends

12%

Increase in gold mineral reserves

\$1.2B

Record cash provided by operating activities

11,400

People



2020 ESG STATISTICS

578k¹

Total tonnes of CO₂ equivalent

8.3M¹

Cubic metres fresh water withdrawn for use²

0.96

Combined Lost-time accidents and Restricted Work frequency achieved

\$6.2M

Community investments

1. Excludes Canadian Malartic.
2. Agnico Eagle's 2020 Sustainability Report will provide a more detailed accounting of the Company's water balance.

Environmental, Social and Governance Summary Performance

In 2020, we continued to improve Agnico Eagle's health and safety performance and had no major incidents impacting the environment. Throughout the year, we strengthened the governance of our water and tailings management programs and implemented additional GHG reduction initiatives. We continued to contribute to the quality of life in our host communities and developed a Diversity and Inclusion Action Plan.

	2020 Priorities	2020 Progress
Workplace	0 Fatalities	0 Fatalities
	Achieve a combined Global Accident Frequency below 1.05	0.96 ¹ combined Global Accident Frequency
People	Implement actions to increase diversity in the workplace.	Updated our Diversity and Inclusion action plan with a broadened scope.
Environmental Incidents	0 Major or Catastrophic environmental incidents	0 Major or Catastrophic environmental incidents
Water Management	Present Corporate Standard for Water Management to senior management, project teams, and operations for implementation across the company.	In 2020, we withdrew 8.3Mm ³ of fresh water for use or 5.7 m ³ /oz produced. Progressive implementation of the Water Stewardship Protocol.
Climate Change	Prepare first Climate Action Plan Strategy and initiate risk assessment in line with TFCO.	Disclosure of Scope 3 GHG emissions will be in our 2020 Sustainability report. Initiated work on Climate Action Plan Strategy.
Tailings Management	Update risk assessment of critical infrastructure (2019–2020).	Completed quantitative risk assessment for all tailings storage facilities.
Community Relations	Continue to negotiate relevant agreements with First Nations for projects in Ontario and Quebec. Implement the Good Neighbour Guide for operations in Abitibi.	Negotiations with First Nations continue. Good Neighbour Guide implemented at Goldex and LaRonde. In June 2020, the Canadian Malartic Mine (CMM) signed a Collaboration Agreement with four Anishinabeg First Nations in the Abitibi region of Quebec. The Agreement provides for their increased participation in CMM's mining activities and projects.
	Enhance our process in order to align expectations between Indigenous groups, government and Agnico Eagle. Audit stakeholder mapping process.	Implemented an updated engagement strategy. Advocated for the Quebec Government to develop a formula to share mining-related revenues with First Nations. Audit postponed due to COVID-19.

1. Combined lost-time accidents and restricted workcases per 200,000 person hours worked by employees and contractors. Includes Canadian Malartic Mine.

Corporate Governance

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

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

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

The Board of Directors does not set any fixed percentages for any specific selection criteria as it believes all factors should be considered when assessing and determining the merits of an individual director and the composition of a high-functioning Board of Directors. The proportion of women is currently 33% of the non-executive directors and Aboriginal directors is currently 11% (1 of 9) of the non-executive directors. The proportion of women chairing Committees of the Board of Directors is currently 25%. The Board of Directors believes that the diversity represented by the directors seeking election at the 2021 annual general and special meeting supports an efficient and effective Board of Directors.

Board Committees

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

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

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

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

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

Board of Directors

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

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

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

Robert J. Gemmell²
 (Director since 2011)

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

Deborah McCombe P.Geo^{1,4}
 (Director since 2014)

Dr. Sean Riley⁴
 (Director since 2011)

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

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

The Hon. Leona Aglukkaq P.C.
 (Director since 2021)

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

Officers

Sean Boyd
 Vice-Chairman and
 Chief Executive Officer

Ammar Al-Joundi
 President

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

Dominique Girard
 Senior Vice-President,
 Operations – Canada
 and Europe

Guy Gosselin
 Senior Vice-President,
 Exploration

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

Carol Plummer
 Senior Vice-President,
 Sustainability, People
 and Culture

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

Chris Vollmershausen
 Senior Vice-President,
 Legal, General Counsel and
 Corporate Secretary



Financial Highlights

Agnico Eagle remains a quality business with growing production, free cash flow, and industry-leading ESG performance.

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

Operating Highlights	2020	2019	2018
Payable gold production (ounces) ¹	1,736,568	1,782,147	1,626,669
Total cash costs per ounce ²	\$ 775	\$ 673	\$ 637
Average realized gold price per ounce	\$ 1,788	\$ 1,406	\$ 1,266

Financial Highlights

(millions, except per share amounts)

	2020	2019	2018
Revenue from mining operations	\$ 3,138.1	\$ 2,494.9	\$ 2,191.2
Net income (loss) for the year ^{3,4}	\$ 511.6	\$ 473.2	\$ (326.7)
Net income (loss) per share – basic ^{3,4}	\$ 2.12	\$ 2.00	\$ (1.40)
Annualized dividend declared per share ⁵	\$ 0.95	\$ 0.55	\$ 0.44

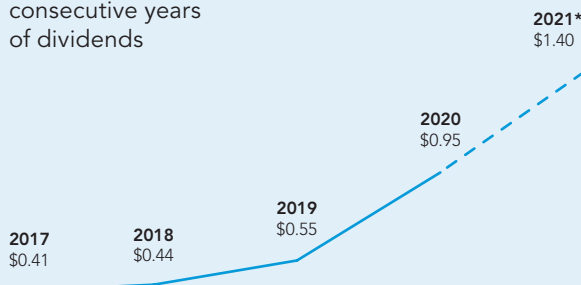
1. Payable production of a mineral means the quantity of mineral produced during a period contained in products that are sold by the Company, whether such products are shipped during the period or held as inventory at the end of the period.
2. Total cash costs per ounce is a Non-GAAP measure and unless otherwise specified is reported on a by-product basis. For further information see "Note Regarding Certain Measures of Performance".
3. Net income for the year ended December 31, 2019, includes impairment reversal gain of \$345.8 million (\$1.45 per share). Net loss for the year ended December 31, 2018, includes impairment losses of \$389.7 million (\$1.66 per share).
4. In accordance with the adoption of IFRS9 on January 1, 2018, the Company has restated comparative information where required.
5. Agnico Eagle has now declared a cash dividend every year since 1983.

Annualized Dividend

(per share)

38

consecutive years
of dividends



* Assuming the Board of Directors continues to declare dividends of \$0.35 per quarter.

Superior Share Performance since 1998

■ AEM US Equity ■ XAU Index ■ Gold Spot

13.42%

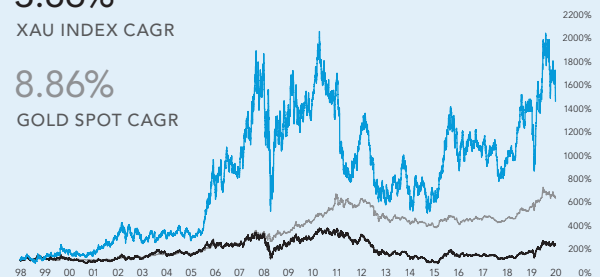
AEM US EQUITY CAGR

3.86%

XAU INDEX CAGR

8.86%

GOLD SPOT CAGR



Source: Bloomberg, CapIQ

Detailed Mineral Reserves and Mineral Resources

Mineral Reserves

Gold reserves rise 12% to 24.1 million ounces

The Company's proven and probable mineral reserve estimate (net of 2020 gold production) totaled 348 million tonnes of ore grading 2.15 g/t gold, containing approximately 24.1 million ounces of gold, as of December 31, 2020. This is an increase of approximately 2.5 million ounces of gold (12%) compared with the prior year, largely due to the inclusion of initial mineral reserves at Hammond Reef. The ore extracted from mines in 2020 contained 1.9 million ounces of gold in-situ (29.3 million tonnes grading 2.03 g/t gold).

Highlights from 2020 include: a declaration of initial, open-pit probable mineral reserves at the Hammond Reef deposit of 3.3 million ounces of gold (124.5 million tonnes grading 0.84 g/t gold); an increase of 0.2 million ounces of gold in mineral reserves at the LaRonde Complex (net of 2020 gold production), mainly due to the addition of 0.3 million ounces of gold in mineral reserves in Zone 3 and Zone 5 at LZ5, and the addition of 0.2 million ounces of gold following the review of high grade capping at LaRonde; a modification to the Barnat pit at the Canadian Malartic mine added approximately 0.15 million ounces of gold in mineral reserves (reflecting Agnico Eagle's 50% interest); and the addition of 0.36 million ounces of gold in initial underground mineral reserves at the Discovery deposit at the Meliadine mine.

Hope Bay mine is not included in the year-end 2020 mineral reserve and mineral resource estimates.

It is the Company's goal to maintain its global mineral reserves at approximately 10 times its annual gold production rate. The current mineral reserves satisfy this target when compared to the Company's projected gold production guidance for 2021.

The Company's current mineral reserve and mineral resource estimates, including the Canadian Malartic mine, are based on a gold price of \$1,250 per ounce, except for Hammond Reef and Upper Beaver. At an assumed gold price of \$1,375 per ounce (leaving other assumptions unchanged), the Company estimates there would be an approximate 5.6% increase in the gold contained in proven and probable mineral reserves. Conversely, using a gold price of \$1,125 per ounce (leaving other assumptions unchanged), the Company estimates there would be an approximate 5.6% decrease in the gold contained in proven and probable mineral reserves.

MINERAL RESERVES AS OF DECEMBER 31, 2020

OPERATION			PROVEN			PROBABLE			PROVEN & PROBABLE		
GOLD	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au
LaRonde	Underground	100%	4,338	5.11	712	10,828	6.53	2,272	15,166	6.12	2,984
LaRonde Zone 5	Underground	100%	5,155	2.09	346	6,601	2.08	442	11,756	2.08	788
LaRonde Complex Total			9,493	3.47	1,058	17,429	4.84	2,713	26,922	4.36	3,772
Canadian Malartic	Open Pit	50%	25,370	0.85	696	36,068	1.31	1,518	61,438	1.12	2,214
Goldex	Underground	100%	942	2.45	74	21,179	1.53	1,040	22,121	1.57	1,115
Akasaba West	Open Pit	100%	–	–	–	5,413	0.85	147	5,413	0.85	147
Amaruq	Open Pit	100%	950	2.06	63	18,920	3.72	2,261	19,870	3.64	2,324
Amaruq	Underground	100%	–	–	–	3,316	5.29	564	3,316	5.29	564
Amaruq Total			950	2.06	63	22,236	3.95	2,825	23,186	3.87	2,888
Meadowbank	Open Pit	100%	34	2.34	3	–	–	–	34	2.34	3
Meadowbank Complex Total			983	2.07	65	22,236	3.95	2,825	23,220	3.87	2,891
Meliadine	Open Pit	100%	181	4.10	24	5,460	4.70	826	5,640	4.68	850
Meliadine	Underground	100%	1,288	7.28	301	14,342	6.23	2,874	15,629	6.32	3,175
Meliadine Total			1,468	6.89	325	19,801	5.81	3,700	21,270	5.89	4,025
Upper Beaver	Underground	100%	–	–	–	7,992	5.43	1,395	7,992	5.43	1,395
Hammond Reef	Open Pit	100%	–	–	–	123,473	0.84	3,323	123,473	0.84	3,323
Kittila	Underground	100%	2,999	4.23	408	27,434	4.15	3,659	30,433	4.16	4,067
Pinos Altos	Open Pit	100%	62	0.88	2	3,605	1.26	146	3,667	1.25	148
Pinos Altos	Underground	100%	2,691	2.21	191	7,105	2.36	539	9,796	2.32	731
Pinos Altos Total			2,753	2.18	193	10,710	1.99	685	13,463	2.03	878
La India	Open Pit	100%	89	0.35	1	11,939	0.66	255	12,029	0.66	256
Total			44,098	1.99	2,821	303,675	2.18	21,261	347,773	2.15	24,082
SILVER	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag
LaRonde	Underground	100%	4,338	15.59	2,173	10,828	18.81	6,548	15,166	17.89	8,722
Pinos Altos	Open Pit	100%	62	13.24	27	3,605	33.68	3,904	3,667	33.34	3,931
Pinos Altos	Underground	100%	2,691	54.31	4,698	7,105	49.28	11,257	9,796	50.66	15,956
Pinos Altos Total			2,753	53.38	4,725	10,710	44.03	15,162	13,463	45.94	19,886
La India	Open Pit	100%	89	1.38	4	11,939	3.01	1,155	12,029	3.00	1,159
Total			7,180	29.90	6,902	33,478	21.24	22,865	40,658	22.77	29,767
COPPER	Mining Method	Ownership	000 Tonnes	%	tonnes Cu	000 Tonnes	%	tonnes Cu	000 Tonnes	%	tonnes Cu
LaRonde	Underground	100%	4,338	0.21	9,291	10,828	0.28	29,826	15,166	0.26	39,117
Akasaba West	Open Pit	100%	–	–	–	5,413	0.48	25,891	5,413	0.48	25,891
Upper Beaver	Underground	100%	–	–	–	7,992	0.25	19,980	7,992	0.25	19,980
Total			4,338	0.21	9,291	24,233	0.31	75,696	28,571	0.30	84,987
ZINC	Mining Method	Ownership	000 Tonnes	%	tonnes Zn	000 Tonnes	%	tonnes Zn	000 Tonnes	%	tonnes Zn
LaRonde	Underground	100%	4,338	0.53	22,894	10,828	0.85	92,560	15,166	0.76	115,454
Total			4,338	0.53	22,894	10,828	0.85	92,560	15,166	0.76	115,454

Detailed Mineral Reserves and Mineral Resources

Mineral Resources

Measured and indicated mineral resources decrease by 15% and inferred mineral resources rise by 8%

At December 31, 2020, the Company's measured and indicated mineral resources totaled 15.3 million ounces of gold (341 million tonnes grading 1.40 g/t gold). This represents a 15% (2.7 million ounce) decrease in ounces of gold, and a 6% increase in grade (from 1.32 g/t gold) compared to a year earlier.

The decrease in the Company's measured and indicated mineral resources is largely due to the successful conversion of indicated mineral resources to mineral reserves through studies and the application of mine shape optimization to the reporting of Goldex and Canadian Malartic indicated underground mineral resources. These mineral resources are comprised of 10.2 million ounces of gold (131 million tonnes grading 2.44 g/t gold) in underground indicated mineral resources and 5.1 million ounces of gold (211 million tonnes grading 0.75 g/t gold) of open-pit indicated mineral resources.

Conversion drilling at the Kittila, Amaruq, Goldex, Meliadine, Pinos Altos and El Realito (La India) properties resulted in additions of approximately 382,000 ounces of gold to measured and indicated mineral resources. Offsetting these additions was the conversion of approximately 3.6 million ounces of gold to mineral reserves at Hammond Reef, Discovery deposit at Meliadine, LZ5 at LaRonde Complex and Cubiro and Reyna de Plata at Pinos Altos.

At December 31, 2020, the Company's inferred mineral resources totaled 283 million tonnes grading 2.57 g/t gold, or approximately 23.4 million ounces of gold. This represents an approximate 9% (1.9 million ounce) increase in ounces of gold and a 0.1 g/t decrease in grade.

At the East Gouldie Zone on the Canadian Malartic mine property, intensive exploration drilling during 2020 led to an increase of 1.8 million ounces of gold in inferred mineral resources to 3.2 million ounces of gold (31 million tonnes grading 3.17 g/t gold) (reflecting Agnico Eagle's 50% interest).

At the Santa Gertrudis project, inferred mineral resources have risen 39% (457,000 ounces of gold) mainly due to exploration drilling at the high-grade Amelia underground deposit. Inferred mineral resources at Santa Gertrudis now total 1.6 million ounces of gold (28 million tonnes grading 1.83 g/t gold).

At the LaRonde Complex, inferred mineral resources at LZ5 have increased by 129% (788,000 ounces gold) with approximately 600,000 ounces of gold added due to the Ellison deposit now being reported with LZ5 and approximately 145,000 ounces of gold added from historical Zone 3 compilation.

At the Meliadine mine, the revision of the cut-off grade combined with less exploration results due to changes in drilling priorities and delays related to COVID-19 constraints resulted in a reduction of inferred mineral resources by 334,000 ounces of gold. Despite these factors, the total inferred mineral resource at Meliadine remains one of the Company's largest, and the highest grade inferred mineral resource, with 2.3 million ounces of gold (12 million tonnes grading 5.82 g/t gold).

Notes: Mineral reserves are not a subset of mineral resources. Tonnage amounts and contained metal amounts set out in these tables have been rounded to the nearest thousand, so aggregate amounts may differ from column totals. Please refer to the Company's news release dated February 11, 2021 and the Company's Annual Information Form for the year ended December 31, 2020 for further details on mineral reserves and mineral resources. The scientific and technical information relating to Agnico Eagle's mineral reserves and mineral resources contained herein (other than the Canadian Malartic mine) has been approved by Dyane Duquette, P.Geol., Corporate Director, Reserves Development of the Company; relating to mineral reserves and mineral resources at the Canadian Malartic mine and other Partnership projects such as the Odyssey Project, has been approved by Sylvie Lampron, Eng., Senior Project Mine Engineer at Canadian Malartic Corporation (for engineering) and Pascal Lehouiller, P.Geol., Senior Resource Geologist at Canadian Malartic Corporation (for geology), each of whom is a "qualified person" for the purposes of NI 43-101.

The assumptions used for the December 31, 2020 mineral reserves estimate at all mines and advanced projects reported by the Company were as follows:

	METAL PRICES				EXCHANGE RATES		
	Gold (US\$/oz)	Silver (US\$/oz)	Copper (US\$/lb)	Zinc (US\$/lb)	C\$ per US\$1.00	Mexican peso per US\$1.00	US\$ per €1.00
Operations and projects	\$1,250	\$17	\$2.75	\$1.00	\$1.30	MXP18.00	EUR\$1.15
Hammond Reef	\$1,350	Not applicable	Not applicable	Not applicable	\$1.30	Not applicable	Not applicable
Upper Beaver	\$1,200	Not applicable	\$2.75	Not applicable	\$1.25	Not applicable	Not applicable

MINERAL RESOURCES AS OF DECEMBER 31, 2020

OPERATION			MEASURED		INDICATED			MEASURED & INDICATED			INFERRED			
			000 Tonnes	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	
GOLD	Mining Method	Ownership												
LaRonde	Underground	100%	–	–	4,904	3.55	560	4,904	3.55	560	6,369	4.54	931	
LaRonde Zone 5	Underground	100%	–	–	12,218	1.98	776	12,218	1.98	776	15,130	2.88	1,399	
LaRonde Complex Total			–	–	17,122	2.43	1,336	17,122	2.43	1,336	21,499	3.37	2,330	
Canadian Malartic	Open Pit	50%	149	0.55	3	538	0.59	10	686	0.58	13	3,532	0.74	85
Canadian Malartic	Underground	50%	–	–	–	2,028	1.42	92	2,028	1.42	92	156	1.52	8
Canadian Malartic Total			149	0.55	3	2,566	1.24	103	2,715	1.21	105	3,688	0.78	92
Odyssey	Underground	50%	–	–	–	1,000	1.90	61	1,000	1.90	61	13,853	2.05	913
East Malartic	Underground	50%	–	–	–	5,658	2.03	368	5,658	2.03	368	43,444	1.91	2,669
East Gouldie	Underground	50%	–	–	–	–	–	–	–	–	–	31,469	3.17	3,209
Goldex	Underground	100%	12,360	1.86	739	19,247	1.53	944	31,607	1.66	1,683	24,812	1.49	1,191
Akasaba West	Open Pit	100%	–	–	–	4,870	0.63	98	4,870	0.63	98	–	–	–
Zulapa	Open Pit	100%	–	–	–	–	–	–	–	–	–	391	3.14	39
Meadowbank	Open Pit	100%	–	–	–	1,145	2.46	90	1,145	2.46	90	4	2.06	0
Amaruq	Open Pit	100%	–	–	–	7,022	2.53	570	7,022	2.53	570	886	2.65	75
Amaruq	Underground	100%	–	–	–	6,571	4.28	904	6,571	4.28	904	7,924	4.70	1,198
Amaruq Total			–	–	–	13,593	3.37	1,474	13,593	3.37	1,474	8,810	4.50	1,273
Meadowbank Complex Total			–	–	–	14,738	3.30	1,564	14,738	3.30	1,564	8,814	4.49	1,274
Meliadine	Open Pit	100%	–	–	–	6,917	3.00	668	6,917	3.00	668	816	4.23	111
Meliadine	Underground	100%	81	3.66	10	11,779	3.83	1,452	11,860	3.83	1,461	11,451	5.94	2,186
Meliadine Total			81	3.66	10	18,697	3.53	2,120	18,777	3.53	2,129	12,267	5.82	2,297
Hammond Reef	Open Pit	100%	47,063	0.54	819	86,304	0.53	1,478	133,367	0.54	2,298	–	–	–
Upper Beaver	Underground	100%	–	–	–	3,636	3.45	403	3,636	3.45	403	8,688	5.07	1,416
AK Project	Underground	100%	–	–	–	1,268	6.51	265	1,268	6.51	265	2,373	5.32	406
Anoki-McBean	Underground	100%	–	–	–	1,868	5.33	320	1,868	5.33	320	2,526	4.70	382
Upper Canada	Open Pit	100%	–	–	–	2,006	1.62	104	2,006	1.62	104	1,020	1.44	47
Upper Canada	Underground	100%	–	–	–	8,433	2.28	618	8,433	2.28	618	17,588	3.21	1,816
Upper Canada Total			–	–	–	10,439	2.15	722	10,439	2.15	722	18,608	3.11	1,863
Kittila	Open Pit	100%	–	–	–	229	3.41	25	229	3.41	25	373	3.89	47
Kittila	Underground	100%	4,748	2.44	372	17,999	2.51	1,452	22,747	2.49	1,824	11,620	3.77	1,408
Kittila Total			4,748	2.44	372	18,228	2.52	1,477	22,976	2.50	1,849	11,993	3.77	1,454
Kuotko	Open Pit	100%	–	–	–	–	–	–	–	–	–	284	3.18	29
Kylmäkangas	Underground	100%	–	–	–	–	–	–	–	–	–	1,896	4.11	250
Barsele	Open Pit	55%	–	–	–	3,178	1.08	111	3,178	1.08	111	2,260	1.25	91
Barsele	Underground	55%	–	–	–	1,158	1.77	66	1,158	1.77	66	13,552	2.10	914
Barsele Total			–	–	–	4,335	1.27	176	4,335	1.27	176	15,811	1.98	1,005
Pinos Altos	Open Pit	100%	–	–	–	1,734	0.81	45	1,734	0.81	45	468	1.18	18
Pinos Altos	Underground	100%	–	–	–	15,701	1.66	837	15,701	1.66	837	3,090	1.86	185
Pinos Altos Total			–	–	–	17,436	1.57	882	17,436	1.57	882	3,558	1.77	203
La India	Open Pit	100%	9,781	0.87	274	1,309	0.73	31	11,091	0.85	305	419	0.55	7
Tarachi	Open Pit	100%	–	–	–	22,665	0.40	294	22,665	0.40	294	6,476	0.33	68
Chipriona	Open Pit	100%	–	–	–	1,266	1.08	44	1,266	1.08	44	12,799	0.68	278
El Barqueño	Open Pit	100%	–	–	–	8,834	1.16	331	8,834	1.16	331	9,628	1.13	351
Santa Gertrudis	Open Pit	100%	–	–	–	5,778	0.60	111	5,778	0.60	111	19,691	1.18	746
Santa Gertrudis	Underground	100%	–	–	–	–	–	–	–	–	–	7,980	3.43	879
Santa Gertrudis Total			–	–	–	5,778	0.60	111	5,778	0.60	111	27,671	1.83	1,625
Total			74,182	0.93	2,216	267,264	1.53	13,130	341,446	1.40	15,346	282,965	2.57	23,351

MINERAL RESOURCES AS OF DECEMBER 31, 2020

OPERATION			MEASURED			INDICATED			MEASURED & INDICATED			INFERRED		
			000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag	000 Tonnes	g/t	000 Oz Ag
SILVER	Mining Method	Ownership												
LaRonde	Underground	100%	–	–	–	4,904	21.39	3,372	4,904	21.39	3,372	6,369	23.98	4,911
Kylmäkangas	Underground	100%	–	–	–	–	–	–	–	–	–	1,896	31.11	1,896
Pinos Altos	Open Pit	100%	–	–	–	1,734	16.45	917	1,734	16.45	917	468	42.00	632
Pinos Altos	Underground	100%	–	–	–	15,701	44.18	22,303	15,701	44.18	22,303	3,090	50.41	5,008
Pinos Altos Total			–	–	–	17,436	41.42	23,221	17,436	41.42	23,221	3,558	49.31	5,640
La India	Open Pit	100%	9,781	5.37	1,690	1,309	4.04	170	11,091	5.22	1,860	419	3.09	42
Chipriona	Open Pit	100%	–	–	–	1,266	49.81	2,028	1,266	49.81	2,028	12,799	75.59	31,104
El Barqueño Silver	Open Pit	100%	–	–	–	–	–	–	–	–	–	4,393	124.06	17,523
El Barqueño Gold	Open Pit	100%	–	–	–	8,834	4.73	1,343	8,834	4.73	1,343	9,628	16.86	5,218
Santa Gertrudis	Open Pit	100%	–	–	–	5,778	4.39	816	5,778	4.39	816	19,691	1.90	1,200
Santa Gertrudis	Underground	100%	–	–	–	–	–	–	–	–	–	7,980	25.39	6,515
Santa Gertrudis Total			–	–	–	5,778	4.39	816	5,778	4.39	816	27,610	8.67	7,715
Total			9,781	5.37	1,690	39,528	24.35	30,950	49,309	20.59	32,640	66,733	34.51	74,050
COPPER	Mining Method	Ownership	000 Tonnes	Tonnes %	Tonnes Cu	000 Tonnes	Tonnes %	Tonnes Cu	000 Tonnes	Tonnes %	Tonnes Cu	000 Tonnes	Tonnes %	Tonnes Cu
LaRonde	Underground	100%	–	–	–	4,904	0.13	6,371	4,904	0.13	6,371	6,369	0.27	17,352
Akasaba West	Open Pit	100%	–	–	–	4,870	0.37	18,246	4,870	0.37	18,246	–	–	–
Upper Beaver	Underground	100%	–	–	–	3,636	0.14	5,135	3,636	0.14	5,135	8,688	0.20	17,284
Chipriona	Open Pit	100%	–	–	–	1,266	0.03	404	1,266	0.03	404	12,799	0.13	16,670
El Barqueño Gold	Open Pit	100%	–	–	–	8,834	0.19	16,400	8,834	0.19	16,400	9,628	0.22	21,152
Total			–	–	–	23,511	0.20	46,555	23,511	0.20	46,555	37,484	0.19	72,458
ZINC	Mining Method	Ownership	000 Tonnes	Tonnes %	Tonnes Zn	000 Tonnes	Tonnes %	Tonnes Zn	000 Tonnes	Tonnes %	Tonnes Zn	000 Tonnes	Tonnes %	Tonnes Zn
LaRonde	Underground	100%	–	–	–	4,904	0.81	39,560	4,904	0.81	39,560	6,369	1.96	124,660
Chipriona	Open Pit	100%	–	–	–	1,266	1.31	16,569	1,266	1.31	16,569	12,799	0.81	103,906
Total			–	–	–	6,171	0.91	56,129	6,171	0.91	56,129	19,168	1.19	228,566

Agnico Eagle Mines Limited Global Mineral Reserves and Resources Data

Category	As of December 31, 2019			As of December 31, 2020		
	Tonnes (000s)	Gold grade (g/t)	Contained Gold (000 oz)	Tonnes (000s)	Gold grade (g/t)	Contained Gold (000 oz)
Mineral Reserves						
Proven	38,361	1.91	2,357	44,098	1.99	2,821
Probable	198,569	3.01	19,227	303,675	2.18	21,261
Total Proven & Probable	236,930	2.83	21,585	347,773	2.15	24,082
Mineral Resources						
Measured	193,848	0.80	5,010	74,182	0.93	2,216
Indicated	231,491	1.75	13,045	267,264	1.53	13,130
Total Measured & Indicated	425,340	1.32	18,055	341,446	1.40	15,346
Inferred	249,869	2.67	21,480	282,965	2.57	23,351

Notes: Mineral reserves are not a subset of mineral resources. Tonnage amounts and contained metal amounts presented in this table have been rounded to the nearest thousand, so aggregate amounts may differ from column totals. Mineral reserves are in-situ, taking into account all mining recoveries, before mill or heap leach recoveries. Please refer to the Company news release dated February 11, 2021 and the Company's Annual Information Form for the year ended December 31, 2020, for further details on mineral reserves and mineral resources.

Management's Discussion & Analysis

For the year ended December 31, 2020



Forward-Looking Statements

The information in this annual report has been prepared as at March 22, 2021. Certain statements contained in this annual report constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” under the provisions of Canadian provincial securities laws and are referred to herein as “forward-looking statements”. When used in this annual report, the words “anticipate”, “estimate”, “expect”, “forecast”, “future”, “plan”, “potential”, “will” and similar expressions are intended to identify forward-looking statements. Such statements include, without limitation: the Company’s forward-looking production guidance, including estimated ore grades, recovery rates, project timelines, drilling results, metal production, life of mine estimates, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne, other expenses, cash flows and free cash flow; the methods by which ore will be extracted or processed; statements concerning the Company’s expansion plans at the Odyssey project and the Amaruq underground project, including the timing, funding, completion and commissioning thereof; statements concerning other expansion projects, recovery rates, mill throughput, optimization and projected exploration, including costs and other estimates upon which such projections are based; statements regarding timing and amounts of capital expenditures and other expenditures; estimates of future mineral reserves, mineral resources, mineral production, optimization efforts and sales; estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof; future dividend amounts and payment dates; the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect to such exploration, development and production; estimates of mineral reserves and mineral resources and the effect of drill results on future mineral reserves and mineral resources; statements regarding anticipated future exploration and budgets; the anticipated timing of events with respect to the Company’s mine sites; and statements regarding the sufficiency of the Company’s cash resources and other statements regarding anticipated trends with respect to the Company’s operations, exploration and the funding thereof. Such statements reflect the Company’s views as at the date of this annual report and are subject to certain risks, uncertainties and assumptions, and undue reliance should not be placed on such statements. Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The material factors and assumptions used in the preparation of the forward looking statements contained herein, which may prove to be incorrect, include, but are not limited to, the assumptions set forth herein and in management’s discussion and analysis (“MD&A”) and the Company’s Annual Information Form (“AIF”) for the year ended December 31, 2020 filed with Canadian securities regulators and that are included in its Annual Report on Form 40-F for the year ended December 31, 2020 (“Form 40-F”) filed with the U.S. Securities and Exchange Commission (the “SEC”) as well as: that governments, the Company or others do not take other measures in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company’s ability to operate its business; that 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 significant disruptions affecting operations; that production, permitting, development, expansion and the ramp up of operations at each of Agnico Eagle’s properties proceeds on a basis consistent with current expectations and plans; that the relevant metal prices, foreign exchange rates and prices for key mining and construction supplies will be consistent with Agnico Eagle’s expectations; that Agnico Eagle’s current estimates of mineral reserves, mineral resources, mineral grades and metal recovery are accurate; that there are no material delays in the timing for completion of ongoing growth projects; that seismic activity at the Company’s operations at LaRonde and other properties is as expected by the Company; that the Company’s current plans to optimize production are successful; and that there are no material variations in the current tax and regulatory environment. Many factors, known and unknown, could cause the actual results to be materially different from those expressed or implied by such forward looking statements. Such risks include, but are not limited to: risks associated with the COVID-19 pandemic; the volatility of prices of gold and other metals; uncertainty of mineral reserves, mineral resources, mineral grades and mineral recovery estimates; uncertainty of future production, project development, capital expenditures and other costs; foreign exchange rate fluctuations; financing of additional capital requirements; cost of exploration and development programs; seismic activity at the Company’s operations, including the LaRonde mine; mining risks; community protests, including by First Nations groups; risks associated with foreign operations; governmental and environmental regulation; the volatility of the Company’s stock price; and risks associated with the Company’s currency, fuel and by-product metal derivative strategies. For a more detailed discussion of such risks and other factors that may affect the Company’s ability to achieve the expectations set forth in the forward-looking statements contained in this annual report, see the

AIF and MD&A filed on SEDAR at www.sedar.com and included in the Form 40-F filed on EDGAR at www.sec.gov, as well as the Company’s other filings with the Canadian securities regulators and the SEC. Other than as required by law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Notes to Investors Regarding the Use of Mineral Resources

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

Note Regarding Certain Measures of Performance

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

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This Management's Discussion and Analysis ("MD&A") dated March 26, 2021 of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020 that were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") (the "Annual Financial Statements"). The Annual Financial Statements and this MD&A are presented in United States dollars ("US dollars", "\$" or "US\$") and all units of measurement are expressed using the metric system unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("C\$"), Mexican pesos or European Union euros ("Euros" or "€"). Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2020 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's (the "SEC") website at www.sec.gov.

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING INFORMATION

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

- statements regarding the impact of the COVID-19 pandemic and measures taken to reduce the spread of COVID-19 on the Company’s future operations, including its employees and business;
- the Company’s outlook for 2021 and future periods, including metal production, estimated ore grades, recovery rates, project timelines, drilling results, life of mine estimates, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne, other expenses, cash flows;
- statements regarding future earnings and the sensitivity of earnings to gold and other metal prices;
- 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 Kittila, Meliadine Phase 2, the Amaruq underground project and the Odyssey project, including the timing, funding, completion and commissioning thereof and production therefrom;
- statements about the Company’s plans at the Hope Bay mine;
- 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, and expectations as to the funding thereof;
- estimates of future mineral reserves, mineral resources, mineral production and sales;
- 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 their sensitivities to gold prices and other factors, ore grades and mineral recoveries and statements regarding anticipated future exploration results;
- 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 future activity with respect to the Company’s unsecured revolving bank credit facility;
- statements regarding anticipated trends with respect to the Company’s operations, exploration and the funding thereof.
- anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future costs and other liabilities for environmental remediation; and
- statements regarding anticipated legislation and regulations, including with respect to climate change, and estimates of the impact on the Company;

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The material factors and assumptions of Agnico Eagle upon which the forward-

looking statements in this MD&A are based, and which may prove to be incorrect, include the assumptions set out elsewhere in this MD&A as well as: that the duration or scope of the order by the Government of Quebec issued on March 23, 2020 to close all non-essential businesses in response to the COVID-19 outbreak is not extended or modified; that governments, the Company or others do not take measures in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company's ability to operate its business and that there are no other significant disruptions affecting Agnico Eagle's operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural or man-made occurrences, disruptions related to the COVID-19 pandemic or other health and safety issues, or the responses of governments, communities, Agnico Eagle and others to such pandemic or other issues, mining or milling issues, political changes, title issues, community protests, including by First Nations groups, or otherwise; that permitting, development, expansion and the ramp-up of operations at each of Agnico Eagle's mines, mine development projects and exploration projects proceed on a basis consistent with expectations and that Agnico Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the US dollar will be approximately consistent with current levels or as set out in this MD&A; that prices for gold, silver, zinc and copper will be consistent with Agnico Eagle's expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico Eagle's expectations; that production meets current expectations; that Agnico Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recoveries are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environments that affect Agnico Eagle.

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

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

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

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

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

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

As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of measured mineral resources, "indicated mineral resources" and "inferred mineral resources." In addition, the SEC has amended the

definitions of “proven mineral reserves” and “probable mineral reserves” in the SEC Modernization Rules, with definitions that are substantially similar to those used in NI 43-101.

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

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

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

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

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

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

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

Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs per ounce of gold produced on a by-product basis, on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. The World Gold Council (“WGC”) is a non-regulatory market development organization for the gold industry. Although the WGC is not a mining industry regulatory organization, it has worked closely with its member companies to develop relevant non-GAAP measures. The Company follows the guidance on all-in sustaining costs released by the WGC in November 2018. Adoption of the all-in sustaining costs metric is voluntary and, notwithstanding the Company’s adoption of the WGC’s guidance, all-in sustaining costs per ounce of gold produced reported by the Company may not be comparable to data reported by other gold mining companies. The Company believes that this measure provides helpful information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

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

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

Operating margin is calculated by adjusting net income (loss) as recorded in the consolidated financial statements for income and mining taxes expense, other expenses (income), foreign currency translation (gain) loss, impairment reversal (loss), environmental remediation, loss (gain) on derivative financial instruments, finance costs, general and administrative expenses, amortization of property, plant and mine development and exploration and corporate development expenses. 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 (loss) and other data prepared in accordance with IFRS.

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

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

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

Executive Summary

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

Agnico Eagle earns a significant proportion of its revenue and cash flow from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals, primarily silver, zinc and copper. In 2020, Agnico Eagle recorded production costs per ounce of gold of \$838⁽ⁱ⁾ and total cash costs per ounce of gold produced of \$775⁽ⁱ⁾ on a by-product basis and \$838⁽ⁱ⁾ on a co-product basis on payable production of 1,736,568 ounces of gold. The average realized price of gold increased by 27.2% from \$1,406 per ounce in 2019 to \$1,788 per ounce in 2020.

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

Highlights

- Continued strong operational performance with payable production of 1,736,568 ounces of gold and production costs per ounce of gold of \$838⁽ⁱ⁾ during 2020.
- Total cash costs per ounce of gold produced of \$775⁽ⁱ⁾ on a by-product basis and \$838⁽ⁱ⁾ on a co-product basis in 2020.
- All-in sustaining costs per ounce of gold produced of \$1,051⁽ⁱ⁾ on a by-product basis and \$1,114⁽ⁱ⁾ on a co-product basis in 2020.
- Proven and probable gold reserves totaled 24.1 million ounces at December 31, 2020, a 11.6% increase compared with 21.6 million ounces at December 31, 2019 with a decrease in the gold reserve grade by 24.0%.
- As at December 31, 2020, Agnico Eagle had strong liquidity with \$406.5 million in cash and cash equivalents and short-term investments along with approximately \$1.2 billion in undrawn credit lines.
- The Company's operations are located in mining-friendly regions that the Company believes have low political risk and long-term mining potential.
- The Company continues to maintain its investment grade credit rating and has adequate financial flexibility to finance capital requirements at its mines and development projects from operating cash flow, cash and cash equivalents, short-term investments and undrawn credit lines.
- The Company has strong senior management continuity as its Chief Executive Officer has over 30 years of service with the Company.
- In February 2021, the Company declared a quarterly cash dividend of \$0.35 per common share. The quarterly dividend was increased by \$0.15 per share, or approximately 75%, for the dividend paid in the fourth quarter of 2020. Agnico Eagle has declared a cash dividend every year since 1983.

Strategy

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

The Company's goals are to:

- Deliver on *performance* and growth expectations: Ensure our existing portfolio delivers on expectations, lowers operational risk and generates free cash flow;
- Build and maintain a high-quality project *pipeline*: Ensure we develop a best-in-class project pipeline to replenish reserves and production, while maintaining the quality, manageability and fit of our future portfolio;

Note:

- (i) Excludes 36,416 ounces of payable production of gold associated with the Barnat deposit at the Canadian Malartic mine, the IVR deposit at the Meadowbank Complex and the Tiriganiaq open pit deposit at the Meliadine mine which were produced prior to the achievement of commercial production at such sites.

- Develop our *people*: Develop and provide growth opportunities for our people and provide the skills infrastructure to support the development of our operations and projects;

These three pillars – *performance, pipeline and people* – form the basis of Agnico Eagle’s success and competitive advantage. By delivering on them, the Company strives to continue to build its production base and generate increased value for shareholders, while operating in a safe and environmentally responsible manner, as we contribute to the prosperity of our people, their families and the communities in which we operate.

Portfolio Overview

Northern Business

Canada – LaRonde Complex

The 100% owned LaRonde Complex in northwestern Quebec, includes the LaRonde mine and the LaRonde Zone 5 mine (“LZ5”). The LaRonde mine is the Company’s oldest mine and achieved commercial production in 1988. In 2003, the Company acquired LZ5, which lies adjacent to and west of the LaRonde mine and was exploited by open pit mining by its previous operator. The LZ5 mine achieved commercial production in June 2018.

LaRonde Mine

The LaRonde mine extension, the portion of the mine below level 245, achieved commercial production in December 2011, and under current mine plans is expected to be in production through 2030.

Mining activities in the West mine area progressed ahead of schedule in the fourth quarter of 2020. The West mine area contributed approximately 19% of the tonnage mined at the LaRonde Complex, operating at an average rate of 1,421 tonnes per day (“tpd”), exceeding the forecast of 1,150 tpd. The ore extracted from this area was higher grade than anticipated, leading the strong gold production performance from the Complex. In 2021, the West mine area is expected to contribute approximately 15% of the ore mined and 21% of the gold produced at the LaRonde Complex.

The good performance at the LaRonde mine is partially a result of the automation strategy that has helped to improve productivity and allow continuation of mucking activities during non-entry protocols related to seismicity. In 2020, 13% of tonnes mucked from stopes at the LaRonde mine were done in automation mode. In December 2020, a record 39% of the production mucking at the LaRonde mine was done using automated methods, which included 100% of the production mucking from the West mine area. At LZ5, in 2020, 14% of tonnes mucked and hauled to surface were accomplished in automated mode with operators based on surface. The target for 2021 is to muck over 17% of the total tonnage for the LaRonde Complex using automated methods. Work is also ongoing to perform production drilling using automation.

Infrastructure continues to be developed to provide further access to mine LaRonde 3 (below level 311). Construction of the level 308 East mine cooling plant was completed in December 2020 and will be commissioned in the first quarter of 2021.

At Zone LR11-3 (which is at the past producing Bousquet 2 mine), development from level 146 of the LaRonde mine continues on schedule and dewatering of the previously mined area is ongoing. The zone is expected to be reached in the second half of 2021 and production activities are expected to begin in 2022.

The LaRonde mine’s proven and probable mineral reserves were approximately 3.0 million ounces at December 31, 2020.

LaRonde Zone 5 Mine

In 2003, the Company acquired the Bousquet gold property, which adjoins the LaRonde complex to the west and hosts the Bousquet Zone 5 deposit. Commercial production at LZ5 was achieved in June 2018 and under current mine plans, is expected to be in production through 2029.

The successful implementation of automated mining techniques at the LZ5 mine has resulted in a consistent improvement in productivity. In 2020, the target of 15% of the tonnage mucked and hauled remotely to surface was achieved. In the fourth quarter of 2020, the LZ5 production rate was 2,987 tpd, essentially meeting the targeted rate of 3,000 tpd. For 2021, it is expected that 17% of the tonnage will be mucked and hauled remotely to surface and the production rate is expected to be sustained at approximately 3,000 tpd. The LZ5 automation team will continue optimizing the automated mining techniques.

Given the success in mining the upper portions of the LZ5 deposit (from surface to 330 metres), the extension of mining activities to a depth of 650 metres has been approved, resulting in the addition of 272,000 ounces of gold to the LZ5 mineral reserves at year end 2020. With this addition, the LZ5 mine is expected to maintain a production rate of approximately

3,000 tpd through 2029. The Company is also evaluating the potential to mine portions of the neighbouring Ellison property from the LZ5 underground infrastructure.

The LZ5 mine's proven and probable mineral reserves were approximately 0.8 million ounces at December 31, 2020.

Canada – Goldex Mine

The 100% owned Goldex mine in northwestern Quebec achieved commercial production from the M and E satellite zones in October 2013. The Deep 1 Zone achieved commercial production in July 2017. Production from the Deep 1 Zone is expected to extend the Goldex mine life through 2030 under current mine plans.

The Goldex mine delivered strong performance in the fourth quarter of 2020 with record ore production since its restart in 2013. Daily mill throughput averaged in excess of 8,000 tpd and higher grade stopes were mined as per plan. Following seismic activities in December 2020, improvements were made to ground support installation and protocols.

The Rail-Veyor operating hours increased due to the availability of the new maintenance bay and resulted in an average hauling rate of 6,879 tpd in the fourth quarter of 2020, close to its 7,000 tpd design capacity. The good performance of the Rail-Veyor was a determining factor in the strong quarterly production from the Deep 1 Zone and throughput at the mill. In the fourth quarter of 2020, the Rail-Veyor system reached a milestone with 5.0 million tonnes hauled since its commissioning.

The development pace of the South Zone remained high in the fourth quarter of 2020 as the Company prioritized lateral development over stoping. This resulted in a lower mining rate at approximately 423 tpd compared to the forecast of 550 tpd. The majority of the development has now been completed and production levels are expected to increase from the South Zone in the first quarter of 2021. The Company continues to evaluate the potential for the South Zone to provide additional incremental ore feed and grade flexibility to the Goldex mill.

The Goldex mine's proven and probable mineral reserves were approximately 1.1 million ounces at December 31, 2020.

Canada – Meadowbank Complex

In 2007, the Company acquired Cumberland Resources Ltd., which held a 100% interest in the Meadowbank gold project in Nunavut, Canada. Commercial production was achieved at the Meadowbank mine in March 2010. Mining operations at the Meadowbank site ceased in 2019, but the Meadowbank mill and other infrastructure remain active in support of the Amaruq satellite deposit.

The 100% owned Amaruq satellite deposit is located approximately 50 kilometres northwest of the Meadowbank mine and was identified by the Company in 2013. In 2016, the Company approved the project for development. Commercial production was achieved at the Amaruq satellite deposit in September 2019 and under current mine plans, is expected to be in production through 2026.

In the fourth quarter of 2020, the open pit continued to show consistent improvement and achieved record quarterly production of approximately 3.8 million tonnes mined per month. Strong performance was also achieved in production drilling at both the IVR and Whale Tail pits, which resulted in a significant increase in total broken ore inventory. The good availability of the production fleet (due to improved maintenance in 2020), the optimization of the equipment dispatch, the commissioning of two new 777D haul trucks and two new 650 Sandvik drills and the increased face availability in the pit were determining factors for the strong operational performance. Mining activities are expected to remain at similar levels in 2021.

Improving the reliability of the long-haul truck ("LHT") fleet remains a focus. Good road conditions, reliability improvements, the addition of four new LHTs and a favourable caribou migration in the fall of 2020 allowed for effective utilization of the LHT fleet in the fourth quarter of 2020. A record amount of material hauled was achieved in November 2020, averaging over 11,200 tpd.

A contractor fleet of three 100-tonne trucks and a dedicated loader remained active in the fourth quarter of 2020 to accelerate the development of the IVR pit, and provide additional production flexibility in 2021. In the fourth quarter of 2020, Amaruq had 10,995 ounces of pre-commercial gold production from the IVR pit. Commercial production at the IVR pit commenced on December 31, 2020.

In the fourth quarter of 2020, ramp development continued at the Amaruq underground project and the project has been approved for development.

The Meadowbank Complex's proven and probable mineral reserves were approximately 2.9 million ounces at December 31, 2020.

Canada – Meliadine Mine

In 2010, Agnico Eagle acquired its 100% interest in the Meliadine mine project in Nunavut, Canada through its acquisition of Comaplex Minerals Corp. In 2016, the Company's Board of Directors ("Board") approved the construction of the Meliadine mine project. Commercial production was achieved at the Meliadine mine in May 2019. In 2020, the Board approved the Phase 2 expansion which accelerates the Tiriganiaq open pit. Under current mine plans, the Meliadine mine is expected to be in production through 2032.

In the fourth quarter of 2020, underground mining performance continued to improve with an increase tonnage of the ore mucked from underground, peaking in December 2020 at 3,744 tpd. Stope mining in the recently dewatered and recommissioned higher grade RP3 mining horizon continued at a good rate and without any increase to the ground water inflows. This new horizon is expected to provide additional mining flexibility in respect of both tonnes and grade in 2021.

In the fourth quarter of 2020, the mill maintained average throughput above 4,000 tpd, slightly below forecast primarily due to filter press availability and preventive maintenance on the Carbon-in-Leach tanks. Milling rates are expected to average approximately 4,600 tpd in 2021. The Phase 2 expansion remains on track with mill throughput expected to increase from an average of approximately 4,600 tpd in 2021 to 6,000 tpd in 2025.

The Meliadine mine project had proven and probable mineral reserves of approximately 4.0 million ounces at December 31, 2020.

Canada – Canadian Malartic Mine

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

Canadian Malartic achieved its best performance in health and safety since the opening of the mine. The Quebec Mining Association recognized 19 of the mine's supervisors for their team's performance in health and safety.

At the Barnat pit, overburden stripping progressed well and is expected to be completed in the first quarter of 2021. The topographic drilling is 60% complete and is expected to be finished by the third quarter of 2021. Pit design optimization was completed during the fourth quarter of 2020 and the ramp will be located on the south wall where better rock conditions exist. The change in design adds approximately 150,000 ounces to the 2020 year-end mineral reserves (50% basis) while requiring approximately 10.0 million tonnes of additional waste removal.

At the Malartic pit, the mining sequence offers less flexibility as the reduced footprint with higher density of underground openings and the geotechnical challenges increase the demand for activities to be performed remotely and create variability in performance. In the fourth quarter of 2020, the pit production was above forecast due to good weather conditions and the absence of any significant geotechnical issues. For 2021, the Malartic pit remains the main source of ore and is expected to provide over 75% of the processed ore in the first quarter of 2021 but decreasing during the course of 2021. The Barnat pit will progressively become the main source of ore, providing some production flexibility over the course of the year.

In mid-2020, the Partnership approved the start of construction of surface infrastructure and an underground exploration ramp into the East Gouldie, Odyssey and East Malartic zones, collectively known as the Odyssey project. This ramp will provide additional access for exploration drilling to expand and upgrade the current mineral resource base and allow for bulk sampling of up to 40,000 tonnes of mineralized material. The Odyssey project exploration ramp portal was completed during the fourth quarter of 2020. Ramp development started on December 2, 2020.

At the Odyssey project, drilling significantly expanded the inferred mineral resources which supported the approval of the Odyssey project by the Partnership.

Agnico Eagle's attributable share of proven and probable mineral reserves at the Canadian Malartic mine were approximately 2.2 million ounces at December 31, 2020.

Canada – Kirkland Lake Assets

On March 28, 2018, the Company acquired the 50% of the Canadian exploration assets (the "CMC Exploration Assets") of CMC that it did not previously own, including the Kirkland Lake and Hammond Reef gold projects, for an effective purchase price of \$162.5 million, resulting in Agnico Eagle's 100% ownership of the assets. The transaction did not affect the ownership of the Canadian Malartic mine and related assets including Odyssey, East Malartic, Midway and East Amphi

properties, which will continue to be jointly owned and operated by the Company and Yamana through CMC and the Partnership.

Kirkland Lake Project

Exploration activity at the project during the fourth quarter of 2020 focused on conversion drilling of shallow and deep mineral resources at the Upper Beaver deposit. Three drill rigs targeted the shallow mineralization and three drill rigs targeted mineralization at depths between 1,050 and 1,600 metres below surface, completing 51 drill holes totalling 14,700 metres. During 2020, 103 holes were drilled, totalling 28,300 metres at the Kirkland Lake project, mostly at Upper Beaver.

The Upper Beaver deposit's gold-copper mineralization is mainly hosted in the Upper Beaver alkalic intrusive complex and the surrounding basalts it intruded, and is associated with disseminated pyrite and chalcopyrite, and magnetite-sulphide veining associated with strong magmatic-hydrothermal alteration. The mineralization occurs as elongated tabular bodies that strike northeast, dip steeply northwest and plunge 65 degrees to the northeast. The mineralization has been defined along a 400-metre strike length from surface to a depth of 2,000 metres and it remains open at depth.

The Upper Beaver deposit's proven and probable mineral reserves were approximately 1.4 million ounces at December 31, 2020. No proven and probable mineral reserves have been declared for the Upper Canada project.

Hammond Reef Project

The Hammond Reef deposit is a high tonnage, low grade gold deposit that is primarily hosted in variably sheared and altered granitoid rocks. Gold mineralization is typically associated with fine grained pyrite mineralization that is often associated with fractures, veinlets and veins filled with various combinations of chlorite, calcite and quartz.

Resource sharing agreements with local First Nations are in place and the project has received environmental approval from both federal and provincial governments. In January 2020, the Company exercised its right of first refusal to repurchase a 2% NSR royalty on the Hammond Reef project from Kinross Gold Corporation for \$12.0 million. The property remains subject to a 2% NSR royalty held by Osisko Royalties.

A positive internal technical study at Hammond Reef was completed by the Company in 2020, which resulted in the declaration of the first mineral reserves for the project on December 31, 2020. Open pit mineral reserves are estimated at 3.3 million ounces of gold (123.5 million tonnes grading 0.84 g/t gold). In addition, the project contains 0.8 million ounces of measured resources (47.1 million tonnes grading 0.54 g/t gold) and 1.5 million ounces of indicated resources (86.3 million tonnes grading 0.53 g/t gold). Mineral reserves were calculated using a gold price of \$1,350 per ounce and a US\$/C\$ foreign exchange rate assumption of 1.30.

The Hammond Reef deposit's proven and probable mineral reserves were approximately 3.3 million ounces at December 31, 2020.

Finland – Kittila Mine

The 100% owned Kittila mine in northern Finland was added to the Company's portfolio through the acquisition of Riddarhyttan Resources AB in 2005. Construction at the Kittila mine was completed in 2008 and commercial production was achieved in May 2009, under current mine plans, the Kittila mine is expected to be in production through 2034.

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

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

The Kittila mine continued delivering strong performance in the fourth quarter of 2020, with production above forecast by approximately 6,000 tonnes and delivered a record full year ore production of approximately 1.85 million tonnes. This performance was driven by an improved fleet management and an increased usage of automation. Contracted development negatively affected unit costs in 2020. In December 2020, Kittila terminated the contract for underground development and this function will now be carried out by Company personnel. This transfer of responsibilities is expected to reduce mining costs in 2021.

The mill expansion tie-in was completed from September 22, 2020 to October 22, 2020. The commissioning of the expanded mill was completed ahead of schedule and the ramp-up towards the design capacity of 2.0 mtpa is on-going and on schedule

under a new environmental permit. Two strategically important environmental construction projects to increase the mill production rate to 2.0 mtpa, the NP4 tailings pond and the discharge waterline, were completed and commissioned in the fourth quarter of 2020.

The Kittila shaft project advanced in the fourth quarter of 2020, though at a lower rate than forecast. The shaft sinking project execution remains challenging due to travel restrictions related to the COVID-19 pandemic. Local resources have been added to the shaft sinking contractor team and commissioning is now expected to be completed in the first half of 2022.

The budget for the Kittila expansion project was updated in the third quarter of 2020 and is still forecast to be between €190.0 to €200.0 million.

Proven and probable mineral reserves at the Kittila mine were approximately 4.1 million ounces at December 31, 2020.

Southern Business

Mexico – Pinos Altos Mine

In 2006, the Company completed the acquisition of the Pinos Altos property in northern Mexico, which was then an advanced stage exploration property. Commercial production was achieved at the Pinos Altos mine in November 2009 and, under current mine plans, the mine is expected to be in production through 2026. A shaft sinking project was completed in June 2016 at the Pinos Altos mine and during 2018, the site transitioned into being a predominantly underground mining operation.

Gold production in the full year 2020 decreased when compared to the prior-year period due to lower throughput levels related to the government mandated suspension of operations in the second quarter of 2020 and due to lower grades related to the adjustment of the Cerro Colorado mining sequence to manage challenging ground conditions.

At the Cubiro deposit, located nine kilometres northwest of the Pinos Altos mine site, a total of 136 metres of ramp development was completed in the fourth quarter of 2020, bringing total underground development to 2,598 metres completed to-date, and the Company is evaluating the potential to bring the deposit into production in 2022. The raise-boring of the 14-foot diameter ventilation raise was completed in December 2020.

At the Sinter deposit, located approximately two kilometres northwest of the Pinos Altos mine site, production started in the fourth quarter of 2020. The underground mine is expected to provide additional flexibility to the Pinos Altos operation in 2021.

The Pinos Altos mine's proven and probable mineral reserves (including satellite deposits) were approximately 0.9 million ounces at December 31, 2020.

Mexico – Creston Mascota Mine

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

Creston Mascota open pit mineral reserves were depleted in the third quarter of 2020. Closure activities progressed on schedule in the fourth quarter of 2020. The major closure activities are expected to be completed in the first quarter of 2021. Minor residual leaching is expected to continue into the first quarter of 2021 under the progressive closure plan.

Mexico – La India Mine

Agnico Eagle acquired 100% of Grayd Resource Corporation ("Grayd") in January 2012. Grayd owned the La India project, which is located approximately 70 kilometres northwest of the Pinos Altos mine in northern Mexico. In September 2012, development and construction of the La India mine were approved by the Board and commercial production was achieved in February 2014. Under current mine plans, the La India mine is expected to be in production through 2023.

There was a 16% decline in rainfall in the La India region in 2020 compared to 2019. This has resulted in lower water levels at the La India mine site, which is expected to lead to reduced solution circulation on the heap leach pads from March until June 2021. Mining and ore stacking will continue through that period and full leaching activities are expected to return to more normalized levels in the second half of 2021.

In order to help mitigate the lower water levels, the Company is drilling additional water wells, and is evaluating the construction of an additional water storage facility and a second water dam in the Chipriona area.

The La India heap leach pad construction phase III is approximately 70% complete and it is expected to be finished in the second quarter of 2021. The environmental permit modification that includes the operation of the La India heap leach expansion was approved by Mexican regulators in November 2020.

The evaluation work and scenario analysis on Chipriona and other sulphide opportunities are on-going and preliminary results are expected later in 2021.

The La India mine's proven and probable mineral reserves (including satellite deposits) were approximately 0.3 million ounces at December 31, 2020.

Mexico – Santa Gertrudis Project

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

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

Extensive drilling totalling 32,500 metres by the Company at Santa Gertrudis in 2020 resulted in a 7% increase in the indicated mineral resource estimate to 111,000 ounces of gold and 816,000 ounces of silver (5.8 million tonnes grading 0.60 g/t gold and 4.4 g/t silver) at open-pit (oxide) depth, and a 39% increase in the inferred mineral resource estimate, to 746,000 ounces of gold and 1.2 million ounces of silver (19.7 million tonnes grading 1.18 g/t gold and 1.9 g/t silver) at open-pit (oxide) depth and 879,000 ounces of gold and 6.5 million ounces of silver (8.0 million tonnes grading 3.43 g/t gold and 25.4 g/t silver) at underground (mostly sulphide) depth, as of December 31, 2020.

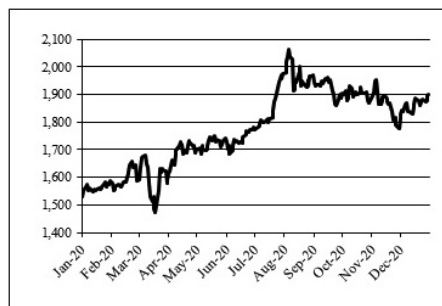
Key Performance Drivers

The key drivers of financial performance for Agnico Eagle include:

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

Spot Price of Gold, Silver, Zinc and Copper

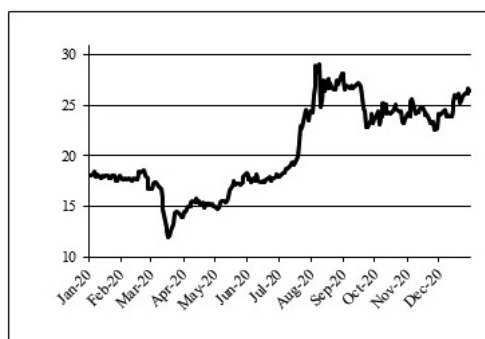
GOLD (\$ per ounce)



	2020	2019	% Change
High price	\$2,075	\$1,557	33.3%
Low price	\$1,452	\$1,266	14.7%
Average market price	\$1,770	\$1,393	27.1%
Average realized price	\$1,788	\$1,406	27.2%

In 2020, the average market price per ounce of gold was 27.1% higher than in 2019. The Company's average realized price per ounce of gold in 2020 was 27.2% higher than in 2019.

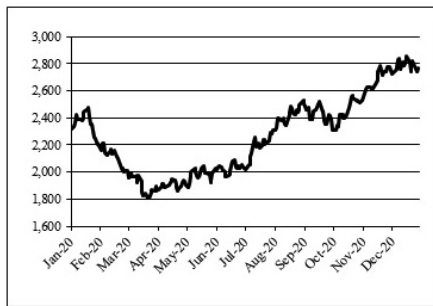
SILVER (\$ per ounce)



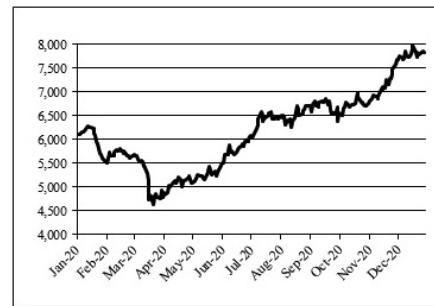
	2020	2019	% Change
High price	\$29.86	\$19.65	52.0%
Low price	\$11.64	\$14.29	(18.5)%
Average market price	\$20.51	\$16.21	26.5%
Average realized price	\$20.44	\$16.38	24.8%

In 2020, the average market price per ounce of silver was 26.5% higher than in 2019. The Company's average realized price per ounce of silver in 2020 was 24.8% higher than in 2019.

ZINC (\$ per tonne)



COPPER (\$ per tonne)



Agnico Eagle's average realized price year-over-year for zinc decreased by 8.8% and the average realized price year-over-year for copper increased by 6.9%. Significant quantities of by-product metals are produced by the LaRonde mine (silver, zinc and copper) and the Pinos Altos mine (silver).

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

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

Production Volumes and Costs

Changes in production volumes have a direct impact on the Company's financial results. Total payable production of gold was 1,736,568 ounces in 2020, a decrease of 2.6% compared with 1,782,147 ounces in 2019. The decrease was primarily due to the temporary shutdowns or reduced activity levels as a result of measures taken by the Quebec and Mexican governments related to the COVID-19 pandemic. Partially offsetting the overall decrease in gold production was an increase in tonnage processed at the Meliadine mine which achieved commercial production during the second quarter of 2019, and an increase in tonnage and gold grade processed at the Kittila mine.

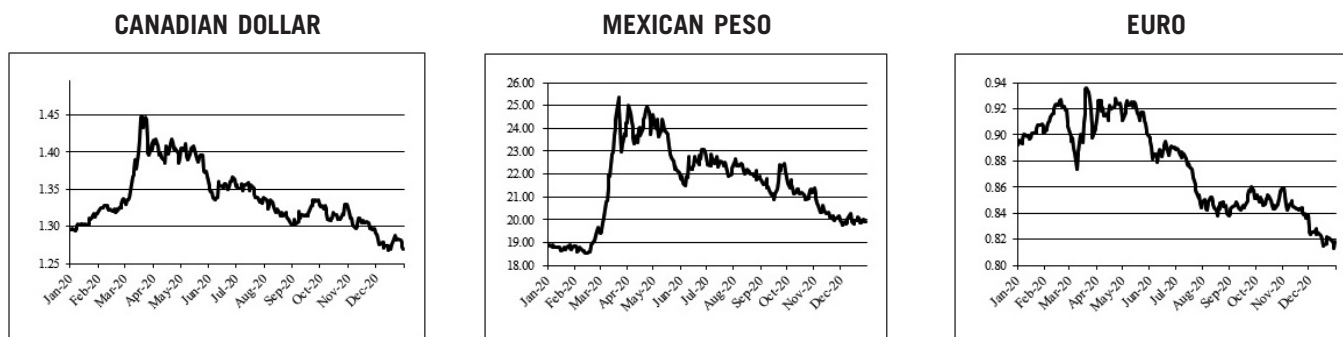
Production costs are discussed in detail in the Results of Operations section below.

Foreign Exchange Rates (Ratio to US\$)

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

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

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



On average, the Canadian dollar and Mexican peso weakened relative to the US dollar in 2020 compared with 2019, decreasing costs denominated in the local currency when translated into US dollars for reporting purposes. On average, the Euro strengthened relative to the US dollar in 2020 compared with 2019, increasing costs denominated in the local currency when translated into US dollars for reporting purposes.

Results of Operations

Agnico Eagle reported net income of \$511.6 million, or \$2.12 per share, in 2020 compared with net income of \$473.2 million, or \$2.00 per share, in 2019. In 2018, the Company reported net loss of \$326.7 million, or \$1.40 per share. Agnico Eagle reported adjusted net income of \$451.6 million, or \$1.87 per share, in 2020 compared with adjusted net income of \$229.4 million, or \$0.97 per share, in 2019. In 2018, the Company reported adjusted net income of \$71.9 million, or \$0.31 per share. In 2020, operating margin increased to \$1,714.0 million from \$1,247.2 million in 2019. In 2018, operating margin was \$1,030.9 million.

Revenues from Mining Operations

Revenues from mining operations increased by \$643.2 million, or 25.8%, to \$3,138.1 million in 2020 from \$2,494.9 million in 2019 primarily due to a 27.2% increase in the average realized price of gold between periods. Revenues from mining operations were \$2,191.2 million in 2018.

Revenues from the Northern Business increased by \$615.8 million, or 30.0%, to \$2,668.8 million in 2020 from \$2,053.0 million in 2019 primarily due to a higher average realized price of gold. Revenues from the Southern Business increased by \$27.4 million, or 6.2%, to \$469.3 million in 2020 from \$441.9 million in 2019, primarily due to a higher average realized price of gold. Revenues from the Northern Business were \$1,739.2 million and revenues from the Southern Business were \$452.0 million in 2018.

Sales of precious metals (gold and silver) accounted for 99.5% of revenues from mining operations in 2020, an increase from 98.9% in 2019 and 98.4% in 2018. The increase in the percentage of revenues from precious metals in 2020 compared with 2019 was primarily due to a higher average realized price of gold.

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

	2020	2019	2018
	<i>(thousands of United States dollars)</i>		
Revenues from mining operations:			
Gold	\$ 3,047,344	\$ 2,393,869	\$ 2,080,545
Silver	74,025	73,312	75,310
Zinc	1,970	14,711	14,397
Copper	14,774	13,000	20,969
Total revenues from mining operations	\$ 3,138,113	\$ 2,494,892	\$ 2,191,221
Payable production:			
Gold (ounces)	1,736,568	1,782,147	1,626,669
Silver (thousands of ounces)	3,365	4,310	4,524
Zinc (tonnes)	6,259	13,161	7,864
Copper (tonnes)	3,069	3,397	4,193
Payable metal sold:			
Gold (ounces)	1,724,538	1,755,334	1,629,785
Silver (thousands of ounces)	3,481	4,271	4,545
Zinc (tonnes)	5,010	12,292	8,523
Copper (tonnes)	3,062	3,390	4,195

Revenues from gold increased by \$653.5 million or 27.3% in 2020 compared with 2019 primarily due to an 27.2% increase in the average realized price of gold. The Company's average realized price of gold increased to \$1,788 in 2020 compared to \$1,406 in 2019, and the sales volume of gold increased to 1,693,029⁽ⁱ⁾ ounces in 2020 compared to 1,691,300⁽ⁱ⁾ ounces in 2019.

Revenues from silver increased by \$0.7 million or 1.0% in 2020 compared with 2019 primarily due to a 24.8% increase in the average realized price of silver to \$20.44 in 2020 from \$16.38 in 2019. Revenues from zinc decreased by \$12.7 million or 86.6% to \$2.0 million in 2020 compared with \$14.7 million in 2019 primarily due to a 59.2% decrease in the sales volume of zinc between periods. Revenues from copper increased by \$1.8 million or 13.6% in 2020 compared with \$13.0 million in 2019 primarily due to a 6.9% increase in the average realized price of copper, partially offset by a 9.7% decrease in the sales volume of copper between periods.

Production Costs

Production costs increased to \$1,424.2 million in 2020 compared with \$1,247.7 million in 2019 primarily due to the contribution of mining and milling costs from the Meliadine mine, which achieved commercial production during the second quarter of 2019, and higher open pit mining costs at the Meadowbank Complex which resulted from the transition of mining operations to the Amaruq satellite deposit. Partially offsetting the overall increase was a decrease in the mining costs at the LaRonde Complex as a result of the Company's automation strategy, which improved productivity. Production costs were \$1,160.4 million in 2018.

Note:

- (i) For the year ended December 31, 2020, excludes 31,509 ounces of payable production of gold sold associated with the IVR deposit at the Meadowbank Complex, the Tiriganiaq open pit deposit at the Meliadine mine and the Barnat deposit at the Canadian Malartic mine which were sold prior to the achievement of commercial production. For the year ended December 31, 2019, excludes 64,034 ounces of payable production of gold sold associated with the Meliadine mine, the Amaruq satellite deposit at the Meadowbank Complex and the Barnat deposit at the Canadian Malartic mine which were sold prior to the achievement of commercial production.

The table below sets out production costs by mine:

	2020	2019	2018
	<i>(thousands of United States dollars)</i>		
LaRonde mine	\$ 169,824	\$ 215,012	\$ 228,294
LaRonde Zone 5 mine	47,899	41,212	12,991
LaRonde Complex	217,723	256,224	241,285
Lapa mine	–	2,844	27,870
Goldex mine	82,654	82,533	78,533
Meadowbank Complex	284,976	180,848	211,147
Meliadine mine	245,700	142,932	–
Canadian Malartic mine (attributable 50%)	195,312	208,178	199,761
Kittila mine	169,884	142,517	157,032
Pinos Altos mine	124,678	130,190	138,362
Creston Mascota mine	35,088	35,801	37,270
La India mine	68,137	65,638	69,095
Total production costs	\$1,424,152	\$1,247,705	\$1,160,355

Production costs at the LaRonde mine were \$169.8 million in 2020, a 21.0% decrease compared with 2019 production costs of \$215.0 million. This reduction was primarily due to the temporary suspension of mining activities in the West mine area during the first quarter of 2020 to complete additional ground support work resulting in lower mine and mill production costs, and the temporary suspension of mining activities at the Company's Quebec mines (the "Quebec Operations Suspension") to comply with the order by the Government of Quebec, issued on March 23, 2020, (the "Quebec Order") to close all non-essential businesses made in response to the COVID-19 pandemic. During 2020, the LaRonde mine processed an average of 4,661 tonnes of ore per day compared with 5,636 tonnes of ore per day during 2019. The decrease in throughput was primarily due to the Quebec Operations Suspension. Production costs per tonne decreased to C\$133 in 2020 compared with C\$139 in 2019 primarily due to lower production costs as noted above and the timing of inventory sales. Minesite costs per tonne increased to C\$127 in 2020 compared with C\$125 in 2019 primarily due to lower throughput.

Production costs at the LZ5 mine were \$47.9 million in 2020, a 16.2% increase compared to \$41.2 million in 2019 primarily due to higher underground and mill production costs and the timing of inventory sales, partially offset by the Quebec Operations Suspension. During 2020, the LZ5 mine processed an average of 2,645 tonnes of ore per day compared with 2,384 tonnes of ore per day during 2019. The increase in throughput between periods was primarily due to the Company's automation strategy, which improved productivity. Production costs per tonne increased to C\$66 in 2020 compared with C\$63 in 2019 due to higher production costs as noted above and the timing of inventory sales. Minesite costs per tonne decreased to C\$65 in 2020 compared with C\$66 in 2019, primarily due to higher throughput.

Production costs at the Goldex mine were \$82.7 million in 2020, compared to \$82.5 million in 2019. During 2020, the Goldex mine processed an average of 7,254 tonnes of ore per day compared with 7,630 tonnes of ore per day processed during 2019. The decrease in throughput between periods was primarily due to the Quebec Operations Suspension. Production costs per tonne and minesite costs per tonne increased to C\$41 in 2020, compared to C\$39 in 2019, primarily due to lower throughput during the year.

Production costs at the Meadowbank Complex were \$285.0 million in 2020, a 57.6% increase compared with 2019 production costs of \$180.8 million primarily due to higher contractor and maintenance costs, higher long-haul trucking costs attributable to the transport of ore from the Amaruq satellite deposit to the Meadowbank mill, partially offset by an increase in capitalized deferred stripping costs. During 2020, the Meadowbank Complex processed an average of 7,113 tonnes of ore per day compared with 7,731 tonnes of ore per day during 2019. The decrease in throughput is due to an increase in the proportion of commercial production volume processed in 2020 as compared to 2019, which resulted in a higher proportion of mill operation days attributed to production tonnage in 2020. Production costs per tonne increased to C\$154 in 2020 compared with C\$101 in 2019 primarily due to higher open pit mining costs and ore transport costs, partially offset by an

increase in capitalized deferred stripping costs. Minesite costs per tonne increased to C\$148 in 2020 compared with C\$103 in 2019 primarily due to the factors noted above.

During 2020, the Meliadine mine processed an average of 3,813 tonnes per day and incurred production costs of \$245.7 million. In 2020, production costs per tonne were C\$244 and minesite costs per tonne were C\$240. As the Meliadine mine achieved commercial production during May 2019, the comparison to the previous year is not meaningful.

Attributable production costs at the Canadian Malartic mine were \$195.3 million in 2020, a 6.2% decrease compared with 2019 production costs of \$208.2 million, primarily due to the Quebec Operations Suspension, partially offset by an increase in rehandling costs. During 2020, the Canadian Malartic mine processed an average of 56,832 tonnes of ore per day on a 100% basis compared with 57,669 tonnes of ore per day in 2019. The decrease in throughput between periods was primarily due to the Quebec Operations Suspension. Production costs per tonne and minesite costs per tonne increased to C\$27 in 2020 compared with C\$26 in 2019, primarily due to lower throughput levels between periods.

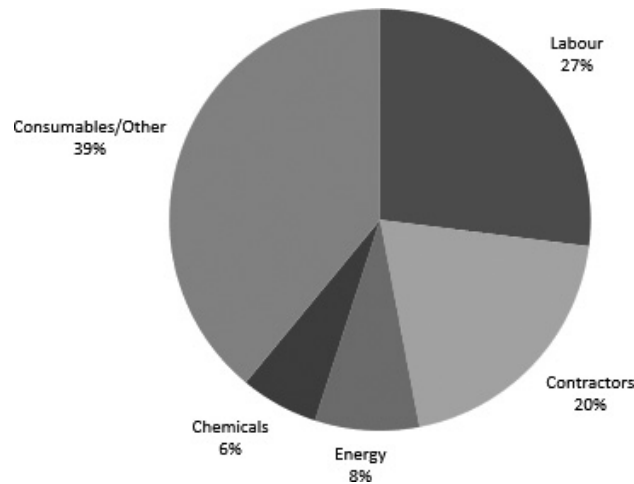
Production costs at the Kittila mine were \$169.9 million in 2020, a 19.2% increase compared with 2019 production costs of \$142.5 million, primarily due to an increase in contractor costs related to underground development, higher mill maintenance costs, higher ground support costs and higher royalty payments that resulted from higher average realized gold prices. During 2020, the Kittila mine processed an average of 4,650 tonnes of ore per day compared with 4,359 tonnes of ore per day during 2019, where autoclave relining required the mill to be shutdown for 58 days. Production costs per tonne increased to €87 in 2020 compared with €80 in 2019 due to the factors noted above, partially offset by increased throughput. Minesite costs per tonne increased to €86 in 2020 compared with €76 in 2019 due to the factors noted above.

Production costs at the Pinos Altos mine were \$124.7 million in 2020, a 4.2% decrease compared with 2019 production costs of \$130.2 million due to the temporary suspension of mining activities (the “Mexican Operations Suspension”) to comply with the order issued by the Government of Mexico on April 2, 2020 (the “Decree”) to suspend operations of all non-essential businesses in response to the COVID-19 pandemic and the weakening of the Mexican peso relative to the US dollar. During 2020, the Pinos Altos mine mill processed an average of 4,532 tonnes of ore per day compared with the 5,214 tonnes of ore per day during 2019. The decrease in throughput is primarily due to the Mexican Operations Suspension. In 2020, approximately 137,664 tonnes of ore were stacked on the Pinos Altos mine leach pad, compared with approximately 103,500 tonnes of ore stacked in 2019. The higher tonnage of ore at the leach pad was primarily due to mine sequencing. Production costs per tonne increased to \$69 in 2020 compared with \$65 in 2019, primarily due to lower throughput and the timing of inventory sales. Minesite costs per tonne of \$66 in 2020 were the same compared to 2019.

Production costs at the Creston Mascota mine were \$35.1 million in 2020, a 2.0% decrease compared with 2019 production costs of \$35.8 million, primarily due to a decrease in mining and heap leach activities as the mine approached the end of operations. During 2020, approximately 386,700 tonnes of ore were stacked at the Creston Mascota mine compared with approximately 1,066,900 tonnes of ore stacked in 2019. The decrease in tonnage of ore stacked was primarily due to the depletion of the Bravo pit during 2020 as the mine approached the end of operations. Production costs per tonne increased to \$67 in 2020 compared with \$34 in 2019 primarily due to lower tonnage of ore stacked and the timing of inventory sales. Minesite costs per tonne increased to \$54 in 2020 compared with \$33 in 2019 primarily due to the factors noted above, other than the timing of inventory sales.

Production costs at the La India mine were \$68.1 million in 2020, a 3.8% increase compared with 2019 production costs of \$65.6 million primarily due to the timing of inventory sales, partially offset by a decrease in open pit and heap leach production costs. During 2020, the La India mine stacked approximately 5,525,500 tonnes of ore on the leach pad compared with approximately 5,402,400 tonnes of ore stacked in 2019. The increase in tonnage of ore stacked was primarily due to the improvements made to the crushing circuit during the year. Production costs per tonne of \$12 were the same between 2020 and 2019. Minesite costs per tonne decreased to \$12 in 2020 compared with \$13 in 2019 primarily due to an increase in tonnes of ore stacked at the heap leach.

Total Production Costs by Category 2020



Total production costs per ounce of gold production, representing the weighted average of all of the Company's producing mines, increased to \$838 in 2020 compared with \$735 in 2019 and \$713 in 2018. Total cash costs per ounce of gold produced on a by-product basis increased to \$775 in 2020 compared with \$673 in 2019 and \$637 in 2018. Total cash costs per ounce of gold produced on a co-product basis increased to \$838 in 2020 compared with \$745 in 2019 and \$710 in 2018. Set out below is an analysis of the change in total production costs per ounce and cash costs per ounce at each of the Company's mining operations.

- At the LaRonde mine, total production costs per ounce of gold produced decreased to \$589 in 2020 compared with \$627 in 2019 primarily due to the temporary suspension of mining activities in the West mine area during the first quarter of 2020 to complete additional ground support work resulting in lower mine and mill production costs and the Quebec Operations Suspension. Production costs per ounce of gold produced were positively impacted by the Company's automation strategy which improved productivity and the timing of inventory sales, partially offset by a decrease in gold production. Total cash costs per ounce of gold produced on a by-product basis increased to \$466 in 2020 compared with \$464 in 2019 primarily due to a decrease in zinc concentrate revenue. Total cash costs per ounce of gold produced on a co-product basis decreased to \$643 in 2020 compared with \$660 in 2019 primarily due to the factors noted above, other the decrease in zinc concentrate revenue and lower underground production costs resulting from the Company's automation strategy which improved productivity.
- At the LZ5 mine, total production costs per ounce of gold produced increased to \$777 in 2020 compared with \$689 in 2019, primarily due to higher underground production costs and the timing of inventory sales, partially offset by a 3.1% increase in gold production. The increase in gold production in 2020 is primarily due to the Company's automation strategy which improved productivity, partially offset by the Quebec Operations Suspension. Total cash costs per ounce of gold produced on a by-product basis increased to \$755 in 2020 compared with \$722 in 2019 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$759 in 2020 compared with \$725 in 2019 due to the factors noted above.
- At the Goldex mine, total production costs per ounce of gold produced increased to \$648 in 2020 compared with \$586 in 2019 primarily due to a 9.5% decrease in gold production resulting from the Quebec Operations Suspension. Total cash costs per ounce of gold produced on a by-product basis increased to \$634 in 2020 compared with \$584 in 2019 due to the decrease in gold production noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$634 in 2020 compared with \$584 in 2019 due to the decrease in gold production noted above.
- At the Meadowbank Complex, total production costs per ounce of gold produced increased to \$1,436 in 2020 compared with \$1,143 in 2019 primarily due to higher long-haul trucking costs attributable to the transport of ore from the Amaruq satellite deposit to the Meadowbank mill and higher contractor and temporary worker costs due to measures taken in response to the COVID-19 pandemic, partially offset by a 25.4% increase in gold production. Total cash costs per ounce of gold produced on a by-product basis increased to \$1,404 in 2020 compared with \$1,152 in 2019 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$1,411 in 2020 compared with \$1,161 in 2019 due to the factors noted above.

- In 2020, total production costs per ounce of gold produced at the Meliadine mine were \$786. Total cash costs per ounce of gold produced on a by-product basis were \$774 and total cash costs per ounce of gold produced on a co-product basis were \$776 in 2020. In response to the COVID-19 pandemic, activity levels at the Meliadine mine were reduced from the end of March 2020 to early June 2020. The mill was gradually ramped-up through April and May to achieve more normal operating levels in June. The reduction in activities for most of the second quarter of 2020 caused a reduction in production and an increase in unit production costs. As the Meliadine mine achieved commercial production during May 2019, the comparison to the previous year is not meaningful.
- At the Canadian Malartic mine, total production costs per ounce of gold produced increased to \$736 in 2020 compared with \$628 in 2019 primarily due to a 20.0% decrease in the production of gold resulting from the Quebec Operations Suspension. Total cash costs per ounce of gold produced on a by-product basis increased to \$723 in 2020 compared with \$606 during 2019 due to the factor noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$750 in 2020 compared with \$626 during 2019 due to the factor noted above.
- At the Kittila mine, total production costs per ounce of gold produced increased to \$816 in 2020 compared with \$766 in 2019 primarily due to an increase in contractor costs related to underground development, higher mill maintenance costs, higher ground support costs and higher royalty payments related to higher average realized gold price, partially offset by an 11.8% increase in gold produced during the year. Total cash costs per ounce of gold produced on a by-product basis increased to \$805 in 2020 compared with \$736 in 2019 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$806 in 2020 compared with \$737 in 2019 due to the factors noted above.
- At the Pinos Altos mine, total production costs per ounce of gold produced increased to \$1,086 in 2020 compared with \$839 in 2019 primarily due to a 26.0% decrease in gold production resulting from the Mexican Operations Suspension, partially offset by associated lower underground production costs and the weakening of the Mexican peso relative to the US dollar. Total cash costs per ounce of gold produced on a by-product basis increased to \$749 in 2020 compared with \$639 in 2019 primarily due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$1,050 in 2020 compared with \$867 in 2019 due to the factors noted above.
- At the Creston Mascota mine, total production costs per ounce of gold produced increased to \$909 in 2020 compared to \$740 in 2019 primarily due to a 20.2% decrease in gold production resulting from the Mexican Operations Suspension and the depletion of the Bravo pit as the mine approached the end of operations, partially offset by the weakening of the Mexican peso relative to the US dollar. Total cash costs per ounce of gold produced on a by-product basis increased to \$605 in 2020 compared with \$554 in 2019 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to \$867 in 2020 compared with \$754 in 2019 due to the factors noted above.
- At the La India mine, total production costs per ounce of gold produced increased to \$802 in 2020 compared with \$799 in 2019 primarily due to the timing of inventory sales, partially offset by a decrease in heap leach costs and open pit production costs and an increase in gold production. The increase in gold production is due to increased ore stacking in the third and fourth quarter of 2020, partially offset by the Mexican Operations Suspension. Total cash costs per ounce of gold produced on a by-product basis decreased to \$788 in 2020 compared with \$823 in 2019 due to a decrease in heap leach and open pit production costs. Total cash costs per ounce of gold produced on a co-product basis decreased to \$803 in 2020 compared with \$849 in 2019 due to the factors noted above.

Exploration and Corporate Development Expense

Exploration and corporate development expense increased by 8.3% to \$113.5 million in 2020 from \$104.8 million in 2019. Exploration and corporate development expense was \$137.7 million in 2018.

A summary of the Company's significant 2020 exploration and corporate development activities is set out below:

- Exploration expenses at various mine sites decreased by 15.1% to \$10.2 million in 2020 compared with 2019 primarily due to lower expensed exploration drilling at various satellite projects at the Goldex and La India mines.
- Exploration expenses in Canada increased by 82.6% to \$46.5 million in 2020 compared with 2019 primarily due to higher expensed exploration drilling at the Odyssey and Upper Beaver projects.
- Exploration expenses in Latin America decreased by 15.1% to \$20.4 million in 2020 compared with 2019 primarily due to decreased exploration at the Santa Gertrudis and El Barqueño projects, partially offset by increased exploration at the Morelos Sur project in Mexico.

- Exploration expenses in the United States decreased by 38.2% to \$5.1 million in 2020 compared with 2019 primarily due to decreased exploration at the Gilt Edge project in South Dakota.
- Exploration expenses in Europe decreased by 6.1% to \$5.9 million in 2020 compared with 2019 primarily due to decreased exploration at the Barsele project.
- Corporate development and project evaluation expenses decreased by 11.5% to \$25.5 million in 2020 compared with 2019 primarily due to decreased project evaluation expenses at the Cubiro project near the Pinos Altos mine.

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

	2020	2019	2018
	<i>(thousands of United States dollars)</i>		
Mine sites	\$ 10,203	\$ 12,018	\$ 20,542
Canada	46,475	25,458	46,420
Latin America	20,350	23,960	26,897
United States	5,142	8,317	6,082
Europe	5,855	6,238	12,368
Corporate development and project evaluation expenses	25,467	28,788	25,361
Total exploration and corporate development expense	\$113,492	\$104,779	\$137,670

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense increased to \$631.1 million in 2020 compared with \$546.1 million in 2019 and \$553.9 million in 2018. The increase in amortization of property, plant and mine development between 2020 and 2019 was primarily due to the contribution of a full year of amortization from the Meliadine mine, which commenced commercial production during May 2019, the achievement of commercial production at the Barnat deposit during the year and higher throughput at the Kittila mine resulting from increased mill availability. Partially offsetting the increase in amortization was lower tonnage of ore processed at the LaRonde mine as a result of the temporary suspension of mining activities in the West mine area during the first quarter of 2020 to complete additional ground support work and the Quebec Operations Suspension.

General and Administrative Expense

General and administrative expenses decreased to \$116.3 million in 2020 compared with \$121.0 million in 2019 and \$124.9 million in 2018 primarily due to decreased travel and investor relations expenses from reduced activity and scope of projects between periods caused by the COVID-19 pandemic.

Finance Costs

Finance costs decreased to \$95.1 million in 2020 compared with \$105.1 million in 2019 and \$96.6 million in 2018 primarily due to decreased interest expense on the Company's guaranteed senior unsecured notes (the "Notes") as \$360.0 million of the 2010 Series B Notes were repaid in April 2020, partially offset by increased interest expense relating to the \$200.0 million private placement of guaranteed senior unsecured notes which were issued in April 2020. The aggregate outstanding principal of the Notes was \$1,575.0 million at December 31, 2020 and \$1,735.0 million at December 31, 2019.

The table below sets out the components of finance costs:

	2020	2019	2018
	<i>(thousands of United States dollars)</i>		
Interest on Notes	\$77,739	\$ 91,147	\$87,100
Stand-by fees on credit facilities	5,107	5,862	5,811
Amortization of credit facilities, financing and note issuance costs	3,594	2,800	2,671
Interest on Credit Facility	5,304	1,270	310
Accretion expense on reclamation provisions	3,502	5,715	7,107
Other interest and penalties, including interest on lease obligations	2,684	2,336	1,521
Interest capitalized to assets under construction	(2,796)	(4,048)	(7,953)
Total finance costs	\$95,134	\$105,082	\$96,567

See Note 13 in the annual consolidated financial statements for details on the Company's \$1.2 billion unsecured revolving bank credit facility (the "Credit Facility") and Notes referenced above.

Gain (loss) on Derivative Financial Instruments

Gain on derivative financial instruments increased to \$107.9 million in 2020 compared to a gain of \$17.1 million in 2019 and a loss of \$6.1 million in 2018 primarily due an unrealized gain on warrants. The recovery of the market for securities, including securities of gold resource companies, resulted in an unrealized gain on warrants of \$82.0 million in 2020, compared to an unrealized gain of \$2.3 million in 2019. The Company holds warrants to acquire equity securities of certain issuers in the mining industry. In addition, as a result of the strengthening of the Canadian dollar relative to the US dollar at the end of December 2020, the Company recognized an unrealized gain on currency and commodity derivatives of \$30.1 million in 2020, compared to an unrealized gain on currency and commodity derivatives of \$12.7 million in 2019.

Impairment

As at December 31, 2020 and December 31, 2019, the Company completed its goodwill impairment test and its review of indicators of potential impairment of the Company's cash generating units ("CGUs") and no impairments were identified. As at December 31, 2018, the Company completed its goodwill impairment test and its review of indicators of potential impairment of the Company's CGUs. As a result, the Company estimated the recoverable amounts of the Canadian Malartic mine, the La India mine and the El Barqueño project and concluded the carrying amounts exceeded the recoverable amounts. The Company recorded an impairment loss for 2018 of \$389.7 million comprised of \$250.0 million at the Canadian Malartic mine, \$39.0 million at the La India mine and \$100.7 million at the El Barqueño project.

As at December 31, 2020, the Company completed its review of indicators of potential impairment reversal and no indicators of reversal were identified. As at December 31, 2019, the Company identified indicators of potential impairment reversal for the Company's Meliadine mine. As a result of the identification of these indicators, the Company estimated the recoverable amounts of the Meliadine mine CGU and concluded the recoverable amounts exceeded the carrying amounts. The Company recorded an impairment reversal of \$345.8 million (\$223.4 million net of tax) at the Meliadine mine. Based on assessments completed by the Company, no impairment reversals were required in 2018.

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

See Note 23 in the annual consolidated financial statements for further details on impairment and impairment reversals.

Foreign Currency Translation Loss

The Company's operating results and cash flow are significantly affected by changes in the exchange rate between the US dollar and each of the Canadian dollar, Mexican peso and Euro as all of the Company's revenues are earned in US dollars while a significant portion of its operating and capital costs are incurred in such other currencies. During the period from January 1, 2019 through December 31, 2020, the daily US dollar closing exchange rate per US\$1.00 fluctuated between C\$1.27 and C\$1.45 as reported by the Bank of Canada, 18.57 and 25.12 Mexican pesos as reported by the Central Bank of Mexico, and €0.81 and €0.93 as reported by the European Central Bank.

A foreign currency translation loss of \$22.5 million was recorded in 2020 compared with \$4.9 million in 2019 and \$2.0 million in 2018. On average, the US dollar strengthened relative to the Canadian dollar and Mexican peso and weakened relative to the Euro in 2020 compared with 2019. As at December 31, 2020, the US dollar strengthened relative to the Mexican peso and weakened relative to the Canadian dollar and Euro, as compared to December 31, 2019. The net foreign currency translation loss in 2020 was primarily due to the translation impact of the Company's net monetary liabilities denominated in Euros and translation impact of the Company's net monetary assets denominated in Mexican pesos.

Other Expenses (Income)

Other expenses increased to \$48.2 million in the year ended December 31, 2020 compared with other income of \$13.2 million in the year ended December 31, 2019 primarily due to the costs of \$33.5 million associated with the temporary suspension of mining and exploration activities at the Company's mine sites and exploration properties due to the COVID-19 pandemic. 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, and payroll costs for Nunavut-based and Mexican employees who were not able to work following the period of temporary suspension or reduced operations due to the Company's efforts to prevent or curtail community transmission of COVID-19. Other income in the year ended December 31, 2019 related primarily to the gain on disposition of an investment. In the year ended December 31, 2018, other income of \$35.3 million related to gains on disposal of property, plant and mine development and interest income.

Income and Mining Taxes Expense

In 2020, the Company recorded income and mining taxes expense of \$256.0 million on income before income and mining taxes of \$767.6 million at an effective tax rate of 33.3%. In 2019, the Company recorded income and mining taxes expense of \$265.6 million on income before income and mining taxes of \$738.7 million at an effective tax rate of 36.0%. The Company's 2020 and 2019 effective tax rate is higher than the applicable statutory tax rate of 26.0% due to the impact of mining taxes. In 2018, the Company recorded income and mining taxes expense of \$67.6 million on a loss before income and mining taxes of \$259.1 million at an effective tax rate of (26.1)%.

Balance Sheet Review

Total assets at December 31, 2020 of \$9,614.8 million increased compared to total assets of \$8,789.9 million at December 31, 2019. The \$824.9 million increase in total assets was primarily due to a \$321.8 million increase in property, plant and mine development, a \$283.9 million increase in investments, an \$80.6 million increase in cash and cash equivalents, a \$74.4 million increase in other assets and a \$50.4 million increase in inventories between periods. Total assets of \$7,852.8 million at December 31, 2018 were lower compared to total assets as at December 31, 2019 primarily due to a \$769.4 million increase in property, plant and mine development and an \$85.9 million increase in inventories between periods.

Cash and cash equivalents were \$402.5 million at December 31, 2020, an increase of \$80.6 million compared with December 31, 2019 primarily due to cash provided by operating activities of \$1,192.1 million and proceeds on the exercise of stock options of \$90.7 million, partially offset by \$759.3 million in capital expenditures, \$190.3 million in dividends paid, \$160.0 million in net repayment of Senior Notes, a \$45.2 million purchase of equity securities and other investments, and a \$39.6 million repurchase of common shares for stock-based compensation plans during 2020.

Other assets increased by \$74.4 million from \$184.9 million at December 31, 2019 to \$259.3 million at December 31, 2020 primarily due to a \$52.3 million increase in non-current ore in stockpiles and on leach pads. Non-current ore increased from \$145.7 million at December 31, 2019 to \$198.0 million at December 31, 2020 primarily due to the increase in stockpile and heap leach balances not expected to be processed within 12 months at the Meadowbank Complex, Canadian Malartic and La India mines. In addition, the loan receivable from Orla Mining Ltd. ("Orla") increased by \$16.6 million from \$4.6 million at December 31, 2019 to \$21.2 million at December 31, 2020. See Note 7 to the annual consolidated financial statements for details of the Orla loan receivable.

Current inventory balances increased by \$50.4 million from \$580.1 million at December 31, 2019 to \$630.5 million at December 31, 2020 primarily due to a \$65.0 million increase in supplies inventories from the higher balance of fuel inventory and inventory parts on hand to mitigate the risk of possible supply chain disruption caused by COVID-19 pandemic.

Property, plant and mine development increased by \$321.8 million to \$7,325.4 million at December 31, 2020 compared with December 31, 2019 due to \$759.3 million in capital expenditures primarily at the Meadowbank Complex, Meliadine and Kittila mines, partially offset by amortization expense of \$631.1 million incurred during 2020.

Investments increased from \$91.2 million at December 31, 2019 to \$375.1 million at December 31, 2020 primarily due to \$240.1 million in unrealized fair value gains related to equity securities and share purchase warrants and \$45.2 million in new equity investments and share purchase warrants. See Note 9 to the annual consolidated financial statements for details of the Company's investments.

Total liabilities increased to \$3,931.5 million at December 31, 2020 from \$3,678.4 million at December 31, 2019 primarily due to a \$227.3 million increase in reclamation provision, an increase in deferred income and mining tax liabilities of \$87.9 million, and an increase in net income taxes payable of \$75.1 million, partially offset by a net decrease in total long-term debt of \$158.9 million between periods. Total liabilities of \$3,302.8 million at December 31, 2018 were lower compared to total liabilities as at December 31, 2019 primarily due to the net capitalization of \$114.9 million of lease obligations during 2019 in accordance with the adoption of IFRS 16 – Leases (“IFRS 16”) effective January 1, 2019.

Net income taxes payable increased by \$75.1 million between December 31, 2019 and December 31, 2020 as a result of the current tax expense exceeding payments to tax authorities.

Total long-term debt decreased by \$158.9 million between December 31, 2019 and December 31, 2020 primarily due to the \$160.0 million net repayment of Senior Notes.

Reclamation provision increased by \$227.3 million between December 31, 2019 and December 31, 2020 primarily due to the re-measurement of these provisions by applying updated expected cash flow estimates and assumptions at the Kittila and Canadian Malartic mines as at December 31, 2020. The higher expected cash flow estimates at the Kittila and Canadian Malartic mines are primarily related to the updated mine closure plans completed during the year.

Deferred income and mining tax liabilities increased by \$87.9 million between December 31, 2019 and December 31, 2020 primarily due to the origination and reversal of net taxable temporary differences.

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 year ended December 31, 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 December 31, 2020, the Company had outstanding currency derivative contracts related to \$1,188.0 million of 2021 and 2022 expenditures (December 31, 2019 – \$252.0 million) and diesel fuel derivative contracts related to 24.0 million gallons of heating oil (December 31, 2019 – 12.0 million).

Liquidity and Capital Resources

As at December 31, 2020, the Company's cash and cash equivalents and short-term investments totaled \$406.5 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 \$731.5 million as at December 31, 2020 compared with \$326.7 million as at December 31, 2019, primarily due to a repayment of \$360.0 million of Senior Notes that were previously classified in current liabilities.

During the year ended December 31, 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.

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

Operating Activities

Cash provided by operating activities increased by \$310.4 million to \$1,192.1 million in 2020 compared with \$881.7 million in 2019. The increase in cash provided by operating activities was primarily due to a 27.2% increase in the Company's

average realized price of gold. Partially offsetting the increase in cash provided by operating activities was an increase in production costs, an increase in costs related to temporary suspension of mining and exploration activities due to the COVID-19 pandemic, an increase in tax payments, and less favourable working capital changes between periods. Cash provided by operating activities of \$881.7 million in 2019 was \$276.0 million higher than \$605.7 million in 2018 primarily due to an increase in the Company's average realized price of gold, an increase in the sales volume of gold, and more favourable working capital conditions, partially offset by an increase in production costs between periods.

Investing Activities

Cash used in investing activities decreased to \$808.8 million in 2020 from \$873.9 million in 2019. The decrease in cash used in investing activities between periods was primarily due to a \$123.4 million decrease in capital expenditures, partially offset by a \$26.2 million increase in net purchases of equity securities and other investments. Cash used in investing activities was \$1,204.4 million in 2018, which included capital expenditures of \$1,089.1 million.

In 2020, the Company invested cash of \$759.3 million in projects and sustaining capital expenditures compared with \$882.7 million in 2019. Capital expenditures in 2020 included \$109.3 million at the LaRonde mine, \$9.8 million at the LaRonde Zone 5 mine, \$36.8 million at the Goldex mine, \$162.3 million at the Meadowbank Complex, \$126.0 million at the Meliadine mine, \$52.6 million at the Canadian Malartic mine (the Company's attributable 50% share), \$199.1 million at the Kittila mine, \$24.5 million at the Pinos Altos mine, \$21.6 million at the La India mine and \$17.3 million at the Company's other projects. The \$123.4 million decrease in capital expenditures between 2020 and 2019 was primarily due to a decrease in construction expenditures at the Meadowbank Complex related to the Amaruq satellite deposit, which achieved commercial production in September 2019.

In 2020, the Company received net proceeds of \$8.8 million from the sale of equity securities and other investments compared with \$43.7 million in 2019 and \$17.5 million in 2018. In 2020, the Company purchased \$45.2 million of equity securities and other investments compared with \$33.5 million in 2019 and \$11.2 million in 2018. The Company's investments in equity securities consist primarily of investments in common shares of entities in the mining industry.

On October 30, 2020, Orla completed the second tranche drawdown of \$16.0 million in connection with, and as consideration for the funding commitments provided by the Company under a loan agreement dated December 18, 2019 between, among others, Orla and the Company. The loan agreement relates to a five-year credit facility to provide Orla financing in a principal amount of \$125.0 million, of which the Company's aggregate financing commitment is \$40.0 million. As at December 31, 2020, an aggregate of \$24.0 million was drawn down by Orla under the loan agreement with the Company. The Company owned 21,057,835 common shares, 870,250 2021 warrants (the "2021 Warrants") and 10,400,000 2026 warrants (the "2026 Warrants") as at December 31, 2020, representing approximately 9.20% of the issued and outstanding common shares on a non-diluted basis and 13.49% of the issued and outstanding common shares on a partially-diluted basis, assuming exercise of the 2021 Warrants and the 2026 Warrants held by the Company. Each 2026 Warrant entitles the holder to acquire one common share at a price of C\$3.00 at any time prior to December 18, 2026. Each 2021 Warrant entitled the holder to acquire one common share at a price of C\$2.35 prior to February 15, 2021. The 2021 Warrants were exercised on February 8, 2021.

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

On March 28, 2018, the Company acquired 100% of the Canadian exploration assets of CMC (the "CMC Exploration Assets"), including the Kirkland Lake and Hammond Reef gold projects, by way of an asset purchase agreement (the "CMC Purchase Agreement") dated December 21, 2017. On the closing of the transactions relating to the CMC Purchase Agreement, Agnico acquired all of Yamana's indirect 50% interest in the CMC Exploration Assets, giving Agnico Eagle 100% ownership of CMC's interest in the CMC Exploration Assets. Pursuant to the CMC Purchase Agreement, the effective consideration for the CMC Exploration Assets after the distribution of the sale proceeds by CMC to its shareholders totaled \$162.5 million in cash paid on closing. The acquisition was accounted for by the Company as an asset acquisition and transaction costs associated with the acquisition totaling \$2.9 million were capitalized to the mining properties acquired.

Financing Activities

Cash used in financing activities was \$302.8 million in 2020 compared with cash provided by financing activities of \$10.6 million in 2019 primarily due to a \$160.0 million net repayment of Senior Notes, a \$84.8 million increase in dividends

paid, a \$50.0 million decrease in proceeds from stock option plan exercises, and a \$15.0 million increase in the repurchase of common shares between periods. Cash provided by financing activities was \$274.1 million in 2018.

The Company issued common shares for net proceeds of \$104.5 million in 2020 compared to \$156.1 million in 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 \$44.7 million in 2018, attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan.

In 2020, the Company paid dividends of \$190.3 million (\$0.95 per share) compared with \$105.4 million (\$0.55 per share) in 2019 and \$84.0 million (\$0.44 per share) in 2018. Agnico Eagle has declared a cash dividend every year since 1983. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements.

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.

In 2020, the Company drew down \$1,075.0 million from the Credit Facility, mostly as a cautionary measure given the uncertainty with respect to the COVID-19 pandemic. The outstanding balance was repaid in full in the course of the year. As at December 31, 2020, the Company's outstanding balance under the Credit Facility was nil. Credit Facility availability is reduced by outstanding letters of credit which were \$0.9 million as of December 31, 2020, resulting in \$1,199.1 million available for future drawdown. On December 14, 2018, the Company amended the Credit Facility to extend the maturity date from June 22, 2022 to June 22, 2023.

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

On June 29, 2016, the Company entered into a standby letter of credit facility with a financial institution providing for a C\$100.0 million uncommitted letter of credit facility (the "Third LC Facility"). Letters of credit issued under The Third LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. The obligations of the Company under the Third LC Facility are guaranteed by certain of its subsidiaries. As at December 31, 2020, the aggregate undrawn face amount of letters of credit under the Third LC Facility was \$65.7 million.

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a C\$150.0 million uncommitted letter of credit facility (as amended, the "Second LC Facility"). Effective April 23, 2020, the amount available under the Second LC Facility was increased to C\$200.0 million. The Second LC Facility may be used by the Company to support the reclamation obligations of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest or the performance obligations (other than with respect to indebtedness for borrowed money) of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest that are not directly related to reclamation obligations. Payment and performance of the Company's obligations under the Second LC Facility are supported by an account performance security guarantee issued by Export Development Canada in favour of the lender. As at December 31, 2020, the aggregate undrawn face amount of letters of credit under the Second LC Facility is \$102.2 million.

On July 31, 2015, the Company amended its credit agreement with a financial institution relating to its uncommitted letter of credit facility (as amended, the "First LC Facility"). Effective November 5, 2013, the amount available under the First LC Facility increased from C\$175.0 million to C\$200.0 million. Effective September 28, 2015, the amount available under the First LC Facility was increased to C\$250.0 million. Effective September 27, 2016, the amount available under the First LC Facility was increased to C\$350.0 million. The obligations of the Company under the First LC Facility are guaranteed by certain of its subsidiaries. The First LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at December 31, 2020, the aggregate undrawn face amount of letters of credit under the Second LC Facility is \$223.6 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 December 31, 2020.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements as at December 31, 2020 include outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes of \$482.9 million under the Credit Facility and the LC Facilities (see Note 26 to the consolidated financial statements). If the Company were to terminate these off-balance sheet arrangements, the Company's liquidity position (as outlined in the table below) is sufficient to satisfy any related penalties or obligations.

Contractual Obligations

Agnico Eagle's contractual obligations as at December 31, 2020 are set out below:

	Total	2021	2022-2023	2024-2025	Thereafter
	<i>(millions of United States dollars)</i>				
Reclamation provisions ⁽ⁱ⁾	\$ 495.7	\$ 15.3	\$ 35.3	\$ 54.5	\$ 390.6
Contractual commitments ⁽ⁱⁱ⁾	121.7	96.1	16.3	5.1	4.2
Pension obligations ⁽ⁱⁱⁱ⁾	64.4	3.0	4.3	23.2	33.9
Lease obligations	123.7	20.5	28.1	17.8	57.3
Long-term debt – principal ^(iv)	1,575.0	–	325.0	190.0	1,060.0
Long-term debt – interest ^(iv)	472.8	72.8	121.6	101.3	177.1
Total ^(v)	\$ 2853.3	\$207.7	\$530.6	\$391.9	\$1,723.1

Notes:

- (i) Mining operations are subject to environmental regulations that require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. Expected reclamation cash flows are presented above on an undiscounted basis. Reclamation provisions recorded in the Company's consolidated financial statements are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate.
- (ii) Purchase commitments include contractual commitments for the acquisition of property, plant and mine development. Agnico Eagle's attributable interest in the purchase commitments associated with its joint operations totaled \$1.2 million as at December 31, 2020.
- (iii) Agnico Eagle provides defined benefit plans for certain current and former senior officers and certain employees. The benefits are generally based on the employee's years of service, age and level of compensation. The data included in this table have been actuarially determined.
- (iv) The Company has assumed that repayment of its long-term debt obligations will occur on each instrument's respective maturity date.
- (v) The Company's future operating cash flows are expected to be sufficient to satisfy its contractual obligations.

2021 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2021 mandatory expenditure commitments (including the contractual obligations set out above) and discretionary expenditure commitments. The following table sets out expected capital requirements and resources for 2021:

Amount
(millions of United States dollars)

2021 Mandatory Commitments:

Contractual obligations, including capital expenditures (see table above)	\$ 207.7
Accounts payable and accrued liabilities (as at December 31, 2020)	363.8
Net income taxes payable (as at December 31, 2020)	99.0
Total 2021 mandatory expenditure commitments	\$ 670.5

2021 Discretionary Commitments:

Expected capital expenditures	\$ 737.1
Expected exploration and corporate development expenses	162.6
Total 2021 discretionary expenditure commitments	899.7
Total 2021 mandatory and discretionary expenditure commitments	\$1,570.2

As of December 31, 2020, the Company had adequate capital resources available to satisfy its commitments, which include cash, cash equivalents and short-term investments of \$406.5 million, working capital (excluding cash, cash equivalents and short-term investments) of \$325.0 million and an undrawn \$1.2 billion Credit Facility. In addition, the Company anticipated funding its commitments through cash provided by operating activities.

While the Company believes its capital resources will be sufficient to satisfy all 2021 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which include certain capital expenditures and exploration and corporate development expenses, should unexpected financial circumstances arise in the future. The Company believes that it will continue to have sufficient capital resources available to satisfy its planned development and growth activities. See *Outlook* and *Risk Profile – Impact of COVID-19 on the Company's Business and Operations* in this MD&A.

In January and February 2021, the Company drew down \$0.2 billion on its \$1.2 billion Credit Facility. The Company drew down these funds partly in connection with managing working capital and partly in connection with the acquisition of TMAC Resources Inc (“TMAC”) which closed on February 2, 2021. The expenditures associated with the TMAC transaction are not included in the table above. See *Outlook* for more details.

In February 2021, Moody's initiated their inaugural credit rating on Agnico Eagle and assigned a Baa2 issuer rating with a Stable outlook. This should result in a reduction in future financing costs for the Company.

Quarterly Results Review

For the Company's detailed 2020 and 2019 quarterly financial and operating results see *Summarized Quarterly Data* in this MD&A.

Revenues from mining operations increased by 23.3% to \$928.4 million in the fourth quarter of 2020 compared with \$753.1 million in the fourth quarter of 2019, which was primarily due to a 26.0% higher average realized price of gold between periods.

Production costs of \$374.9 million in the fourth quarter of 2020 were essentially the same compared with production costs of \$375.0 million in the fourth quarter of 2019.

Exploration and corporate development expenses increased by 64.3% to \$39.0 million in the fourth quarter of 2020 compared with \$23.8 million in the fourth quarter of 2019, primarily due to increased exploration drilling at the Odyssey project and at the Upper Beaver project.

Amortization of property, plant and mine development increased by 16.4% to \$175.0 million in the fourth quarter of 2020 compared with \$150.3 million in the fourth quarter of 2019 primarily due to an increase in the tonnes of ore processed at the Canadian Malartic, Pinos Altos and Meliadine mines. Net income of \$205.2 million was recorded in the fourth quarter of 2020 after income and mining taxes expense of \$88.8 million compared with a net income of \$331.7 million in the fourth quarter of 2019 after income and mining taxes expense of \$172.3 million.

Cash provided by operating activities increased by 56.7% to \$403.5 million in the fourth quarter of 2020 compared with \$257.5 million in the fourth quarter of 2019. The increase in cash provided by operating activities was primarily due to a \$175.3 million increase in revenues from mining operations due to higher average realized prices of gold and silver, partially offset by a \$15.2 million increase in exploration and corporate development costs between periods.

Outlook

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

2021 and 2022 Outlook Update

The mid-point of payable gold production guidance for 2021 and 2022 is 2.05 and 2.1 million ounces, respectively, which is unchanged from the outlook provided on February 13, 2020. At this time, gold production guidance excludes production from the newly acquired Hope Bay deposits.

2020 Results Comparison to 2020 Outlook

Gold Production and Costs

On March 24, 2020, the Company announced that it was withdrawing its full year 2020 production and cash costs outlook, both Company-wide and at each of its mines, that had been released on February 13, 2020. The withdrawal of this outlook was a result of the reduction in the production activity at the Company's Quebec and Nunavut mines resulting from the Quebec Order and the Company's decision to send home its Nunavut-based workforce, together with the uncertainties with respect to future developments, including the duration, severity and scope of the COVID-19 outbreak and measures taken to contain the outbreak. At the time of the withdrawal of this outlook, the assumption that the Company's Quebec and Nunavut mines could continue operating in the normal course in light of the COVID-19 outbreak was no longer valid.

On April 30, 2020 and in subsequent news releases, the Company provided a new outlook for 2020 regarding Company-wide expected payable gold production volumes and cash costs (the “New Outlook”). Payable gold production for the full year 2020 was 1,736,568 ounces, slightly higher than the New Outlook range of approximately 1.68 and 1.73 million ounces. Total cash costs per ounce of gold produced on a by-product basis for the full year 2020 was \$775, which was within the New Outlook range of approximately \$740 to \$790.

Capital Expenditures and All-In Sustaining Costs per Ounce of Gold Produced

The New Outlook for 2020 included capital expenditures and all-in sustaining costs per ounce of gold produced. These updates were necessary as a result of the suspension or reduction of mining operations at the Company's various mines discussed above.

Total capital expenditures (including sustaining capital) for the full year 2020 was \$773.0 million, compared to the New Outlook range of approximately \$720.0 to \$740.0 million. The increase in capital expenditures compared to the previous guidance is primarily related to additional spending at the Kittila and Meliadine mines and the Meadowbank Complex and the buyback of a royalty at the Hammond Reef project.

At the Kittila mine, approximately \$20.0 million of additional capital expenditures resulted from the acceleration of costs in connection with the completion of the mill expansion, the construction of the NP4 tailings pond and the construction of the discharge waterline. At the Meliadine mine, approximately \$10.0 million of additional capital expenditures resulted from the accelerated stripping of the Tiriganiaq open pit. At the Meadowbank Complex, approximately \$11.0 million of additional capital expenditures were incurred due to the acceleration of development at the IVR pit.

All-in sustaining costs per ounce of gold produced on a by-product basis for the full year 2020 were \$1,051, which was within the New Outlook range of approximately \$1,025 to \$1,075.

Exploration and Corporate Development Expense

Exploration and corporate development expense for the full year 2020 was \$113.5 million, slightly lower than the New Outlook of approximately \$114.9 million.

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense for the full year 2020 was \$631.1 million in 2020, which was within the New Outlook range of approximately \$600.0 to \$650.0 million.

General and Administrative Expense

General and administrative expenses for the full year 2020 was \$116.3 million, which was within the New Outlook range of approximately \$102.0 to \$120.0 million.

Operations Outlook

LaRonde Complex

In 2020, the Company strengthened ground support and revised seismic protocols in the West mine area. In 2021, approximately 15% of the tonnage mined and 21% of the gold produced at the LaRonde Complex is expected to be from the West mine area.

The Company continues to focus on its automation strategy to improve productivity and allow for the continuation of mucking activities during non-entry protocols related to seismicity. The target for 2021 is to muck over 17% of the total tonnage for the LaRonde Complex using automated methods. Work is also ongoing so that the Company can commence production drilling using automation techniques.

Infrastructure continues to be developed to provide further access to mine LaRonde 3 below level 311. Construction of the level 308 East mine cooling plant was completed in December 2020 and it is expected to be commissioned in the first quarter of 2021.

At Zone LR11-3, development from level 146 of the LaRonde mine continues on schedule and dewatering of the previously mined area is ongoing. The zone is expected to be reached in the second half of 2021 and production activities are expected to begin in 2022.

In order to continue tailings deposition over the remaining LaRonde mine life, a drystack tailings facility is under construction which is expected to be operational by the end of 2022. Drystack will help limit the footprint of the new tailings facility and facilitate the closure of the main tailings ponds.

To examine and drill test the potential of under-explored areas located 1.0 to 3.0 kilometres from surface below LZ5 and west of the 20N Zone, three exploration drifts are planned to be developed in 2021. At a depth of 1.1 kilometres below surface, the rehabilitation of the exploration trackdrift on level 9 is on-going and is expected to be ready for exploration drilling in the fourth quarter of 2021. At a depth of 2.2 kilometres below surface, the trackdrift on level 215 that extends westward from the LaRonde mine will be rehabilitated and extended over the next two years. At a depth of 2.8 kilometres below surface, the development of exploration drift 290w is underway.

Goldex Mine

The Goldex Deep 1 project (the top part of the Deep Zone, between 850 and 1,200 metres depth) has been in production since July 2017. An exploration ramp that began construction in 2018 from level 120 (1,200 metres depth) continues to extend into the Deep 2 Zone (the bottom part of the Deep Zone, between 1,200 and 1,800 metres depth). In 2021, the Company continues to evaluate the potential to increase mining rates in the Deep 1 and Deep 2 zones as well as the South Zone. Mineralization at Deep 2 remains open laterally and at depth, while the South Zone is open in all directions. Exploration in 2021 is expected to focus on expanding and upgrading the mineral reserves and mineral resources in each of these zones.

The development pace of the South Zone remained high in the fourth quarter of 2020, as the Company prioritized lateral development over stoping. The majority of the development has now been completed and production levels from the

South Zone are expected to increase in the first quarter of 2021. The Company continues to evaluate the potential for the South Zone to provide additional incremental ore feed and grade flexibility to the Goldex mill.

Meadowbank Complex

In the fourth quarter of 2020, production rates at the Amaruq open pit continued to show consistent improvement and achieved record quarterly production of approximately 3.8 million tonnes mined per month. A strong performance was also achieved in production drilling in both the IVR and Whale Tail pits, which resulted in a significant increase in total broken ore inventory. The good availability of the production fleet (due to improved maintenance in 2020), the optimization of the equipment dispatch, the commissioning of two new 777D haul trucks and two new 650 Sandvik drills and the increased face availability in the pit were determining factors for the strong operational performance. Mining activities are expected to remain at similar levels in 2021.

Improving the reliability of the long-haul truck (“LHT”) fleet remains a focus. Good road conditions, reliability improvements, the addition of four new LHTs and favourable caribou migration patterns this fall allowed for effective utilization of the LHT fleet in the fourth quarter of 2020.

A contractor fleet of three 100-tonne trucks and a dedicated loader remained active in the fourth quarter of 2020 to accelerate the development of the IVR pit and provide additional production flexibility in 2021.

The delineation of higher-grade mineralization at depth below the proposed open pits at the Amaruq satellite deposit led to the decision to construct an exploration ramp into the Whale Tail deposit in 2017. Ramp development commenced in 2018 using a phased approach in order to manage capital costs. In 2020, work on the underground project was reduced due to the restrictions on mining activities in the second quarter of 2020 in response to the COVID-19 pandemic and as the Company focused its priorities on completing the ramp-up of open pit mining activities at Amaruq. With open pit mining operations now satisfactory, the Amaruq underground project has now been approved for development and first gold production is expected in early 2022. The objective is to mine higher-grade underground portions of the deposit in conjunction with the open pits.

The existing exploration portal and ramp will also be used for development and production. The exploration ramp is currently at a depth of approximately 340 metres below surface and in 2021, approximately 2,421 metres of underground development are planned. A traditional truck and scoop tram approach has been selected for underground mucking and hauling. Once at surface, ore will be moved by long haul trucks for treatment at the Meadowbank processing plant.

The mining rate at Amaruq underground is expected to start at 1,500 tpd and then ramp-up to 2,300 tpd. Over the five-year mine life, the average mining rate is expected to be approximately 2,000 tpd. The mine plan includes a pre-production period with operational ramp-up from the second quarter of 2021 to the third quarter of 2022. Commercial production is expected in the fourth quarter of 2022 and production is expected to continue until the end of 2026.

Ore from the underground mine will be prioritized for transportation to the Meadowbank processing plant as it is expected to have a higher gold content. Underground tailings will be mixed with open pit tailings prior to deposit in-pit at the Meadowbank site.

The underground mineralization is open in several directions. Any potential increase in surface mining activities could lead to increased underground production. In 2021, exploration activities at the Meadowbank Complex are focused on delineating new near surface ore sources.

Meliadine Mine

At the Tiriganiaq open pit, overburden stripping has been accelerated using a contractor to provide additional mining flexibility for both tonnage and grade in 2021. Pre-commercial gold production at Tiriganiaq is expected to be approximately 29,000 ounces in 2021.

Underground performance continued to improve in 2020, peaking in December at 3,744 tpd. Stope mining in the recently dewatered and recommissioned higher grade RP3 mining horizon continued at a good rate and without any increase to the ground water inflows. This new horizon is expected to provide additional mining flexibility for both tonnage and grade in 2021.

In 2021, milling rates are expected to average approximately 4,600 tpd. The Phase 2 mill expansion remains on track and is expected to increase throughput to approximately 6,000 tpd in 2025.

Permitting activities in connection with the Water License Amendment are continuing. The application includes a long-term increase of total dissolved solids and an alternative to divert surface contact water to the waterline to provide additional flexibility to the operation. The technical meeting was completed in 2020 and the community information session and

pre-hearing conference was completed on January 19, 2021. The public hearing with the Nunavut Water Board is now scheduled for April 1-2, 2021. The Company expects to receive the water license amendment approval in May or June 2021.

Positive drilling results at the Discovery deposit have allowed the Company to declare an initial probable mineral reserve at December 31, 2020 of 363,000 ounces of gold (2.1 million tonnes grading 5.41 g/t gold) at underground depths, including mineralization accessible by crown pillar mining methods. The Company believes the Discovery deposit could be developed into a satellite mining operation to provide ore feed to the existing mill facility at the Meliadine mine, and expects to complete an internal technical evaluation of the Discovery deposit in 2021.

The Discovery deposit remains open to the east at depth, along a steep plunge corresponding to the main ore shoot. Drilling at Discovery in 2021 will continue to test the deposit's main plunge as well as the parallel ore shoot to the west at depth to expand the mineral resources and to continue converting inferred mineral resources to indicated mineral resources.

Canadian Malartic Mine

In 2020, the Partnership approved the start of construction of surface infrastructure and an underground exploration ramp into the East Gouldie, Odyssey and East Malartic zones, collectively known as the Odyssey project. This ramp will provide additional access for exploration drilling to expand and upgrade the current mineral resource base, and allow for bulk sampling of up to 40,000 tonnes of mineralized material. The Odyssey project exploration ramp portal was completed during the fourth quarter of 2020. At year-end 2020, the ramp had progressed 102 metres and an additional 1,500 metres of ramp is planned in 2021.

Production using the ramp is expected to begin at Odyssey South in late 2023, increasing up to 3,500 tpd in 2024. Collaring of the shaft and installation of the headframe is expected to commence in the second quarter of 2021, with shaft sinking activities expected to begin in late 2022. The shaft will have an estimated depth of 1,800 metres and the first loading station is expected to be commissioned in 2027 with modest production from East Gouldie. The East Malartic shallow area and Odyssey North are scheduled to enter production in 2029 and 2030, respectively.

Capital expenditures from 2021 to 2028 are expected to total approximately \$1.34 billion (on a 100% basis), which includes \$1.1 billion in initial capital expenditures and \$191.0 million in additional growth capital expenditures. During the 2021 to 2028 period, gold production is forecast to be approximately 932,000 ounces at total cash costs of approximately \$800 per ounce.

Average annual payable production is approximately 545,000 ounces of gold from 2029 to 2039, at total cash costs per ounce of approximately \$630. Sustaining capital expenditures are expected to gradually decline from 2029 to 2039, with an expected average of approximately \$56.0 million per year.

The forecast parameters surrounding the Company's proposed operations at the Odyssey project were based on the results of an internal technical study which were incorporated into section 24 of a NI 43-101 technical report for the Canadian Malartic operation (the "CM Report"). The CM Report is preliminary in nature and includes inferred mineral resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the forecast production amounts will be realized. The basis for the CM Report and the qualifications and assumptions made by the qualified person who undertook the CM Report are set out in the Company's news release dated February 11, 2021. The results of the CM Report had no impact on the results of any pre-feasibility or feasibility study in respect of the Odyssey project.

Hope Bay Mine

On February 2, 2021, Agnico Eagle completed the acquisition of TMAC for consideration of approximately \$226.0 million, consisting primarily of cash used to purchase all outstanding shares of TMAC. In connection with the transaction, TMAC's outstanding debt of \$134.0 million was repaid. The acquisition also triggered a one-time option to buy-back a 1.5% net smelter return royalty on Hope Bay property from Maverix Metals Inc. which was purchased for \$50.0 million.

With the acquisition of TMAC, the Company acquired a 100% interest in the Hope Bay Property, which is located in the Kitikmeot region of Nunavut. The 80-kilometer long Hope Bay greenstone belt hosts three gold deposits (Doris, Madrid and Boston), with historical mineral reserves and mineral resources and over 90 regional exploration targets. Agnico Eagle believes that the Hope Bay property is similar in scale and scope to its Meliadine property.

In 2021, the Company expects to continue mining at the Doris deposit while undertaking optimization efforts. Assuming a gold price of \$1,750 per ounce and a US\$/C\$ foreign exchange rate of 1.30, Hope Bay is forecast to be approximately cash flow neutral in 2021. The Hope Bay mine is not currently included in the Company's production, cost or capital expenditure

guidance for 2021. On a quarterly basis during 2021, the Doris deposit is expected to produce approximately 18,000 to 20,000 ounces of gold at total cash costs per ounce of \$950 to \$975.

In 2021, the Company expects to initiate a property wide exploration program and evaluate the Madrid and Boston deposits for future production. The Company believes that the Hope Bay mine could ultimately produce 250,000 to 300,000 ounces of gold per year at reasonable costs and capital spending levels.

Kittila Mine

In 2020, the Kittila mine achieved a record full year ore production of approximately 1.85 million tonnes. This performance is driven by improved fleet management and increased usage of automation. The mine has been testing autonomous hauling trucks and tele-remote equipment and is targeting to achieve 50% of production drilling and 15% of hauling remotely in 2021.

The commissioning of the expanded mill was completed ahead of schedule and the ramp-up towards the design capacity of 2.0 mtpa is on-going. Two strategically important environmental construction projects to increase the mill production rate, the NP4 tailings pond and the discharge waterline, were completed and commissioned in the fourth quarter of 2020. With the completion of these projects, Kittila production flexibility has significantly improved for 2021.

The shaft sinking project execution remains challenging due to COVID-19 travel restrictions. Local resources have been added to the shaft sinking contractor team and commissioning is expected to be completed during the first half of 2022. The budget for the Kittila expansion project was updated in the third quarter of 2020 and is still forecast to be between €190.0 to €200.0 million.

Pinos Altos Mine

During 2020, the Cerro Colorado mining sequence was adjusted to manage challenging ground conditions. The reconditioning activities in the affected area were completed in the fourth quarter of 2020. The stopes that had been planned to be mined in 2020 but were unavailable are expected to be mined in future years. A revised mining plan has been adopted which balances reduced tonnage from Cerro Colorado with increased production from other zones. Underground development has been accelerated in those alternate mining areas in preparation for 2021.

In addition, a third-party audit on Cerro Colorado ground conditions has been completed and a preliminary analysis was reviewed in the fourth quarter of 2020. A proposed action plan, which includes adjustments to the planning process, ground support, mining methods and mining sequence, will be implemented in the first quarter of 2021.

At the Sinter deposit, located approximately two kilometers northwest of the Pinos Altos mine site, production started in the fourth quarter of 2020. The underground mine is expected to provide additional flexibility to the Pinos Altos operation in 2021.

At the Cubiro deposit, positive exploration drilling results from the 2020 exploration program has allowed the Company to declare probable mineral reserves at Cubiro of 143,000 ounces of gold and 860,000 ounces of silver (1.5 million tonnes grading 3.00 g/t gold and 18.02 g/t silver) at underground depths. The Company is evaluating the potential to bring the deposit into production in 2022.

La India Mine

The La India heap leach pad construction phase III is approximately 70% complete and it is expected to be finished in the second quarter of 2021.

The Company continues to perform evaluation work and scenario analysis on the Chipriona deposit and other sulphide opportunities. The Chipriona deposit is located approximately one kilometer north of the La India mine.

Production Summary

The Company now has five cornerstone production assets (the LaRonde and Meadowbank Complexes and the Canadian Malartic, Kittila and Meliadine mines) each with annual production rates of approximately 250,000 to 400,000 ounces of payable production of gold. In 2020, the Company achieved payable gold production of 1,736,568 ounces. As the Company optimizes this expanded production platform, it expects to continue to deliver on its vision and strategy. The Company expects that the main contributors to achieving the targeted levels of payable gold production, mineral reserves and mineral resources in the near term will include:

- continued ramp-up of the Nunavut operations;

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

Financial Outlook

As of the date of this MD&A, the Company does not expect that the COVID-19 pandemic will affect its planned 2021 capital expenditure and exploration program, but cannot provide any assurances that proposed capital expenditure or exploration activities will not be delayed, postponed or cancelled whether as a result of the COVID-19 pandemic, measures taken associated with the pandemic or otherwise. See *Forward-Looking Statements and Impact of COVID-19 on the Company's Business and Operations* in this MD&A for a discussion of assumptions and risks relating to such statements and information and a discussion of the certain risks facing the Company relating to the pandemic.

Revenue from Mining Operations and Production Costs

In 2021, the Company expects to continue to generate solid cash flow with payable production of approximately 2,047,500 gold ounces (including 29,000 ounces of pre-commercial production at the Meliadine mine relating to the Tiriganiaq open pit but excluding production at the Hope Bay mine) compared with 1,736,568⁽ⁱ⁾ ounces in 2020. This expected increase in payable production of gold ounces is primarily due to the expected 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 and continued ramp-up of production at the Meliadine mine and the Amaruq satellite deposit.

The table below sets out actual payable production in 2020 and expected payable production in 2021 (excluding Hope Bay):

	2021 Forecast	2020 Actual
Gold (ounces)	2,047,500	1,736,568
Silver (thousands of ounces)	3,143	3,365
Zinc (tonnes)	7,326	6,259
Copper (tonnes)	3,226	3,069

In 2021, the Company expects total cash costs per ounce of gold produced on a by-product basis to be between \$700 and \$750. At the LaRonde Complex total cash costs per ounce of gold produced on a by-product basis is expected to be approximately \$587 compared with \$517 in 2020. In calculating expectations of total cash costs per ounce of gold produced on a by-product basis for the LaRonde mine, net silver, zinc and copper by-product revenue offsets production costs. Therefore, production and price assumptions for by-product metals play an important role in the LaRonde Complex's expected total cash costs per ounce of gold produced on a by-product basis due to its significant by-product metal production. The Pinos Altos mine also generates significant silver by-product revenue. An increase in by-product metal prices above forecast levels would result in improved total cash costs per ounce of gold produced on a by-product basis at these mines. Total cash costs per ounce of gold produced on a co-product basis are expected to be approximately \$733 in 2021 at the LaRonde Complex compared with \$664 in 2020.

As production costs at the LaRonde and Meadowbank Complexes as well as the Goldex, Meliadine and Canadian Malartic mines are incurred primarily in Canadian dollars, production costs at the Kittila mine are incurred primarily in Euros and a portion of the production costs at the Pinos Altos and La India mines are incurred in Mexican pesos, the US dollar/Canadian dollar, US dollar/Euro and US dollar/Mexican peso exchange rates also affect the Company's expectations for the total cash costs per ounce of gold produced both on a by-product and co-product basis.

Note:

- (i) Includes 36,416 ounces of payable production of gold associated with the Barnat deposit at the Canadian Malartic mine, the IVR deposit at the Meadowbank Complex and the Tiriganiaq open pit deposit at the Meliadine mine which were produced prior to the achievement of commercial production at these sites.

The table below sets out the metal price and exchange rate assumptions used in deriving the expected 2021 total cash costs per ounce of gold produced on a by-product basis (forecast production for each metal is shown in the table above) as well as the actual market average closing prices for each variable for the period of January 1, 2021 through February 28, 2021:

	2021 Assumptions	Actual Market Average (January 1, 2021 - February 28, 2021)
Silver (per ounce)	\$22.00	\$26.58
Zinc (per tonne)	\$2,205	\$2,726
Copper (per tonne)	\$6,614	\$8,217
Diesel (C\$ per litre)	\$ 0.65	\$ 0.75
US\$/C\$ exchange rate (C\$)	\$ 1.30	\$ 1.27
US\$/Euro exchange rate (Euros)	€ 0.83	€ 0.82
US\$/Mexican peso exchange rate (Mexican pesos)	20.00	20.11

See *Risk Profile – Commodity Prices and Foreign Currencies* in this MD&A for the expected impact on forecast 2021 total cash costs per ounce of gold produced on a by-product basis of certain changes in commodity prices and exchange rate assumptions.

Exploration and Corporate Development Expenditures

In 2021, Agnico Eagle expects to incur exploration and corporate development expenses of approximately \$162.6 million.

A large component of the 2021 exploration program will include programs at the Kittila mine in Finland, the Canadian Malartic mine and LaRonde Complex in the Abitibi region of northwest Quebec, the Kirkland Lake project in northeastern Ontario, the Meliadine and Hope Bay mines in Nunavut, and the Santa Gertrudis project, Pinos Altos and La India mines in Mexico. The objective of these exploration programs is to build on recent exploration success in order to identify additional mineral resources and convert mineral resources into mineral reserves as part of the Company's general strategy to develop the full potential of existing operations and the project pipeline.

At the Kittila mine, the Company expects to spend \$14.3 million for 74,500 metres of drilling focused on the Main zone in the Roura and Rimpi areas as well as the Sisar zone. The drilling includes 65,000 metres of capitalized conversion drilling at the mine as described above and 9,500 metres of expensed exploration drilling on targets beyond the current mineral resource area, especially at depth.

At the Canadian Malartic mine, the Partnership expects to spend \$11.9 million (50% basis) for 141,400 metres (100% basis) of exploration and conversion drilling focused on infilling the East Gouldie zone to improve confidence in the mineral resource and refine the geological model. With ramp development underway as part of the Odyssey project, the Partnership will be able to initiate underground conversion drilling from the ramp in 2021. The Partnership is planning to spend another \$3.1 million (50% basis) on 32,000 metres (100% basis) on exploration drilling to test other regional targets at Canadian Malartic, including the Rand Malartic and East Amphi properties.

At the LaRonde Complex, the Company expects to spend \$14.1 million to develop new exploration drifts from the LaRonde 3 infrastructure towards the west below the LZ5 mine workings and for 39,800 metres of drilling into multiples targets including Zone 5, Zone 6, Zone 20N and the recently discovered Zone 20N Zn South with the aim of adding new mineral reserves and mineral resources to extend the mine life of the LaRonde Complex into the 2030's.

At the Goldex mine, the Company expects to spend \$6.5 million for 67,500 metres, including 61,500 metres of conversion and 6,000 metres of exploration drilling, focused on the M, Deep 1, Deep 2 and South zones.

At the Kirkland Lake project in Ontario, the Company expects to spend \$14.0 million for 52,200 metres, including \$9.1 million for 36,500 metres of exploration and conversion drilling at the Upper Beaver deposit in preparation for an internal evaluation expected to be completed at the end of 2021. Elsewhere at the Kirkland Lake project, another \$4.9 million in expenditures is planned for 15,700 metres of drilling on several targets including the Upper Canada deposit.

At the Meadowbank Complex, the Company expects to spend \$7.0 million for 34,900 metres of drilling, including 23,900 metres of conversion and 11,000 metres of exploration drilling, focused at testing open-pit extensions and further underground potential of the deposits at the Amaruq satellite operation.

At the Meliadine mine, the Company expects to spend \$8.3 million for 44,000 metres of capitalized exploration with a focus on conversion drilling at the Tiriganiaq, Normeg and Wesmeg deposits, as well as exploration drilling of the Tiriganiaq, Wesmeg, Pump and F-Zone deposits, which are all open at depth.

Elsewhere in the Kivalliq region of Nunavut, the Company expects to spend \$9.0 million for 20,600 metres of drilling on regional exploration, including 10,000 metres of drilling in the Meadowbank area and 7,000 metres of drilling in the Meliadine area with a primary focus on investigating for new open-pit potential near existing infrastructure. Another 3,600 metres are expected to be drilled on other exploration targets in the region.

At the Hope Bay mine, the Company expects to spend \$16.2 million for 69,600 metres of drilling, including \$5.5 million for 29,800 metres of delineation drilling to support production at the Doris mine and \$10.7 million for 39,800 metres of drilling on exploration targets around the Doris, Madrid and Boston deposits and other targets along the belt. The Company is currently evaluating exploration priorities and drilling to be performed on each program and may adjust the allocation during the course of 2021.

At the Santa Gertrudis project in Sonora, Mexico, the Company expects to spend \$11.0 million for 30,000 metres of drilling that will be focused on expanding the mineral resource, testing the extensions of high-grade structures such as the Amelia deposit, exploring new targets and completing metallurgical test work. An updated mineral reserve and mineral resource estimate and an updated preliminary economic assessment are expected to be completed in 2021.

At the Pinos Altos mine, the Company expects to spend \$3.9 million for 20,000 metres of drilling, including 10,000 metres to infill and expand the mineral resource at Cubiro and as well as exploration drilling to test the depth potential of the Cerro Colorado, Santo Nino and Reyna East zones and other targets on the property.

At the La India mine, the Company expects to spend \$4.0 million for 20,000 metres of drilling to investigate for shallow, near surface oxide targets and to grow and infill the Chipriona polymetallic sulphide deposit.

Exploration programs are designed to infill and expand known deposits and test other favourable target areas that could ultimately supplement the Company's existing production profile. Exploration is success-driven and thus planned exploration could change materially based on the interim results of the various exploration programs. When it is determined that a project can generate future economic benefit, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2021, the Company expects to capitalize approximately \$44.6 million of drilling and development costs related to further delineating ore bodies and converting mineral resources into mineral reserves.

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense is expected to be between \$700.0 million and \$750.0 million in 2021 compared with \$631.1 million in 2020.

Other Expenses

General and administrative expenses are expected to be between \$115.0 million and \$135.0 million in 2021 compared with \$116.3 million in 2020. In 2021, the Company expects additional other expenses to be approximately \$10.0 million in connection with sustainable development activities in the Abitibi region of Quebec.

Capital Expenditures

Capital expenditures, including sustaining capital, construction and development costs and capitalized exploration costs, are expected to total approximately \$803.0 million in 2021. The Company expects to fund its 2021 capital expenditures through operating cash flow from the sale of its gold production and the associated by-product metals. Significant components of the expected 2021 capital expenditures program include the following:

- \$351.4 million in sustaining capital expenditures relating to the LaRonde Complex (\$95.3 million), Canadian Malartic mine (\$71.5 million – 50% portion attributable to the Company), Meliadine mine (\$46.1 million), Meadowbank Complex (\$40.4 million), Kittila mine (\$40.3 million), Pinos Altos mine (\$28.1 million), Goldex mine (\$18.1 million), La India mine (\$7.0 million) and other projects (\$4.6 million);
- \$407.0 million in capitalized development expenditures relating to the Amaruq underground project (\$99.0 million), Meliadine mine (\$64.8 million), Canadian Malartic mine (\$61.9 million – 50% portion attributable to the Company),

Kittila mine (\$61.7 million), the LaRonde Complex (\$51.7 million), Pinos Altos mine (\$26.6 million), Goldex mine (\$19.2 million), La India mine (\$16.4 million), and Meadowbank Complex (\$5.7 million); and

- \$44.6 million in capitalized exploration expenditures.

In 2021, a significant portion of the Company's capital commitments are expected to relate to the construction of the Amaruq underground project, the Odyssey project at the Canadian Malartic mine and the underground shaft at the Kittila mine. The capital commitments related to these projects are forecast to be approximately \$99.0 million, \$61.9 million and \$61.7 million in development expenditures which represents 12.3%, 7.7% and 7.7% respectively of the expected \$803.0 million in total capital expenditures in 2021.

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

All-in Sustaining Costs per Ounce of Gold Produced

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 option expense), 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 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.

Agnico Eagle's all-in sustaining costs per ounce of gold produced on a by-product basis are expected to be approximately \$950 to \$1,000 in 2021 compared with \$1,051 in 2020.

Risk Profile

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

Impact of COVID-19 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 in 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 and cannot be predicted with certainty.

COVID-19 and these measures have had and may continue to have an adverse impact on many aspects of the Company's business including, employee health, workforce productivity and availability, travel restrictions, contractor availability, supply availability, ability to sell or deliver gold dore bars or concentrate, the Company's ability to maintain its controls and procedures regarding financial and disclosure matters and the availability of insurance and the costs thereof, some of which, individually or when aggregated with other impacts, may be material to the Company. Measures taken by governments, the Company or others could result in the Company reducing or suspending operations at one or more of its mines.

In response to the Quebec Order, 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). During the period of suspension, each of these operations remained on temporary suspension, and minimal work took place. With the lifting of the Quebec Order, commencing on April 15, 2020, the Company restarted operations in the Abitibi region, ramped up production gradually to regular capacity over the course of the second quarter of 2020. The Company continued to manage tracing, isolation and disinfection protocols, and maintain open communication channels with various ministries and local authorities throughout the second half of 2020 and through the first few months of 2021.

As a result of the Quebec Order, the Company also significantly reduced activities at the Meliadine mine and Meadowbank Complex in Nunavut, which are fly-in/fly-out mining camps, serviced out of Quebec. Mining and milling activities in the

Nunavut operations gradually returned to normal levels and were ramped up to full capacity in June 2020. Following the ramp-up period, the Company's Nunavut operations continued to effectively manage tracing, isolation and disinfection protocols, and made arrangements to acquire a new testing lab to implement more frequent re-testing of employees on-site during their rotation. In Nunavut, the Kivalliq region reported its first COVID-19 cases in November 2020 and the government of Nunavut implemented mandatory, territory-wide restrictions. The Company's local team provided rapid and effective assistance, including snow removal, providing financial support for equipment rental and manpower, and funding food hampers and health and safety supplies for affected communities.

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; however, as the distribution of COVID-19 vaccines has begun in local Nunavut communities, the Company is preparing to reintegrate the Nunavut-based workforce to its operations in the course of 2021. 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 while maintaining the safety of Nunavut communities.

In response to the Decree, mining operations at the Company's Mexican operations (Pinos Altos, Creston Mascota and La India mines) were ramped down. Most of the activity at these operations was suspended by the Company with the exception of heap leaching at the Creston Mascota and La India mines. The Company re-started operations on May 18, 2020 and gradually ramped up production to normal levels at all mines by the end of June 2020. Throughout the second half of 2020 and through the first few months of 2021, the Company's Mexican operations continued to reinforce screening and testing protocols to detect COVID-19 cases prior to permitting entrance to its sites and to control the spread of the virus amid rising numbers of confirmed COVID-19 cases in the states of Chihuahua and Sonora where the Company's mines are located.

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 under new preventive and safety protocols. However, as a result of travel restrictions, shaft sinking activities were not resumed until July 2020 which required the addition of local resources. As a result of the COVID-19 restrictions, the completion of the project will be delayed by 6 months until the first half of 2022. The Company also opened a COVID-19 testing facility to provide testing capacity to employees and contractors at the site as well as to residents in the Kittila municipality.

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

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 Company is continuing to adjust protocols in response to the second wave of COVID-19. The enhanced health and safety measures included:

- screening employees and contractors before entering the Company's sites for potential symptoms of COVID-19, including setting up mobile laboratories for on-site testing for COVID-19 at the Nunavut sites as well as at the Val d'Or and Mirabel airports that are used to service the Nunavut sites;
- adopting isolation protocols for people exhibiting symptoms, 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 and contractors, operating of testing labs, additional employee transportation, and supplies and health support to surrounding communities.

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 and from the mine sites located in Nunavut.

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 limited 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 delivery 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, was completed 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 any current or further measures taken by 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 or reduction of operations may be required by the Company in response to additional government measures or other measures that the Company otherwise deems appropriate.

Financial Instruments

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

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

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

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

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

Interest Rates

The Company's current exposure to market risk for changes in interest rates relates primarily to drawdowns on its Credit Facility and its investment portfolio. Drawdowns on the Credit Facility are used primarily to fund a portion of the capital expenditures related to the Company's development projects and working capital requirements. As at December 31, 2020, there were no amounts outstanding on the Company's Credit Facility. In addition, the Company invests its cash in investments with short maturities or with frequent interest reset terms and a credit rating of R1-High or better. As a result, the Company's interest income fluctuates with short-term market conditions. As at December 31, 2020, short-term investments were \$3.9 million.

Amounts drawn under the Credit Facility are subject to floating interest rates based on benchmark rates available in the United States and Canada or on LIBOR. In the past, the Company has entered into derivative instruments to hedge against unfavourable changes in interest rates. The Company will continue to monitor its interest rate exposure and may enter into such agreements to manage its exposure to fluctuating interest rates.

Commodity Prices and Foreign Currencies

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

Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of other metals may be attributed to factors such as demand and global mine production levels. Changes in the market price of diesel may be attributed to factors such as supply and demand. Changes in exchange rates may be attributed to factors such as supply and demand for currencies and economic conditions in each country or currency area. In 2020, the ranges of metal prices, diesel prices and exchange rates were as follows:

- Silver: \$11.64 — \$29.86 per ounce, averaging \$20.51 per ounce;
- Zinc: \$1,772 — \$2,852 per tonne, averaging \$2,267 per tonne;
- Copper: \$4,577 — \$7,974 per tonne, averaging \$6,183 per tonne;
- Diesel: C\$0.43 — C\$0.92 per litre, averaging C\$0.64 per litre;
- US dollar/Canadian dollar: C\$1.27 — C\$1.47 per \$1.00, averaging C\$1.34 per \$1.00;
- US dollar/Euro: €0.81 — €0.94 per \$1.00, averaging €0.88 per \$1.00; and
- US dollar/Mexican peso: 18.52 — 25.78 Mexican pesos per \$1.00, averaging 21.50 Mexican pesos per \$1.00.

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

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant currency risk exposure. The Company enters into currency hedging transactions under its Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), as it does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes. As at December 31, 2020, there were foreign exchange derivatives outstanding related to \$1,188.0 million of 2021 and 2022 expenditures. During the year ended December 31, 2020 the Company recognized a gain of \$40.1 million on foreign exchange derivatives in the gain on derivative financial instruments line item of the consolidated statements of income (loss).

Cost Inputs

The Company considers and may enter into risk management strategies to mitigate price risk on certain consumables including, but not limited to, diesel fuel. These strategies may include longer term purchasing contracts and financial and derivative instruments. As at December 31, 2020, there were derivative financial instruments outstanding relating to 24.0 million gallons of heating oil. During the year ended December 31, 2020 the Company recognized a loss of \$16.0 million on heating oil derivatives in the gain on derivative financial instruments line item of the consolidated statements of income (loss).

Operational Risk

The LaRonde Complex (including LZ5), Meliadine and Canadian Malartic mines were the Company's most significant contributors in 2020 to the Company's payable production of gold at 20.1%, 18.4% and 16.4%, respectively, and are expected to account for a significant portion of the Company's payable production of gold in the future.

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

Regulatory Risk

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

Controls Evaluation

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

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

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

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

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 may 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 year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

The Company's management, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its ICFR and DC&P as at December 31, 2020. Based on this evaluation, management concluded that the Company's ICFR and DC&P were effective as at December 31, 2020.

Outstanding Securities

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 22, 2021 were exercised:

Common shares outstanding	242,888,902
Employee stock options	4,812,417
Common shares held in a trust in connection with the Restricted Share Unit plan, Performance Share Unit plan and Long Term Incentive Plan	806,457
Total	248,507,776

Sustainable Development

In 2020, the Company continued the process of incorporating health, safety and environmental sustainability into all aspects and stages of its business, from the corporate objectives and executive responsibility for 'maintaining high standards in sustainability', to exploration and acquisition activities, day-to-day operations and site closure. The formal integration of this process began in 2012 with the adoption of an integrated Health, Safety, Environment and Social Acceptability Policy (the "Sustainable Development Policy") that reflects the Company's commitment to responsible mining practices. This policy was updated in 2019 with enhanced commitments to the protection of human rights and a greater emphasis on risk management. The Company believes that the Sustainable Development Policy will lead to the achievement of more sustainable practices through oversight and accountability.

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

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

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

The Company has adopted and implemented the World Gold Council's Conflict-Free Gold Standard. This implementation was initiated on January 1, 2013. In 2019, the Company committed to the application of the World Gold Council's Responsible Gold Mining Principles ("RGMP"). These commitments have also been integrated into the RMMS.

In 2017, the Company adopted the Voluntary Principles on Security and Human Rights ("VPSHR"), a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights. An external audit of the Voluntary Principles was performed at La India mine in 2018 and the Pinos Altos mine in 2019. In 2021, the Company intends to complete integrated audits at all operations that will satisfy the audit requirements of RMMS, TSM, RGMP and VPSHR.

In 2018, the Company adopted an Indigenous Engagement Policy and a Diversity and Inclusion Policy and in 2019, a Diversity Advisory Council was established. An internal review was completed at each site to identify best practices as well as

any obstacles or barriers to the successful implementation of these policies. In 2020, renewed focus was placed on Diversity and Inclusion and an action plan was implemented.

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

Employee Health and Safety

In 2020, a combined lost-time and restricted work accident frequency rate (excluding the Canadian Malartic mine) of 1.02 was achieved, a slight increase from the 2019 rate of 0.98, but below the target rate of 1.05. Extensive health and safety training continued to be provided to employees during 2020. The Canadian Malartic mine's combined accident frequency rate in 2020 was 0.71, a decrease from the 2019 rate of 1.20 and below the target rate of 1.00.

Operations in 2020 were marked by the COVID-19 pandemic. From the outbreak of the pandemic, the Company implemented extraordinary measures with a constant focus on protecting the health and safety of its employees, protecting and supporting the communities in which it operates and protecting its operations. Throughout the year, the Company continually enhanced its safety protocols, maximized teleworking where possible and increased its testing capacity. By year end, five testing facilities were in place to support the Canadian operations and one testing facility, funded by the Company, was available to the Kittila operation as well as to the residents of Kittila municipality. In Mexico, the local teams provided resources to local health centres and hired additional doctors to help in the communities. Work continued at the end of 2020 to continue to fight the spread of COVID-19 in all our operating regions.

One of the measures implemented by the Company systematically across all operations and exploration properties to improve safety performance is the workplace safety card system. Developed by the Quebec Mining Association (the "AMQ"), the safety work card system guides workers and supervisors in using risk-based thinking in their duties. Workers and supervisors meet every day to discuss on-the-job health and safety matters. The safety card system also allows the Company's workers and supervisors to document daily inspections and record observations on conditions in the workplace, the nature of risks or issues and other relevant information. In addition, it improves efficiency and safety by facilitating the exchange and analysis of relevant information between shifts as well as with the various technical support services.

In 2020, the AMQ acknowledged the Company's strong performance in the area of health and safety, recognizing 50 of the Company's supervisors from the LaRonde, Goldex and Canadian Malartic mines for keeping their workers safe. The supervisors received AMQ security awards for between 50,000 and 450,000 hours supervised without a lost-time accident. Additionally, Goldex and Canadian Malartic were honoured with F.J. O'Connell awards for excellence in health and safety performance during the previous year.

In 2020, the National Mining Association of Mexico awarded the La India mine the Jorge Rangel Zamorano – Silver Helmet award as the safest mine in Mexico in the open pit category (500 employees) for the third year in a row.

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

Community

The Company's goal, at each of its operations worldwide, is to hire as much of its workforce as possible, including management teams, directly from the region in which the operation is located. In 2020, the overall Company average for local hiring was 59%. The Company believes that providing employment is one of the most significant contributions it can make to the communities in which it operates.

The Company continued its efforts in community development agreements in Nunavut. In 2015, the Meadowbank IIBA was renewed and the Meliadine IIBA was signed. In 2018, the Amaruq IIBA was signed. In 2020, the Company continued its dialogue with First Nations around the Kirkland Lake project.

The Company has adopted a reconciliation action plan consistent with the call for action No. 92 of the *Truth and Reconciliation Commission of Canada: Calls to Action*, the first step of which was to give training on First Nations Matters to the Company's senior management, and which was completed in 2018. In 2020, the Company continued to make progress with this call to action by engaging in discussions with the First Nations communities in the regions of our mines and projects in Nunavut, Quebec and Ontario.

The Canadian Malartic mine continued its contribution to the Malartic economic development fund which was established prior to mine development to diversify the local economy throughout the mine life so that the town of Malartic is well equipped to face the eventual mine closure. As with the Good Neighbour Guide and other community relations efforts at Canadian Malartic, the Partnership is working collaboratively with stakeholders to establish cooperative relationships that support the long-term potential of the mine. In 2020, a collaboration agreement was signed with the Abitibiwinni, Lac Simon, Long Point, and Kitcisakik Anishinabeg First Nations aimed at the sustainable development of these four First Nations and their increased participation in the mines activities and projects.

A Good Neighbour Guide was implemented at the LaRonde and Goldex mines in 2020.

The Company continues to support a number of community health and educational initiatives in the region surrounding the Pinos Altos and La India mines.

The COVID-19 pandemic impacted the communities surrounding our operations. In March, the Company decided to send our Nunavummiut employees home in order to comply with health guidelines issued by the Government of Nunavut and protect the communities by isolating the mines. In mid-year, the Good Deeds Brigade was established where our Nunavummiut employees could earn 100% of their base salary by volunteering at community based initiatives. At year-end the Company continued to pay 75% of the base salaries to these employees who remain at home and 100% to those volunteering in the Good Deeds Brigade.

In 2020, COVID-19 impacted northern Mexico more than any other region which the Company operates. The Company engaged additional doctors at our Pinos Altos and La India mines. In addition to these doctors, the Company provided health supplies to local health clinics, donated food and supplies to households in need and continued with community engagement work.

In Quebec and Finland, the Company made numerous donations in an effort to support distressed local businesses and individuals impacted by the pandemic. The Company supports a COVID-19 testing facility near its Kittila mine.

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

Environmental

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

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

In 2020, the Company received two warning letters from Environment and Climate Change Canada in relation to total suspended solids non-compliances at Meliadine and Meadowbank and the Partnership received two non-compliance notices for nitrogen oxide emissions. The mine's team of on-site environmental experts continue to monitor regulatory compliance in terms of approvals, permits and observance of directives and requirements and continue to implement improvement measures.

The Company's total liability for reclamation and closure cost obligations at December 31, 2020 was estimated to be \$667.1 million (including the Company's share of the Canadian Malartic reclamation costs). For more information please see note 11 to the Annual Financial Statements.

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

Critical IFRS Accounting Policies and Accounting Estimates

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

The preparation of the annual consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates have a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical experience and assumptions that are considered reasonable in the circumstances. Although the Company evaluates its accounting estimates on an ongoing basis using the most current information available, actual results may differ from these estimates. The critical judgments and key sources of estimation uncertainties in the application of accounting policies during the year ended December 31, 2020 are disclosed in Note 4 to the annual consolidated financial statements.

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

Mineral Reserve Data

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

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

The assumptions used for the mineral reserve estimates at all mines and projects reported in this MD&A (except the Hammond Reef project and Upper Beaver project) as at December 31, 2020 are \$1,250 per ounce gold, \$17.00 per ounce silver, \$1.00 per pound zinc and \$2.75 per pound copper. Mineral reserve estimates at the Hammond Reef project and Upper Beaver project are \$1,350 per ounce gold and \$1,200 per ounce gold, respectively. Foreign exchange rates assumptions of C\$1.30 per US\$1.00, €0.87 per US\$1.00 and 18.00 Mexican pesos per US\$1.00 were used for all mines and projects, except the Upper Beaver project, where an assumption of C\$1.25 per US\$1.00 was used.

Proven and Probable Mineral Reserves by Property⁽ⁱ⁾⁽ⁱⁱ⁾	Tonnes	Gold Grade (Grams per Tonne)	Contained Gold (Ounces)⁽ⁱⁱⁱ⁾
	<i>(thousands)</i>		<i>(thousands)</i>
<i>Proven Mineral Reserves</i>			
LaRonde mine	4,338	5.11	712
LaRonde Zone 5 mine	5,155	2.09	346
Canadian Malartic mine (attributable 50.0%)	25,370	0.85	696
Goldex mine	942	2.45	74
Meadowbank mine	34	2.34	3
Amaruq satellite deposit (part of Meadowbank Complex)	950	2.06	63
Meliadine mine	1,468	6.89	325
Kittila mine	2,999	4.23	408
Pinos Altos mine	2,753	2.18	193
La India mine	89	0.35	1
Total Proven Mineral Reserves	44,098	1.99	2,821
<i>Probable Mineral Reserves</i>			
LaRonde mine	10,828	6.53	2,272
LaRonde Zone 5 mine	6,601	2.08	442
Canadian Malartic mine (attributable 50.0%)	36,068	1.31	1,518
Goldex mine	21,179	1.53	1,040
Akasaba West project	5,413	0.85	147
Meadowbank mine	–	–	–
Amaruq satellite deposit (part of Meadowbank Complex)	22,236	3.95	2,825
Meliadine mine	19,801	5.81	3,700
Upper Beaver project	7,992	5.43	1,395
Hammond Reef project	123,473	0.84	3,323
Kittila mine	27,434	4.15	3,659
Pinos Altos mine	10,710	1.99	685
La India mine	11,939	0.66	255
Total Probable Mineral Reserves	303,675	2.18	21,261
Total Proven and Probable Mineral Reserves	347,773	2.15	24,082

Notes:

- (i) Amounts presented in this table have been rounded to the nearest thousand and therefore totals may differ slightly from the addition of the numbers.
- (ii) Complete information on the verification procedures, quality assurance program, quality control procedures, expected payback period of capital, parameters and methods and other factors that may materially affect scientific and technical information presented in this MD&A and definitions of certain terms used herein may be found in: the AIF under the heading "Information on Mineral Reserves and Mineral Resources of the Company"; the Technical Report on the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR on March 23, 2005; the Technical Report on the December 31, 2009, Mineral Resource and Mineral Reserve Estimate and the Suuri Extension Project, Kittila Mine, Finland filed with the Canadian securities regulatory authorities on SEDAR on March 4, 2010; the Technical Report on the Mineral Resources and Mineral Reserves at Meadowbank Gold Complex including the Amaruq satellite deposit, Nunavut, Canada as at December 31, 2017 filed with Canadian securities regulatory authorities on SEDAR on March 22, 2018; the Pinos Altos Gold-Silver Mining Project, Chihuahua State, Mexico, Technical Report on Mineral Resources and Reserves as of December 31, 2008 filed with Canadian securities regulatory authorities on March 25, 2009; the Updated Technical Report on the Meliadine Gold Project, Nunavut, Canada dated February 11, 2015 filed with Canadian securities regulatory authorities on SEDAR on March 12, 2015; the Technical Report on the June 30, 2012 Update of the Mineral Resources and Mineral Reserves, La India Gold Project, Municipality of Sahuaripa, Sonora, Mexico dated August 31, 2012 filed with Canadian securities regulatory authorities on SEDAR on October 12, 2012; the Technical Report on Production of the M and E Zones at Goldex Mine dated October 14, 2012 filed with the Canadian securities regulatory authorities on SEDAR on November 1, 2012; the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Canadian Malartic Property as at June 16, 2014 filed with Canadian securities regulatory authorities on SEDAR on August 13, 2014; and the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Canadian Malartic property with an effective date of December 31, 2020 filed with the Canadian securities regulatory authorities on SEDAR on March 25, 2021.
- (iii) Total contained gold ounces does not include equivalent gold ounces for the by-product metals contained in the mineral reserves.

Non-GAAP Financial Performance Measures

This MD&A presents certain financial performance measures, including adjusted net income, total cash costs per ounce of gold produced (on both a by-product and co-product basis), minesite costs per tonne, 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.

Adjusted Net Income

Adjusted net income is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting net income as recorded in the consolidated statements of income (loss) for non-recurring, unusual and other items. The Company believes that this generally accepted industry measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted net income is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

	2020	2019	2018
	<i>(thousands of United States dollars)</i>		
Net income (loss) for the year	\$ 511,607	\$ 473,166	\$(326,701)
Foreign currency translation loss	22,480	4,850	1,991
Realized and unrealized (gain) loss on derivative financial instruments	(107,873)	(17,124)	6,065
Impairment reversal	–	(345,821)	–
Impairment loss ⁽ⁱ⁾	–	–	389,693
Environmental remediation	27,540	2,804	14,420
Other ⁽ⁱⁱ⁾	19,754	(7,251)	(6,802)
Income and mining taxes adjustments ⁽ⁱⁱⁱ⁾	(21,940)	118,820	(6,791)
Adjusted net income for the year^(iv)	\$ 451,568	\$ 229,444	\$ 71,875
Net income (loss) per share – basic	\$ 2.12	\$ 2.00	\$ (1.40)
Net income (loss) per share – diluted	\$ 2.10	\$ 1.99	\$ (1.40)
Adjusted net income per share – basic	\$ 1.87	\$ 0.97	\$ 0.31
Adjusted net income per share – diluted	\$ 1.86	\$ 0.96	\$ 0.31

Notes:

- (i) The Company did not record a tax impact on the impairment loss as a result of the initial recognition exemption which does not require deferred tax to be recorded on goodwill or asset acquisitions.
- (ii) 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 gains and losses on the disposal of assets.
- (iii) 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.
- (iv) The Company did not adjust for the following items in its calculation of adjusted net income:
 - Stock-based compensation expense for the year ended December 31, 2020 of \$15.9 million (2019 – \$16.1 million; 2018 – \$19.3 million), net of the portion capitalized as part of the property, plant and mine development.
 - Temporary suspension and other costs incurred in connection with the company's response to the COVID-19 pandemic for the year ended December 31, 2020 of \$30.7 million. These costs represent recurring expenses incurred during the period of limited or no production activity due to the COVID-19 pandemic 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 or who were working remotely during the period of suspended operations.
 - Direct and incremental costs incurred in connection with the company's response to the COVID-19 pandemic for the year ended December 31, 2020 of \$7.2 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 year ended December 31, 2020 of \$3.4 million, which was drawn down as a cautionary measure in the uncertain economic environment resulting from the COVID-19 pandemic.

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

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

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

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

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

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

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

Total Production Costs by Mine

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
<i>(thousands of United States dollars)</i>			
LaRonde mine	\$ 169,824	\$ 215,012	\$ 228,294
LaRonde Zone 5 mine	47,899	41,212	12,991
LaRonde Complex	217,723	256,224	241,285
Lapa mine	–	2,844	27,870
Goldex mine	82,654	82,533	78,533
Meadowbank Complex	284,976	180,848	211,147
Meliadine mine	245,700	142,932	–
Canadian Malartic mine ⁽ⁱ⁾	195,312	208,178	199,761
Kittila mine	169,884	142,517	157,032
Pinos Altos mine	124,678	130,190	138,362
Creston Mascota mine	35,088	35,801	37,270
La India mine	68,137	65,638	69,095
Production costs per the consolidated statements of income (loss)	\$1,424,152	\$1,247,705	\$1,160,355

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

(thousands of United States dollars, except as noted)

LaRonde Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		288,239		343,154		343,686
Production costs	\$ 169,824	\$ 589	\$ 215,012	\$ 627	\$ 228,294	\$ 664
Inventory and other adjustments ^(iv)	15,590	54	11,595	33	(10,475)	(30)
Cash operating costs (co-product basis)	\$ 185,414	\$ 643	\$ 226,607	\$ 660	\$ 217,819	\$ 634
By-product metal revenues	(51,217)	(177)	(67,224)	(196)	(64,973)	(189)
Cash operating costs (by-product basis)	\$ 134,197	\$ 466	\$ 159,383	\$ 464	\$ 152,846	\$ 445

LaRonde Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		1,706		2,057		2,108
Production costs	\$ 169,824	\$ 100	\$ 215,012	\$ 105	\$ 228,294	\$ 108
Production costs (C\$)	C\$ 226,605	C\$ 133	C\$ 285,423	C\$ 139	C\$ 293,094	C\$ 139
Inventory and other adjustments (C\$) ^(v)	(9,693)	(6)	(27,629)	(14)	(41,568)	(20)
Minesite operating costs (C\$)	C\$ 216,912	C\$ 127	C\$ 257,794	C\$ 125	C\$ 251,526	C\$ 119

LaRonde Zone 5 Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		61,674		59,830		18,620
Production costs	\$ 47,899	\$ 777	\$ 41,212	\$ 689	\$ 12,991	\$ 698
Inventory and other adjustments ^(iv)	(1,096)	(18)	2,169	36	656	35
Cash operating costs (co-product basis)	\$ 46,803	\$ 759	\$ 43,381	\$ 725	\$ 13,647	\$ 733
By-product metal revenues	(261)	(4)	(185)	(3)	(21)	(1)
Cash operating costs (by-product basis)	\$ 46,542	\$ 755	\$ 43,196	\$ 722	\$ 13,626	\$ 732

LaRonde Zone 5 Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		968		870		225
Production costs	\$ 47,899	\$ 49	\$ 41,212	\$ 47	\$ 12,991	\$ 58
Production costs (C\$)	C\$ 63,944	C\$ 66	C\$ 54,644	C\$ 63	C\$ 17,028	C\$ 76
Inventory and other adjustments (C\$) ^(iv)	(854)	(1)	2,855	3	945	4
Minesite operating costs (C\$)	C\$ 63,090	C\$ 65	C\$ 57,499	C\$ 66	C\$ 17,973	C\$ 80

LaRonde Complex Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		349,913		402,984		362,306
Production costs	\$ 217,723	\$ 622	\$ 256,224	\$ 636	\$ 241,285	\$ 666
Inventory and other adjustments ^(iv)	14,494	42	13,764	34	(9,819)	(27)
Cash operating costs (co-product basis)	\$ 232,217	\$ 664	\$ 269,988	\$ 670	\$ 231,466	\$ 639
By-product metal revenues	(51,478)	(147)	(67,409)	(167)	(64,994)	(180)
Cash operating costs (by-product basis)	\$ 180,739	\$ 517	\$ 202,579	\$ 503	\$ 166,472	\$ 459

LaRonde Complex Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		2,674		2,927		2,333
Production costs	\$ 217,723	\$ 81	\$ 256,224	\$ 88	\$ 241,285	\$ 103
Production costs (C\$)	C\$ 290,549	C\$ 109	C\$ 340,067	C\$ 116	C\$ 310,122	C\$ 133
Inventory and other adjustments (C\$) ^(iv)	(10,547)	(4)	(24,774)	(8)	(40,623)	(17)
Minesite operating costs (C\$)	C\$ 280,002	C\$ 105	C\$ 315,293	C\$ 108	C\$ 269,499	C\$ 116

Lapa Mine Per Ounce of Gold Produced ^{(ii)(vi)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		–		–		34,026
Production costs	\$	–	\$	2,844	\$	27,870
Inventory and other adjustments ^(iv)		–		(2,844)		1,843
Cash operating costs (co-product basis)	\$	–	\$	–	\$	29,713
By-product metal revenues		–		–		(26)
Cash operating costs (by-product basis)	\$	–	\$	–	\$	29,687

Lapa Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		–		–		311
Production costs	\$	–	\$	2,844	\$	27,870
Production costs (C\$)	C\$	–	C\$	3,723	C\$	35,854
Inventory and other adjustments (C\$) ^(iv)		–		(3,723)		2,369
Minesite operating costs (C\$)	C\$	–	C\$	–	C\$	38,223

Goldex Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		127,540		140,884		121,167
Production costs	\$	82,654	\$	82,533	\$	78,533
Inventory and other adjustments ^(iv)		(1,756)		(289)		(219)
Cash operating costs (co-product basis)	\$	80,898	\$	82,244	\$	78,314
By-product metal revenues		(37)		(33)		(25)
Cash operating costs (by-product basis)	\$	80,861	\$	82,211	\$	78,289

Goldex Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		2,655		2,785		2,625
Production costs	\$	82,654	\$	82,533	\$	78,533
Production costs (C\$)	C\$	109,727	C\$	109,373	C\$	101,787
Inventory and other adjustments (C\$) ^(iv)		(287)		(245)		44
Minesite operating costs (C\$)	C\$	109,440	C\$	109,128	C\$	101,831

Meadowbank Complex Per Ounce of Gold Produced ^{(ii)(vii)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		198,418		158,208		248,997
Production costs	\$ 284,976	\$ 1,436	\$ 180,848	\$ 1,143	\$ 211,147	\$ 848
Inventory and other adjustments ^(iv)	(5,028)	(25)	2,859	18	(5,769)	(23)
Cash operating costs (co-product basis)	\$ 279,948	\$ 1,411	\$ 183,707	\$ 1,161	\$ 205,378	\$ 825
By-product metal revenues	(1,342)	(7)	(1,391)	(9)	(2,685)	(11)
Cash operating costs (by-product basis)	\$ 278,606	\$ 1,404	\$ 182,316	\$ 1,152	\$ 202,693	\$ 814

Meadowbank Complex Per Tonne ^{(iii)(viii)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		2,482		2,381		3,262
Production costs	\$ 284,976	\$ 115	\$ 180,848	\$ 76	\$ 211,147	\$ 65
Production costs (C\$)	C\$ 382,592	C\$ 154	C\$ 240,014	C\$ 101	C\$ 272,140	C\$ 83
Inventory and other adjustments (C\$) ^(iv)	(14,407)	(6)	6,292	2	(4,477)	(1)
Minesite operating costs (C\$)	C\$ 368,185	C\$ 148	C\$ 246,306	C\$ 103	C\$ 267,663	C\$ 82

Meliadine Mine Per Ounce of Gold Produced ^{(ii)(ix)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		312,398		191,113		—
Production costs	\$ 245,700	\$ 786	\$ 142,932	\$ 748	\$ —	\$ —
Inventory and other adjustments ^(iv)	(3,353)	(10)	389	2	—	—
Cash operating costs (co-product basis)	\$ 242,347	\$ 776	\$ 143,321	\$ 750	\$ —	\$ —
By-product metal revenues	(527)	(2)	(286)	(2)	—	—
Cash operating costs (by-product basis)	\$ 241,820	\$ 774	\$ 143,035	\$ 748	\$ —	\$ —

Meliadine Mine Per Tonne ^{(iii)(x)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore milled (thousands of tonnes)		1,346		773		—
Production costs	\$ 245,700	\$ 183	\$ 142,932	\$ 185	\$ —	\$ —
Production costs (C\$)	C\$ 329,036	C\$ 244	C\$ 188,680	C\$ 244	C\$ —	C\$ —
Inventory and other adjustments (C\$) ^(iv)	(5,458)	(4)	1,409	2	—	—
Minesite operating costs (C\$)	C\$ 323,578	C\$ 240	C\$ 190,089	C\$ 246	C\$ —	C\$ —

Canadian Malartic Mine ⁽ⁱ⁾ Per Ounce of Gold Produced ^{(ii)(xi)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		265,387		331,459		348,600
Production costs	\$	195,312	\$	208,178	\$	199,761
Inventory and other adjustments ^(iv)		3,855		(723)		1,947
Cash operating costs (co-product basis)	\$	199,167	\$	207,455	\$	201,708
By-product metal revenues		(7,198)		(6,711)		(6,806)
Cash operating costs (by-product basis)	\$	191,969	\$	200,744	\$	194,902

Canadian Malartic Mine ⁽ⁱ⁾ Per Tonne ^{(iii)(xii)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		9,669		10,391		10,242
Production costs	\$	195,312	\$	208,178	\$	199,761
Production costs (C\$)	C\$	260,019	C\$	274,786	C\$	258,291
Inventory and other adjustments (C\$) ^(iv)		(34)		(2,201)		2,972
Minesite operating costs (C\$)	C\$	259,985	C\$	272,585	C\$	261,263

Kittila Mine Per Ounce of Gold Produced ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		208,125		186,101		188,979
Production costs	\$	169,884	\$	142,517	\$	157,032
Inventory and other adjustments ^(iv)		(2,121)		(5,314)		4,374
Cash operating costs (co-product basis)	\$	167,763	\$	137,203	\$	161,406
By-product metal revenues		(238)		(238)		(186)
Cash operating costs (by-product basis)	\$	167,525	\$	136,965	\$	161,220

Kittila Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		1,702		1,591		1,827
Production costs	\$	169,884	\$	142,517	\$	157,032
Production costs (€)	€	147,993	€	127,355	€	133,817
Inventory and other adjustments (€) ^(iv)		(1,667)		(5,882)		2,545
Minesite operating costs (€)	€	146,326	€	121,473	€	136,362

Pinos Altos Mine Per Ounce of Gold Produced⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		114,798		155,124		181,057
Production costs	\$ 124,678	\$ 1,086	\$ 130,190	\$ 839	\$ 138,362	\$ 764
Inventory and other adjustments ^(iv)	(4,089)	(36)	4,229	28	(2,767)	(15)
Cash operating costs (co-product basis)	\$ 120,589	\$ 1,050	\$ 134,419	\$ 867	\$ 135,595	\$ 749
By-product metal revenues	(34,646)	(301)	(35,322)	(228)	(36,301)	(201)
Cash operating costs (by-product basis)	\$ 85,943	\$ 749	\$ 99,097	\$ 639	\$ 99,294	\$ 548

Pinos Altos Mine Per Tonne⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore processed (thousands of tonnes)		1,796		2,007		2,218
Production costs	\$ 124,678	\$ 69	\$ 130,190	\$ 65	\$ 138,362	\$ 62
Inventory and other adjustments ^(v)	(6,737)	(3)	3,074	1	(3,061)	(1)
Minesite operating costs	\$ 117,941	\$ 66	\$ 133,264	\$ 66	\$ 135,301	\$ 61

Creston Mascota Mine Per Ounce of Gold Produced⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
Gold production (ounces)		38,599		48,380		40,180
Production costs	\$ 35,088	\$ 909	\$ 35,801	\$ 740	\$ 37,270	\$ 928
Inventory and other adjustments ^(iv)	(1,622)	(42)	678	14	1,326	33
Cash operating costs (co-product basis)	\$ 33,466	\$ 867	\$ 36,479	\$ 754	\$ 38,596	\$ 961
By-product metal revenues	(10,116)	(262)	(9,671)	(200)	(4,818)	(120)
Cash operating costs (by-product basis)	\$ 23,350	\$ 605	\$ 26,808	\$ 554	\$ 33,778	\$ 841

Creston Mascota Mine Per Tonne^{(iii)(xiii)}	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
Tonnes of ore processed (thousands of tonnes)		526		1,067		1,422
Production costs	\$ 35,088	\$ 67	\$ 35,801	\$ 34	\$ 37,270	\$ 26
Inventory and other adjustments ^(v)	(6,836)	(13)	(122)	(1)	853	1
Minesite operating costs	\$ 28,252	\$ 54	\$ 35,679	\$ 33	\$ 38,123	\$ 27

La India Mine Per Ounce of Gold Produced ⁽ⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>	<i>(thousands)</i>	<i>(\$ per ounce)</i>
	Gold production (ounces)		84,974		82,190	
Production costs	\$ 68,137	\$ 802	\$ 65,638	\$ 799	\$ 69,095	\$ 682
Inventory and other adjustments ^(iv)	141	1	4,166	50	3,084	30
Cash operating costs (co-product basis)	\$ 68,278	\$ 803	\$ 69,804	\$ 849	\$ 72,179	\$ 712
By-product metal revenues	(1,317)	(15)	(2,184)	(26)	(2,777)	(27)
Cash operating costs (by-product basis)	\$ 66,961	\$ 788	\$ 67,620	\$ 823	\$ 69,402	\$ 685

La India Mine Per Tonne ⁽ⁱⁱⁱ⁾	Year Ended December 31, 2020		Year Ended December 31, 2019		Year Ended December 31, 2018	
	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>	<i>(thousands)</i>	<i>(\$ per tonne)</i>
	Tonnes of ore processed (thousands of tonnes)		5,526		5,402	
Production costs	\$ 68,137	\$ 12	\$ 65,638	\$ 12	\$ 69,095	\$ 11
Inventory and other adjustments ^(v)	(895)	–	2,591	1	2,109	1
Minesite operating costs	\$ 67,242	\$ 12	\$ 68,229	\$ 13	\$ 71,204	\$ 12

Notes:

- (i) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (ii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash-generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.
- (iii) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.
- (iv) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
- (v) This inventory and other adjustment reflects production costs associated with the portion of production still in inventory and smelting, refining and marketing charges associated with production.
- (vi) The Lapa mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 5 ounces of payable production of gold, which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the Lapa mine on December 31, 2018.
- (vii) The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 10,995 ounces of payable production of gold which were produced prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 35,281 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (viii) The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2020 exclude 121,317 tonnes which were processed prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2019 exclude 369,519 tonnes which were processed prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.

- (ix) The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 6,491 ounces of payable production of gold which were produced during this period as commercial production at the Tiriganiaq open pit deposit has not yet been achieved. The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 47,281 ounces of payable production of gold which were produced prior to the achievement of commercial production on May 14, 2019.
- (x) The Meliadine mine's cost calculations per tonne for the year ended December 31, 2020 exclude 49,504 tonnes which were processed during this period as commercial production at the Tiriganiaq open pit deposit has not yet been achieved. The Meliadine mine's cost calculations per tonne for the year ended December 31, 2019 exclude 263,749 tonnes which were processed prior to the achievement of commercial production on May 14, 2019.
- (xi) The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 18,930 ounces of payable production of gold, which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 3,137 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.
- (xii) The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2020 exclude 731,309 tonnes, which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2019 exclude 133,615 tonnes which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.
- (xiii) The Creston Mascota mine's cost calculation per tonne for the year ended December 31, 2020 exclude approximately \$6.1 million of production costs incurred during the three months ended December 31, 2020 following the cessation of mining activities at the Bravo pit during the third quarter of 2020.

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 option expense), 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 years ended December 31, 2020, December 31, 2019 and December 31, 2018 on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues).

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

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

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Production costs per the consolidated statements of income (loss) (thousands of United States dollars)	\$1,424,152	\$1,247,705	\$1,160,355
Adjusted gold production (ounces) ^{(i)(ii)(iii)(iv)}	1,700,152	1,696,443	1,626,669
Production costs per ounce of adjusted gold production	\$838	\$735	\$713
Adjustments:			
Inventory and other adjustments ^(v)	–	10	(3)
Total cash costs per ounce of gold produced (co-product basis) ^(vi)	\$838	\$745	\$710
By-product metal revenues	(63)	(72)	(73)
Total cash costs per ounce of gold produced (by-product basis) ^(vi)	\$775	\$673	\$637
Adjustments:			
Sustaining capital expenditures (including capitalized exploration)	199	185	159
General and administrative expenses (including stock option expense)	68	71	77
Non-cash reclamation provision, sustaining leases and other	9	9	4
All-in sustaining costs per ounce of gold produced (by-product basis)	\$1,051	\$938	\$877
By-product metal revenues	63	72	73
All-in sustaining costs per ounce of gold produced (co-product basis)	\$1,114	\$1,010	\$950

Notes:

- (i) Adjusted gold production for the year ended December 31, 2019 excludes 5 ounces of payable production of gold 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 site on December 31, 2018.
- (ii) Adjusted gold production for the year ended December 31, 2020 excludes 10,995 ounces of payable production of gold at the Meadowbank Complex, which were produced prior to the achievement of commercial production at the IVR deposit on December 31, 2020. Adjusted gold production for the year ended December 31, 2019 excludes 35,281 ounces of payable production of gold at the Meadowbank Complex, which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (iii) Adjusted gold production for the year ended December 31, 2020 excludes 6,491 ounces of payable production of gold at the Meliadine mine, which were produced during this period as commercial production at the Tiriganiaq open pit deposit has not yet been achieved. Adjusted gold production for the year ended December 31, 2019 excludes 47,281 ounces of payable production of gold at the Meliadine mine, which were produced prior to the achievement of commercial production on May 14, 2019.
- (iv) Adjusted gold production for the year ended December 31, 2020 excludes 18,930 ounces of payable production of gold at the Canadian Malartic mine, which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. Adjusted gold production for the year ended December 31, 2019 excludes 3,137 ounces of payable production of gold at the Canadian Malartic mine, which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.
- (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.

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 (loss) as recorded in the consolidated financial statements:

- Income and mining taxes expense
- Other expenses (income)
- Foreign currency translation loss (gain)

- Impairment (reversal) loss
- Environmental remediation
- Loss (gain) on derivative financial instruments
- Finance costs
- General and administrative expenses
- Amortization of property, plant and mine development
- Exploration and corporate development expenses

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 (loss) and other data prepared in accordance with IFRS.

The following tables set out the quarterly reconciliation of net income (loss) to operating margin for the years ended December 31, 2020 and December 31, 2019.

Quarterly Reconciliation of Net Income (Loss) to Operating Margin

(thousands of United States dollars)	Three Months Ended				Total 2020
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Net (loss) income for the period	\$ (21,565)	\$ 105,301	\$ 222,654	\$ 205,217	\$ 511,607
Income and mining taxes expense	44,896	12,250	110,035	88,777	255,958
Other expenses	3,805	23,813	9,087	11,529	48,234
Foreign currency translation loss	3,846	3,322	4,321	10,991	22,480
Environmental remediation	735	(78)	45	26,838	27,540
Loss (gain) on derivative financial instruments	42,602	(62,175)	(29,724)	(58,576)	(107,873)
Finance costs	27,762	25,000	21,439	20,933	95,134
General and administrative	30,543	25,546	26,291	33,908	116,288
Amortization of property, plant, and mine development	153,509	129,465	173,173	174,954	631,101
Exploration and corporate development	29,643	14,337	30,488	39,024	113,492
Operating margin	\$315,776	\$276,781	\$ 567,809	\$ 553,595	\$1,713,961

(thousands of United States dollars)	Three Months Ended				Total 2019
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	
Net income for the period	\$ 37,032	\$ 27,772	\$ 76,667	\$ 331,695	\$ 473,166
Income and mining taxes expense	15,489	15,048	62,789	172,250	265,576
Other expenses (income)	1,775	(4,922)	1,509	(11,531)	(13,169)
Foreign currency translation loss (gain)	2,206	4,131	(1,347)	(140)	4,850
Impairment reversal	–	–	–	(345,821)	(345,821)
Environmental remediation	93	(48)	40	2,719	2,804
(Gain) loss on derivative financial instruments	(9,816)	(2,858)	2,378	(6,828)	(17,124)
Finance costs	25,766	27,310	25,721	26,285	105,082
General and administrative	29,093	29,126	27,336	35,432	120,987
Amortization of property, plant, and mine development	128,242	124,203	143,293	150,319	546,057
Exploration and corporate development	25,450	27,352	28,227	23,750	104,779
Operating margin	\$255,330	\$247,114	\$366,613	\$ 378,130	\$1,247,187

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

	Three Months Ended				Total 2020
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Operating margin⁽ⁱ⁾:					
Revenues from mining operations	\$ 671,878	\$ 557,175	\$ 980,612	\$ 928,448	\$ 3,138,113
Production costs	356,102	280,394	412,803	374,853	1,424,152
Total operating margin ⁽ⁱ⁾	315,776	276,781	567,809	553,595	1,713,961
Operating margin⁽ⁱ⁾ by mine:					
Northern Business					
LaRonde mine	45,194	60,954	144,364	123,528	374,040
LaRonde Zone 5 mine	10,851	11,007	21,522	19,965	63,345
Goldex mine	35,160	22,840	36,350	50,177	144,527
Meadowbank Complex	3,813	(12,422)	46,032	44,344	81,767
Meliadine mine	57,226	49,207	109,313	107,617	323,363
Canadian Malartic mine ⁽ⁱⁱ⁾	57,046	45,502	76,673	104,009	283,230
Kittila mine	41,910	59,089	62,807	38,442	202,248
Southern Business					
Pinos Altos mine	28,057	14,585	37,063	39,900	119,605
Creston Mascota mine	17,591	11,231	9,279	4,573	42,674
La India mine	18,928	14,788	24,406	21,040	79,162
Total operating margin ⁽ⁱ⁾	315,776	276,781	567,809	553,595	1,713,961
Amortization of property, plant and mine development	153,509	129,465	173,173	174,954	631,101
Exploration, corporate and other	138,936	29,765	61,947	84,647	315,295
Income before income and mining taxes	23,331	117,551	332,689	293,994	767,565
Income and mining taxes	44,896	12,250	110,035	88,777	255,958
Net (loss) income for the period	\$ (21,565)	\$ 105,301	\$ 222,654	\$ 205,217	\$ 511,607
Net (loss) income per share – basic	\$ (0.09)	\$ 0.44	\$ 0.92	\$ 0.85	\$ 2.12
Net (loss) income per share – diluted	\$ (0.09)	\$ 0.43	\$ 0.91	\$ 0.84	\$ 2.10
Cash flows:					
Cash provided by operating activities	\$ 163,358	\$ 162,648	\$ 462,538	\$ 403,510	\$ 1,192,054
Cash used in investing activities	\$(178,166)	\$(177,738)	\$(205,893)	\$(247,015)	\$ (808,812)
Cash provided by (used in) financing activities	\$ 954,830	\$(914,418)	\$(268,802)	\$ (74,432)	\$ (302,822)

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

	Three Months Ended				Total 2020
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Realized prices:					
Gold (per ounce)	\$ 1,579	\$ 1,726	\$ 1,911	\$ 1,876	\$ 1,788
Silver (per ounce)	\$ 15.74	\$ 17.11	\$ 25.35	\$ 24.49	\$ 20.44
Zinc (per tonne)	\$ 2,217	\$ 1,920	\$ 2,303	\$ 2,664	\$ 2,377
Copper (per tonne)	\$ 5,410	\$ 5,074	\$ 6,972	\$ 7,298	\$ 6,298
Payable production⁽ⁱⁱⁱ⁾:					
Gold (ounces)					
Northern Business					
LaRonde mine	55,223	62,266	81,199	89,551	288,239
LaRonde Zone 5 mine	14,464	12,051	18,981	16,178	61,674
Goldex mine	33,883	23,142	31,008	39,507	127,540
Meadowbank Complex	49,341	16,417	74,921	68,734	209,413
Meliadine mine	69,975	59,375	96,757	92,782	318,889
Canadian Malartic mine ⁽ⁱⁱ⁾	64,763	56,785	76,398	86,371	284,317
Kittila mine	49,297	60,623	53,149	45,056	208,125
Southern Business					
Pinos Altos mine	33,310	13,880	30,937	36,671	114,798
Creston Mascota mine	18,184	9,646	6,567	4,202	38,599
La India mine	22,926	16,879	22,776	22,393	84,974
Total gold (ounces)	411,366	331,064	492,693	501,445	1,736,568
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	160	125	174	213	672
LaRonde Zone 5 mine	3	2	2	5	12
Goldex mine	1	–	–	1	2
Meadowbank Complex	20	2	18	23	63
Meliadine mine	6	6	7	8	27
Canadian Malartic mine ⁽ⁱⁱ⁾	97	82	81	88	348
Kittila mine	3	3	3	2	11
Southern Business					
Pinos Altos mine	517	212	505	373	1,607
Creston Mascota mine	279	150	94	35	558
La India mine	20	17	14	14	65
Total silver (thousands of ounces)	1,106	599	898	762	3,365
Zinc (tonnes)	510	567	2,198	2,984	6,259
Copper (tonnes)	749	656	723	941	3,069

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

	Three Months Ended				Total 2020
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Payable metal sold:					
Gold (ounces)					
Northern Business					
LaRonde mine	38,273	56,283	105,457	81,979	281,992
LaRonde Zone 5 mine	14,258	11,712	17,835	18,169	61,974
Goldex mine	34,740	22,628	30,421	39,886	127,675
Meadowbank Complex	58,581	9,112	72,390	70,852	210,935
Meliadine mine	70,979	64,130	92,775	95,039	322,923
Canadian Malartic mine ^{(ii)(iv)}	64,900	47,384	75,568	79,946	267,798
Kittila mine	54,250	59,235	56,848	40,692	211,025
Southern Business					
Pinos Altos mine	34,997	16,661	30,470	36,475	118,603
Creston Mascota mine	16,408	10,484	7,573	5,145	39,610
La India mine	23,497	17,385	20,958	20,163	82,003
Total gold (ounces)	410,883	315,014	510,295	488,346	1,724,538
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	175	121	176	214	686
LaRonde Zone 5 mine	2	3	2	5	12
Goldex mine	–	1	–	1	2
Meadowbank Complex	22	2	9	32	65
Meliadine mine	8	5	4	9	26
Canadian Malartic mine ^{(ii)(iv)}	111	59	70	101	341
Kittila mine	3	2	4	2	11
Southern Business					
Pinos Altos mine	560	258	489	391	1,698
Creston Mascota mine	263	164	101	46	574
La India mine	22	14	21	9	66
Total silver (thousands of ounces)	1,166	629	876	810	3,481
Zinc (tonnes)	1,658	175	1,570	1,607	5,010
Copper (tonnes)	754	628	739	941	3,062

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

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

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

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

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

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

Notes:

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

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

	2020	2019	2018
Revenues from mining operations	\$ 3,138,113	\$ 2,494,892	\$ 2,191,221
Production costs	1,424,152	1,247,705	1,160,355
Operating margin ⁽ⁱ⁾	1,713,961	1,247,187	1,030,866
Amortization of property, plant and mine development	631,101	546,057	553,933
Impairment (reversal) loss	–	(345,821)	389,693
Exploration, corporate and other	315,295	308,209	346,292
Income (loss) before income and mining taxes	767,565	738,742	(259,052)
Income and mining taxes	255,958	265,576	67,649
Net income (loss) for the year	\$ 511,607	\$ 473,166	\$ (326,701)
Net income (loss) per share – basic	\$ 2.12	\$ 2.00	\$ (1.40)
Net income (loss) per share – diluted	\$ 2.10	\$ 1.99	\$ (1.40)
Operating cash flow	\$ 1,192,054	\$ 881,692	\$ 605,650
Investing cash flow	\$ (808,812)	\$ (873,884)	\$(1,204,368)
Financing cash flow	\$ (302,822)	\$ 10,610	\$ 274,099
Dividends declared per share	\$ 0.95	\$ 0.55	\$ 0.44
Capital expenditures per Consolidated Statements of Cash Flows	\$ 759,342	\$ 882,664	\$ 1,089,100
Average gold price per ounce realized	\$ 1,788	\$ 1,406	\$ 1,266
Average silver price per ounce realized	\$ 20.44	\$ 16.38	\$ 15.51
Average zinc price per tonne realized	\$ 2,377	\$ 2,607	\$ 3,034
Average copper price per tonne realized	\$ 6,298	\$ 5,892	\$ 6,543
Weighted average number of common shares outstanding – basic (thousands)	241,508	236,934	233,251
Total assets	\$ 9,614,755	\$ 8,789,885	\$ 7,852,843
Long-term debt	\$ 1,565,241	\$ 1,364,108	\$ 1,721,308
Shareholders' equity	\$ 5,683,213	\$ 5,111,514	\$ 4,550,012

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

	2020	2019	2018
Operating Summary			
<i>LaRonde mine</i>			
Revenues from mining operations	\$ 543,864	\$ 552,204	\$ 516,673
Production costs	169,824	215,012	228,294
Operating margin ⁽ⁱ⁾	\$ 374,040	\$ 337,192	\$ 288,379
Amortization of property, plant and mine development	74,913	83,688	94,406
Gross profit	\$ 299,127	\$ 253,504	\$ 193,973
Tonnes of ore milled	1,706,446	2,057,187	2,108,068
Gold – grams per tonne	5.53	5.46	5.32
Gold production – ounces	288,239	343,154	343,686
Silver production – thousands of ounces	672	883	1,040
Zinc production – tonnes	6,259	13,161	7,864
Copper production – tonnes	3,069	3,397	4,193
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 589	\$ 627	\$ 664
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	54	33	(30)
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 643	\$ 660	\$ 634
By-product metal revenues	(177)	(196)	(189)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 466	\$ 464	\$ 445
Minesite costs per tonne ^(iv)	C\$ 127	C\$ 125	C\$ 119
<i>LaRonde Zone 5 mine</i>			
Revenues from mining operations	\$ 111,244	\$ 80,365	\$ 21,327
Production costs	47,899	41,212	12,991
Operating margin ⁽ⁱ⁾	\$ 63,345	\$ 39,153	\$ 8,336
Amortization of property, plant and mine development	8,240	6,818	1,658
Gross profit	\$ 55,105	\$ 32,335	\$ 6,678
Tonnes of ore milled	967,990	869,568	224,643
Gold – grams per tonne	2.10	2.27	2.76
Gold production – ounces	61,674	59,830	18,620
Silver production – thousands of ounces	12	12	2

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

	2020	2019	2018
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 777	\$ 689	\$ 698
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(18)	36	35
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 759	\$ 725	\$ 733
By-product metal revenues	(4)	(3)	(1)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 755	\$ 722	\$ 732
Minesite costs per tonne ^(iv)	C\$ 65	C\$ 66	C\$ 80
LaRonde Complex			
Revenues from mining operations	\$ 655,108	\$ 632,569	\$ 538,000
Production costs	217,723	256,224	241,285
Operating margin ⁽ⁱ⁾	\$ 437,385	\$ 376,345	\$ 296,715
Amortization of property, plant and mine development	83,153	90,506	96,064
Gross profit	\$ 354,232	\$ 285,839	\$ 200,651
Tonnes of ore milled	2,674,436	2,926,755	2,332,711
Gold – grams per tonne	4.29	4.51	5.07
Gold production – ounces	349,913	402,984	362,306
Silver production – thousands of ounces	684	895	1,042
Zinc production – tonnes	6,259	13,161	7,864
Copper production – tonnes	3,069	3,397	4,193
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 622	\$ 636	\$ 666
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	42	34	(27)
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 664	\$ 670	\$ 639
By-product metal revenues	(147)	(167)	(180)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 517	\$ 503	\$ 459
Minesite costs per tonne ^(iv)	C\$ 105	C\$ 108	C\$ 116

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

	2020	2019	2018
Lapa mine			
Revenues from mining operations	\$ –	\$ 4,877	\$ 39,797
Production costs	–	2,844	27,870
Operating margin ⁽ⁱ⁾	\$ –	\$ 2,033	\$ 11,927
Amortization of property, plant and mine development	–	30	268
Gross profit	\$ –	\$ 2,003	\$ 11,659
Tonnes of ore milled	–	–	311,013
Gold – grams per tonne	–	–	4.24
Gold production – ounces	–	5	34,026
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ –	\$ –	\$ 819
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	–	–	54
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(v)}	\$ –	\$ –	\$ 873
By-product metal revenues	–	–	(1)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(v)}	\$ –	\$ –	\$ 872
Minesite costs per tonne ^(iv)	C\$ –	C\$ –	C\$ 123
Goldex mine			
Revenues from mining operations	\$ 227,181	\$ 197,020	\$ 152,426
Production costs	82,654	82,533	78,533
Operating margin ⁽ⁱ⁾	\$ 144,527	\$ 114,487	\$ 73,893
Amortization of property, plant and mine development	36,116	43,452	37,390
Gross profit	\$ 108,411	\$ 71,035	\$ 36,503
Tonnes of ore milled	2,654,677	2,784,524	2,624,682
Gold – grams per tonne	1.64	1.71	1.54
Gold production – ounces	127,540	140,884	121,167
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 648	\$ 586	\$ 648
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(14)	(2)	(2)
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 634	\$ 584	\$ 646
By-product metal revenues	–	–	–
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 634	\$ 584	\$ 646
Minesite costs per tonne ^(iv)	C\$ 41	C\$ 39	C\$ 39

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

	2020	2019	2018
Meadowbank Complex			
Revenues from mining operations	\$ 366,743	\$ 221,652	\$ 323,142
Production costs	284,976	180,848	211,147
Operating margin ⁽ⁱ⁾	\$ 81,767	\$ 40,804	\$ 111,995
Amortization of property, plant and mine development	70,015	64,285	83,361
Gross profit	\$ 11,752	\$ (23,481)	\$ 28,634
Tonnes of ore milled	2,602,827	2,750,306	3,262,040
Gold – grams per tonne	2.72	2.35	2.56
Gold production – ounces	209,413	193,489	248,997
Silver production – thousands of ounces	63	86	171
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 1,436	\$ 1,143	\$ 848
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(25)	18	(23)
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(vi)}	\$ 1,411	\$ 1,161	\$ 825
By-product metal revenues	(7)	(9)	(11)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(vi)}	\$ 1,404	\$ 1,152	\$ 814
Minesite costs per tonne ^{(iv)(vii)}	C\$ 148	C\$ 103	C\$ 82
Meliadine mine			
Revenues from mining operations	\$ 569,063	\$ 270,258	\$ –
Production costs	245,700	142,932	–
Operating margin ⁽ⁱ⁾	\$ 323,363	\$ 127,326	\$ –
Amortization of property, plant and mine development	108,958	48,901	–
Gross profit	\$ 214,405	\$ 78,425	\$ –
Tonnes of ore milled	1,395,298	1,036,746	–
Gold – grams per tonne	7.35	7.60	–
Gold production – ounces	318,889	238,394	–
Silver production – thousands of ounces	27	18	–

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

	2020	2019	2018
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 786	\$ 748	\$ –
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(10)	2	–
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(viii)}	\$ 776	\$ 750	\$ –
By-product metal revenues	(2)	(2)	–
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(vii)}	\$ 774	\$ 748	\$ –
Minesite costs per tonne ^{(iv)(ix)}	C\$ 240	C\$ 246	C\$ –
Canadian Malartic mine ^(x)			
Revenues from mining operations	\$ 478,542	\$ 466,317	\$ 448,526
Production costs	195,312	208,178	199,761
Operating margin ⁽ⁱ⁾	\$ 283,230	\$ 258,139	\$ 248,765
Amortization of property, plant and mine development	132,531	119,822	126,422
Gross profit	\$ 150,699	\$ 138,317	\$ 122,343
Tonnes of ore milled	10,399,883	10,524,531	10,241,870
Gold – grams per tonne	0.97	1.11	1.20
Gold production – ounces	284,317	334,596	348,600
Silver production – thousands of ounces	348	421	437
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 736	\$ 628	\$ 573
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	14	(2)	6
Total cash costs per ounce of gold produced – co-product basis ^{(iii)(xi)}	\$ 750	\$ 626	\$ 579
By-product metal revenues	(27)	(20)	(20)
Total cash costs per ounce of gold produced – by-product basis ^{(iii)(xi)}	\$ 723	\$ 606	\$ 559
Minesite costs per tonne ^{(iv)(xii)}	C\$ 27	C\$ 26	C\$ 25
Kittila mine			
Revenues from mining operations	\$ 372,132	\$ 260,323	\$ 237,284
Production costs	169,884	142,517	157,032
Operating margin ⁽ⁱ⁾	\$ 202,248	\$ 117,806	\$ 80,252
Amortization of property, plant and mine development	70,530	56,085	71,732
Gross profit	\$ 131,718	\$ 61,721	\$ 8,520

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

	2020	2019	2018
Tonnes of ore milled	1,701,511	1,590,902	1,827,335
Gold – grams per tonne	4.38	4.15	3.80
Gold production – ounces	208,125	186,101	188,979
Silver production – thousands of ounces	11	13	13
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 816	\$ 766	\$ 831
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(10)	(29)	23
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 806	\$ 737	\$ 854
By-product metal revenues	(1)	(1)	(1)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 805	\$ 736	\$ 853
Minesite costs per tonne ^(iv)	€ 86	€ 76	€ 75
<i>Pinos Altos mine</i>			
Revenues from mining operations	\$ 244,283	\$ 249,577	\$ 270,855
Production costs	124,678	130,190	138,362
Operating margin ⁽ⁱ⁾	\$ 119,605	\$ 119,387	\$ 132,493
Amortization of property, plant and mine development	65,401	58,302	70,203
Gross profit	\$ 54,204	\$ 61,085	\$ 62,290
Tonnes of ore processed	1,796,317	2,006,652	2,217,979
Gold – grams per tonne processed at the mill	2.25	2.65	2.96
Gold production – ounces	114,798	155,124	181,057
Silver production – thousands of ounces	1,607	2,161	2,368
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 1,086	\$ 839	\$ 764
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(36)	28	(15)
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 1,050	\$ 867	\$ 749
By-product metal revenues	(301)	(228)	(201)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 749	\$ 639	\$ 548
Minesite costs per tonne ^(iv)	\$ 66	\$ 66	\$ 61

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

	2020	2019	2018
<i>Creston Mascota mine</i>			
Revenues from mining operations	\$ 77,762	\$ 78,023	\$ 54,673
Production costs	35,088	35,801	37,270
Operating margin ⁽ⁱ⁾	\$ 42,674	\$ 42,222	\$ 17,403
Amortization of property, plant and mine development	14,577	18,538	18,465
Gross profit	\$ 28,097	\$ 23,684	\$ (1,062)
Tonnes of ore processed	525,650	1,066,907	1,422,411
Gold – grams per tonne	2.00	1.87	1.03
Gold production – ounces	38,599	48,380	40,180
Silver production – thousands of ounces	558	580	310
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 909	\$ 740	\$ 928
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	(42)	14	33
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 867	\$ 754	\$ 961
By-product metal revenues	(262)	(200)	(120)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 605	\$ 554	\$ 841
Minesite costs per tonne ^{(iv)(xiii)}	\$ 54	\$ 33	\$ 27
<i>La India mine</i>			
Revenues from mining operations	\$ 147,299	\$ 114,276	\$ 126,518
Production costs	68,137	65,638	69,095
Operating margin ⁽ⁱ⁾	\$ 79,162	\$ 48,638	\$ 57,423
Amortization of property, plant and mine development	44,671	40,591	48,329
Gross profit	\$ 34,491	\$ 8,047	\$ 9,094
Tonnes of ore processed	5,525,514	5,402,415	6,127,526
Gold – grams per tonne	0.67	0.68	0.72
Gold production – ounces	84,974	82,190	101,357
Silver production – thousands of ounces	65	133	180

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

	2020	2019	2018
Total cash costs per ounce of gold produced (\$ per ounce basis):			
Production costs	\$ 802	\$ 799	\$ 682
Adjustments:			
Inventory and other adjustments ⁽ⁱⁱ⁾	1	50	30
Total cash costs per ounce of gold produced – co-product basis ⁽ⁱⁱⁱ⁾	\$ 803	\$ 849	\$ 712
By-product metal revenues	(15)	(26)	(27)
Total cash costs per ounce of gold produced – by-product basis ⁽ⁱⁱⁱ⁾	\$ 788	\$ 823	\$ 685
Minesite costs per tonne ^(iv)	\$ 12	\$ 13	\$ 12

Notes:

- (i) Operating margin is calculated as revenues from mining operations less production costs.
- (ii) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
- (iii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash-generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.
- (iv) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs and other adjustments, and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.
- (v) The Lapa mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 5 ounces of payable production of gold, which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the site.
- (vi) The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 10,995 ounces of payable production of gold which were produced prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 35,281 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (vii) The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2020 exclude 121,317 tonnes which were processed prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2019 exclude 369,519 tonnes which were processed prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.
- (viii) The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 6,491 ounces of payable production of gold which were produced during this period as commercial production at the Tiriganiaq open pit deposit has not yet been achieved. The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 47,281 ounces of payable production of gold which were produced prior to the achievement of commercial production on May 14, 2019.
- (ix) The Meliadine mine's cost calculations per tonne for the year ended December 31, 2020 exclude 49,504 tonnes which were processed during this period as commercial production at the Tiriganiaq open pit deposit has not yet been achieved. The Meliadine mine's cost calculations per tonne for the year ended December 31, 2019 exclude 263,749 tonnes which were processed prior to the achievement of commercial production on May 14, 2019.
- (x) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (xi) The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 18,930 ounces of payable production of gold, which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 3,137 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

- (xii) The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2020 exclude 731,309 tonnes, which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2019 exclude 133,615 tonnes which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.
- (xiii) The Creston Mascota mine's cost calculation per tonne for the year ended December 31, 2020 exclude approximately \$6.1 million of production costs incurred during the three months ended December 31, 2020 following the cessation of mining activities at the Bravo pit during the third quarter of 2020.

Annual Audited Consolidated Financial Statements

(Prepared in accordance with International
Financial Reporting Standards)



AGNICO EAGLE

MANAGEMENT CERTIFICATION

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

The Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2020. In making this assessment, the Company’s management used the criteria outlined by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework issued in 2013. Based on its assessment, management concluded that, as of December 31, 2020, the Company’s internal control over financial reporting was effective.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 26, 2021

By /s/ SEAN BOYD

Sean Boyd
*Vice-Chairman and
Chief Executive Officer*

By /s/ DAVID SMITH

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Agnico Eagle Mines Limited (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, equity and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the “PCAOB”), the Company’s internal control over financial reporting as of December 31, 2020, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical audit matter

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

Goodwill and property, plant and mine development impairment

Description of the Matter

At December 31, 2020, the carrying values of goodwill and property, plant and mine development were \$407.8 million and \$7,325.4 million, respectively. The Company’s impairment test with regard to the Canadian Malartic cash generating unit (“CGU”) required management to make significant assumptions in determining the recoverable amount, such as gold price, discount rate, and rate of conversion from resources to reserves. The Company discloses significant judgements, estimates and assumptions in respect of impairment in Note 4 to the consolidated financial statements and the results of their analysis in Note 23.

This matter was identified as a critical audit matter in respect of the Canadian Malartic CGU due to the significant estimation uncertainty and judgement applied by management in determining the recoverable amount, primarily due to the sensitivity of the underlying key assumptions to the future cash flows and the significant effect changes in these assumptions would have on the recoverable amount.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's impairment and mineralization processes.

We involved our valuation specialist to assist in evaluating the discount rate against current industry and economic trends as well as company-specific risk premiums. We also involved our valuation specialist to compare gold prices against market data, including a range of analyst forecasts. We performed sensitivity analyses over the discount rate and gold price assumptions to assess the impact on the recoverable amount of the Canadian Malartic CGU.

To evaluate the estimates of reserves, resources and exploration potential used in the impairment analysis, we reviewed the economic assumptions used in establishing cut-off grades for reserve and resource estimates. We involved our geology specialist to assist in understanding and evaluating the factors that affected the Company's estimated conversion of mineral resources and exploration potential into reserves.

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

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 1983.

Toronto, Canada
March 26, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, Agnico Eagle Mines Limited (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, equity and cash flows for the years then ended, and the related notes and our report dated March 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 26, 2021

AGNICO EAGLE MINES LIMITED

CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, except share amounts)

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 402,527	\$ 321,897
Short-term investments	3,936	6,005
Trade receivables (Notes 5 and 18)	11,867	8,320
Inventories (Note 6)	630,474	580,068
Income taxes recoverable (Note 24)	3,656	2,281
Fair value of derivative financial instruments (Notes 5 and 20)	35,516	4,535
Other current assets (Note 7A)	159,212	179,218
Total current assets	1,247,188	1,102,324
Non-current assets:		
Goodwill (Notes 22 and 23)	407,792	407,792
Property, plant and mine development (Notes 8 and 12)	7,325,418	7,003,665
Investments (Notes 5, 9 and 20)	375,103	91,236
Other assets (Note 7B)	259,254	184,868
Total assets	\$9,614,755	\$8,789,885
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (Note 10)	\$ 363,801	\$ 345,572
Reclamation provision (Note 11)	15,270	12,455
Interest payable	12,184	16,752
Income taxes payable (Note 24)	102,687	26,166
Lease obligations (Note 12)	20,852	14,693
Current portion of long-term debt (Note 13)	—	360,000
Fair value of derivative financial instruments (Notes 5 and 20)	904	—
Total current liabilities	515,698	775,638
Non-current liabilities:		
Long-term debt (Note 13)	1,565,241	1,364,108
Lease obligations (Note 12)	99,423	102,135
Reclamation provision (Note 11)	651,783	427,346
Deferred income and mining tax liabilities (Note 24)	1,036,061	948,142
Other liabilities (Note 14)	63,336	61,002
Total liabilities	3,931,542	3,678,371
EQUITY		
Common shares (Note 15):		
Outstanding – 243,301,195 common shares issued, less 416,881 shares held in trust	5,751,479	5,589,352
Stock options (Notes 15 and 16)	175,640	180,160
Contributed surplus	37,254	37,254
Deficit	(366,412)	(647,330)
Other reserves (Note 17)	85,252	(47,922)
Total equity	5,683,213	5,111,514
Total liabilities and equity	\$9,614,755	\$8,789,885
Commitments and contingencies (Note 26)		

On behalf of the Board:



Sean Boyd, CPA, CA, Director



Jamie Sokalsky, CPA, CA, Director

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF INCOME

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

	Year Ended December 31,	
	2020	2019
REVENUES		
Revenues from mining operations (Note 18)	\$3,138,113	\$2,494,892
COSTS, EXPENSES AND OTHER INCOME		
Production ⁽ⁱ⁾	1,424,152	1,247,705
Exploration and corporate development	113,492	104,779
Amortization of property, plant and mine development (Note 8)	631,101	546,057
General and administrative	116,288	120,987
Finance costs (Note 13)	95,134	105,082
Gain on derivative financial instruments (Note 20)	(107,873)	(17,124)
Environmental remediation (Note 11)	27,540	2,804
Impairment reversal (Note 23)	–	(345,821)
Foreign currency translation loss	22,480	4,850
Other expenses (income) (Note 21)	48,234	(13,169)
Income before income and mining taxes	767,565	738,742
Income and mining taxes expense (Note 24)	255,958	265,576
Net income for the year	\$ 511,607	\$ 473,166
Net income per share – basic (Note 15)	\$ 2.12	\$ 2.00
Net income per share – diluted (Note 15)	\$ 2.10	\$ 1.99
Cash dividends declared per common share	\$ 0.95	\$ 0.55

Note:

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

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(thousands of United States dollars)

	Year Ended December 31,	
	2020	2019
Net income for the year	\$511,607	\$473,166
Other comprehensive income:		
Items that may be subsequently reclassified to net income:		
Derivative financial instruments (Note 17)		
Cash flow hedge reserve	(12,823)	—
Reclassified from the cash flow hedge reserve to net income	859	—
	(11,964)	—
Items that will not be subsequently reclassified to net income:		
Pension benefit obligations:		
Remeasurement loss on pension benefit obligations (Note 14)	(2,721)	(4,296)
Income tax impact (Note 24)	812	572
Equity securities (Note 9)		
Net change in fair value of equity securities at FVTOCI	157,672	12,238
Income tax impact (Note 24)	(12,534)	—
	143,229	8,514
Other comprehensive income for the year	131,265	8,514
Comprehensive income for the year	\$642,872	\$481,680

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF EQUITY

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

	Common Shares Outstanding		Stock Options	Contributed Surplus	Deficit	Other Reserves	Total Equity
	Shares	Amount					
Balance at January 1, 2019	234,458,597	\$5,362,169	\$197,597	\$37,254	\$(988,913)	\$(58,095)	\$4,550,012
Net income	–	–	–	–	473,166	–	473,166
Other comprehensive (loss) income	–	–	–	–	(3,724)	12,238	8,514
Total comprehensive income	–	–	–	–	469,442	12,238	481,680
Transfer of gain on disposal of equity securities at FVTOCI to deficit	–	–	–	–	2,065	(2,065)	–
Transactions with owners:							
Shares issued under employee stock option plan (Notes 15 and 16A)	4,214,332	174,885	(34,258)	–	–	–	140,627
Stock options (Notes 15 and 16A)	–	–	16,821	–	–	–	16,821
Shares issued under incentive share purchase plan (Note 16B)	435,420	23,208	–	–	–	–	23,208
Shares issued under dividend reinvestment plan	492,531	24,555	–	–	–	–	24,555
Dividends declared (\$0.55 per share)	–	–	–	–	(129,924)	–	(129,924)
Restricted Share Unit plan, Performance Share Unit plan, and Long Term Incentive Plan (Notes 15 and 16C,D)	18,155	4,535	–	–	–	–	4,535
Balance at December 31, 2019	239,619,035	\$5,589,352	\$180,160	\$37,254	\$(647,330)	\$(47,922)	\$5,111,514
Net income	–	–	–	–	511,607	–	511,607
Other comprehensive (loss) income	–	–	–	–	(1,909)	133,174	131,265
Total comprehensive income	–	–	–	–	509,698	133,174	642,872
Transactions with owners:							
Shares issued under employee stock option plan (Notes 15 and 16A)	2,170,460	110,928	(20,432)	–	–	–	90,496
Stock options (Notes 15 and 16A)	–	–	15,912	–	–	–	15,912
Shares issued under incentive share purchase plan (Note 16B)	351,086	20,740	–	–	–	–	20,740
Shares issued under dividend reinvestment plan	611,859	38,524	–	–	–	–	38,524
Dividends declared (\$0.95 per share)	–	–	–	–	(228,780)	–	(228,780)
Restricted Share Unit plan, Performance Share Unit plan, and Long Term Incentive Plan (Notes 15 and 16C,D)	131,874	(8,065)	–	–	–	–	(8,065)
Balance at December 31, 2020	242,884,314	\$5,751,479	\$175,640	\$37,254	\$(366,412)	\$ 85,252	\$5,683,213

See accompanying notes

AGNICO EAGLE MINES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars)

	Year Ended December 31,	
	2020	2019
OPERATING ACTIVITIES		
Net income for the year	\$ 511,607	\$ 473,166
Add (deduct) adjusting items:		
Amortization of property, plant and mine development (Note 8)	631,101	546,057
Deferred income and mining taxes (Note 24)	75,756	152,595
Unrealized gain on currency and commodity derivatives (Note 20)	(30,079)	(12,744)
Unrealized gain on warrants (Note 20)	(82,003)	(2,325)
Stock-based compensation (Note 16)	54,486	54,261
Impairment reversal (Note 23)	–	(345,821)
Foreign currency translation loss	22,480	4,850
Other	27,781	(2,746)
Changes in non-cash working capital balances:		
Trade receivables	(3,547)	1,735
Income taxes	77,922	22,223
Inventories	(82,949)	(91,436)
Other current assets	198	(2,742)
Accounts payable and accrued liabilities	(5,522)	84,844
Interest payable	(5,177)	(225)
Cash provided by operating activities	1,192,054	881,692
INVESTING ACTIVITIES		
Additions to property, plant and mine development (Note 8)	(759,342)	(882,664)
Proceeds from sale of property, plant and mine development (Note 8)	936	3,692
Net sales of short-term investments	2,069	75
Net proceeds from sale of equity securities and other investments (Note 7A)	8,759	43,733
Purchases of equity securities and other investments (Notes 7B and 9)	(45,234)	(33,498)
Payments for financial assets at amortized cost	(16,000)	(5,222)
Cash used in investing activities	(808,812)	(873,884)
FINANCING ACTIVITIES		
Proceeds from Credit Facility (Note 13)	1,075,000	220,000
Repayment of Credit Facility (Note 13)	(1,075,000)	(220,000)
Proceeds from Senior Notes issuance (Note 13)	200,000	–
Repayment of Senior Notes (Note 13)	(360,000)	–
Long-term debt financing costs (Note 13)	(1,597)	–
Repayment of lease obligations	(15,870)	(15,451)
Dividends paid	(190,255)	(105,408)
Repurchase of common shares for stock-based compensation plans (Notes 15 and 16C,D)	(39,622)	(24,669)
Proceeds on exercise of stock options (Note 16A)	90,656	140,627
Common shares issued (Note 15)	13,866	15,511
Cash (used in) provided by financing activities	(302,822)	10,610
Effect of exchange rate changes on cash and cash equivalents	210	1,653
Net increase in cash and cash equivalents during the year	80,630	20,071
Cash and cash equivalents, beginning of year	321,897	301,826
Cash and cash equivalents, end of year	\$ 402,527	\$ 321,897
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 95,119	\$ 101,523
Income and mining taxes paid	\$ 110,851	\$ 90,694

See accompanying notes

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

December 31, 2020

1. CORPORATE INFORMATION

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

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company (the “Board”) on March 26, 2021.

2. BASIS OF PRESENTATION

A) *Statement of Compliance*

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

B) *Basis of Presentation*

Overview

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

Subsidiaries

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

Joint Arrangements

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

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) *Business Combinations*

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

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

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

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

B) *Foreign Currency Translation*

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

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

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

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

C) *Cash and Cash Equivalents*

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Short-term Investments

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

E) Inventories

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

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

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

F) Financial Instruments

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

Equity Securities

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments and Hedge Accounting

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

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

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

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

The Company also holds share purchase warrants of certain publicly traded entities where it has an investment in equity securities. Share purchase warrants are accounted for as derivative financial instruments and presented as part of investments in the consolidated balance sheets.

Expected Credit Loss Impairment Model

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

G) Goodwill

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

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

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Mining Properties

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

Significant payments related to the acquisition of land and mineral rights are capitalized as mining properties at cost. If a mineable ore body is discovered, such costs are amortized to income when commercial production commences, using the units-of-production method, based on estimated proven and probable mineral reserves and the mineral resources included in the current life of mine plan. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined that the property has no future economic value. Cost components of a specific project that are included in the capital cost of the asset include salaries and wages directly attributable to the project, supplies and materials used in the project, and incremental overhead costs that can be directly attributable to the project.

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

Plant and Equipment

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

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

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

Useful lives of property, plant and equipment are based on the lesser of the estimated mine lives as determined by proven and probable mineral reserves and the mineral resources included in the current life of mine plan and the estimated useful life of the asset. Remaining mine lives at December 31, 2020 range from an estimated 3 to 14 years.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Mine Development Costs

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

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

Deferred Stripping

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

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

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

Production stage stripping costs provide a future economic benefit when:

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

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing Costs

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

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

1) Leases

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

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

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

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

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

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

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

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

J) Development Stage Expenditures

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

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

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

Commercial Production

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

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

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

K) Impairment and Impairment Reversal of Long-lived Assets

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

Any impairment charge that is taken on a long-lived asset other than goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, the

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recoverable amount of the asset is calculated in order to determine if any impairment reversal is required. A recovery is recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. The impairment reversal is allocated on a pro-rata basis to the existing long-lived assets of the CGU based on their carrying amounts. Impairment reversals are recorded in the consolidated statements of income in the period in which they occur.

L) *Debt*

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

M) *Reclamation Provisions*

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

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

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

Each reporting period, provisions for AROs are remeasured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of income.

Environmental remediation liabilities (“ERLs”) are differentiated from AROs in that ERLs do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal or constructive obligation

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income. Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income.

N) Post-employment Benefits

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

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

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

The Company provides three defined benefit retirement plans for certain eligible employees in Mexico (the “Mexico Plans”) that provide a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. Eligible employees are entitled to a benefit if they have completed 15 years of service as a permanent employee and are 60 years of age or older. The Mexico Plans are not funded.

Defined Contribution Plan

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

Defined Benefit Plan

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

O) Contingent Liabilities and Other Provisions

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

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

P) Stock-based Compensation

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

Employee Stock Option Plan ("ESOP")

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Incentive Share Purchase Plan ("ISPP")

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

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

Restricted Share Unit ("RSU") Plan

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

Performance Share Unit ("PSU") Plan

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

Q) Revenue from Contracts with Customers

Gold and Silver

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Metal Concentrates

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

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

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

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

R) *Exploration and Evaluation Expenditures*

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

S) *Net Income Per Share*

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

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

T) *Income Taxes*

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

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

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

Deferred taxes are not recognized in the following circumstances:

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

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

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

U) *Comparative Figures*

Certain figures in the consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of these financial statements as at and for the year ended December 31, 2020.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment that clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and mine development to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of property, plant and mine development while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the consolidated statements of income. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The amendments apply retrospectively, but only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The Company is evaluating the extent of the impact of the amendments on its financial statements.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Uncertainty due to the COVID-19 Pandemic

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the Company or others related to the COVID-19 pandemic. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

Inputs and assumptions relate to, among other things, interest rates, foreign exchange rates, cost of capital, commodity prices, and the amount and timing of future cash flows, while accounting judgments take into consideration the business and economic uncertainties related to the COVID-19 pandemic and the future response of governments, the Company and others to those uncertainties. In the current environment, the inputs and assumptions and judgements are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made by management as they relate to potential impact of the COVID-19 pandemic on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions includes the Company's valuation of the long-term assets (including the assessment for impairment and impairment reversal), estimation of reclamation provisions, estimation of mineral reserves and mineral resources, and estimation of income and mining taxes. Actual results may differ materially from these estimates.

Impairment and Impairment Reversals

The Company evaluates each asset or CGU (excluding goodwill, which is assessed for impairment annually regardless of indicators and is not eligible for impairment reversals) in each reporting period to determine if any indicators of impairment or impairment reversal exist. When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions with respect to items such as future production

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, amounts of recoverable reserves, mineral resources and exploration potential and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history of the asset or CGU. Judgment is also required in determining the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited or no comprehensive economic study has been completed. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Accordingly, it is possible that some or the entire carrying amount of the assets or CGUs may be further impaired or the impairment charge reversed with the impact recognized in the consolidated statements of income.

Mineral Reserve and Mineral Resource Estimates

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

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

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

Exploration and Evaluation Expenditures

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

Production Stage of a Mine

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Contingencies

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

Reclamation Provisions

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

Income and Mining Taxes

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

Amortization

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

Leases

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

Development Stage Expenditures

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

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

- The level of geological certainty of the mineral deposit;
- Life of mine plans or economic models to support the economic extraction of reserves and mineral resources;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

- A preliminary economic assessment, prefeasibility study or feasibility study that demonstrates the reserves and mineral resources will generate a positive commercial outcome;
- Reasonable expectations that operating permits will be obtained; and
- Approval by the Board of development of the project.

Joint Arrangements

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

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

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

5. FAIR VALUE MEASUREMENT

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

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

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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5. FAIR VALUE MEASUREMENT (Continued)

During the year ended December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2020 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	\$ –	\$ 11,867	\$ –	\$ 11,867
Equity securities (FVTOCI)	255,316	27,040	–	282,356
Fair value of derivative financial instruments	–	128,263	–	128,263
Total financial assets	\$255,316	\$167,170	\$ –	\$422,486
Financial liabilities:				
Fair value of derivative financial instruments	\$ –	\$ 904	\$ –	\$ 904
Total financial liabilities	\$ –	\$ 904	\$ –	\$ 904

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

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

Valuation Techniques

Trade Receivables

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

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5. FAIR VALUE MEASUREMENT (Continued)

Equity and Other Securities

Equity securities representing shares of publicly traded entities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy). Equity securities representing shares of non-publicly traded entities are recorded at fair value using external broker-dealer quotations corroborated by option pricing models (classified within Level 2 of the fair value hierarchy). The Company also holds share purchase warrants of certain publicly traded entities where it has an investment in equity securities. Share purchase warrants are accounted for as derivative financial instruments (below) and presented as part of investments in the consolidated balance sheets.

Derivative Financial Instruments

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

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

Long-term debt is recorded on the consolidated balance sheets at December 31, 2020 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating to future related cash flows which is categorized within Level 2 of the fair value hierarchy. As at December 31, 2020, the Company's long-term debt had a fair value of \$1,824.3 million (2019 – \$1,878.9 million). See Note 13.

Lease obligations are recorded on the consolidated balance sheets at December 31, 2020 at amortized cost. The fair value of lease obligations is the present value of the future lease payments discounted at the Company's current incremental borrowing rate. It is remeasured when there is a change in the lease term, future lease payments or changes in the assessment of whether the Company will exercise a purchase, extension or termination option. The fair value of lease obligations is not materially different from the carrying amounts as a result of the difference between the incremental borrowing rates used at the initial recognition date and the current market rates at December 31, 2020.

6. INVENTORIES

	As at December 31, 2020	As at December 31, 2019
Ore in stockpiles and on leach pads	\$ 80,722	\$ 82,192
Concentrates and dore bars	111,100	124,225
Supplies	438,652	373,651
Total current inventories	\$630,474	\$580,068
Non-current ore in stockpiles and on leach pads (Note 7B) ⁽ⁱ⁾	198,044	145,675
Total inventories	\$828,518	\$725,743

Note:

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

During the year ended December 31, 2020, a charge of \$23.5 million (2019 – \$13.2 million) was recorded within production costs to reduce the carrying value of inventories to their net realizable value.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

7. OTHER ASSETS

A) Other Current Assets

	As at December 31, 2020	As at December 31, 2019
Federal, provincial and other sales taxes receivable	\$ 67,666	\$ 78,841
Prepaid expenses	72,502	70,986
Financial asset at FVTPL ⁽ⁱ⁾	–	9,119
Other	19,044	20,272
Total other current assets	\$159,212	\$179,218

Note:

- (i) During the year ended December 31, 2020, the Company sold its remaining financial asset classified as FVTPL. A realized loss on disposition of the asset of \$0.2 million was recognized in the other expenses (income) line item in the consolidated statements of income during the year ended December 31, 2020.

B) Other Assets

	As at December 31, 2020	As at December 31, 2019
Non-current ore in stockpiles and on leach pads	\$198,044	\$145,675
Non-current prepaid expenses	26,945	18,035
Non-current loan receivable – Orla	21,247	4,551
Non-current other receivables	8,238	14,367
Other	4,780	2,240
Total other assets	\$259,254	\$184,868

On December 18, 2019, the Company entered into a loan agreement with Orla Mining Ltd. (“Orla”) and a group of lenders to provide Orla with a five year credit facility in the principal amount of \$125.0 million, to bear interest at 8.8% per annum payable quarterly, maturing on December 18, 2024 and collateralized by certain mining assets of Orla. The Company’s aggregate financing commitment under the loan agreement is \$40.0 million, of which \$16.0 million was advanced in the year ended December 31, 2020 (2019 – \$8.0 million). The remaining \$16.0 million of the financing commitment is available to be drawn by Orla upon satisfaction of certain conditions precedent. In consideration for the funding commitment, the Company was issued 10,400,000 share purchase warrants of Orla, exercisable at a share price of C\$3.00 per Orla common share at any time prior to December 18, 2026. The loan is accounted for at amortized cost using the effective interest rate method; the warrants are accounted for at FVTPL and included in the investments line item in the consolidated balance sheets.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

8. PROPERTY, PLANT AND MINE DEVELOPMENT

	Mining Properties	Plant and Equipment	Mine Development Costs	Total
As at December 31, 2018	\$ 1,775,063	\$ 1,984,867	\$ 2,474,372	\$ 6,234,302
Additions	63,305	314,469	635,030	1,012,804
Impairment reversal (Note 23)	172,484	–	173,337	345,821
Disposals	(937)	(19,434)	–	(20,371)
Amortization	(152,160)	(300,027)	(116,704)	(568,891)
Transfers between categories	150,796	1,207,920	(1,358,716)	–
As at December 31, 2019	\$ 2,008,551	\$ 3,187,795	\$ 1,807,319	\$ 7,003,665
Additions	204,239	285,083	498,624	987,946
Disposals	–	(15,248)	–	(15,248)
Amortization	(180,007)	(348,993)	(121,945)	(650,945)
Transfers between categories	126,630	117,062	(243,692)	–
As at December 31, 2020	\$ 2,159,413	\$ 3,225,699	\$ 1,940,306	\$ 7,325,418
As at December 31, 2019				
Cost	\$ 3,348,912	\$ 6,182,372	\$ 2,540,534	\$12,071,818
Accumulated amortization and impairments	(1,340,361)	(2,994,577)	(733,215)	(5,068,153)
Carrying value – December 31, 2019	\$ 2,008,551	\$ 3,187,795	\$ 1,807,319	\$ 7,003,665
As at December 31, 2020				
Cost	\$ 3,680,992	\$ 6,528,830	\$ 2,798,411	\$13,008,233
Accumulated amortization and impairments	(1,521,579)	(3,303,131)	(858,105)	(5,682,815)
Carrying value – December 31, 2020	\$ 2,159,413	\$ 3,225,699	\$ 1,940,306	\$ 7,325,418

During the year ended December 31, 2020, net additions to Plant and Equipment included \$9.7 million of right-of-use assets for lease arrangements entered into during the year (2019 – \$46.8 million).

As at December 31, 2020, major assets under construction, and therefore not yet being depreciated, included in the carrying value of property, plant and mine development was \$387.6 million (2019 – \$244.9 million).

During the year ended December 31, 2020, the Company produced and sold pre-commercial production ounces of gold from the Barnat deposit at the Canadian Malartic mine, the Tiriganiaq open pit deposit at the Meliadine mine, and the IVR deposit at the Meadowbank Complex. The Company deducts revenues from mining operations earned prior to commercial production from the cost of the related property, plant and mine development. During the year ended December 31, 2020, the Company earned \$59.2 million of pre-commercial production revenue (2019 – \$91.1 million).

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

8. PROPERTY, PLANT AND MINE DEVELOPMENT (Continued)

During the year ended December 31, 2020, the Company disposed of property, plant and mine development with a carrying value of \$15.2 million (2019 – \$20.4 million). The net loss on disposal of \$14.2 million (2019 – \$11.9 million) was recorded in the other expenses (income) line item in the consolidated statements of income.

Geographic Information:

	As at December 31, 2020	As at December 31, 2019
Canada	\$5,166,239	\$5,000,544
Finland	1,428,331	1,205,935
Sweden	13,812	13,812
Mexico	714,576	780,877
United States	2,460	2,497
Total property, plant and mine development	\$7,325,418	\$7,003,665

9. INVESTMENTS

	As at December 31, 2020	As at December 31, 2019
Equity securities	\$282,356	\$86,252
Share purchase warrants	92,747	4,984
Total investments	\$375,103	\$91,236

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

9. INVESTMENTS (Continued)

The following table sets out details of the Company's investments:

	As at December 31, 2020		
	Equity securities	Share purchase warrants	Total investments
Orla Mining Ltd.	\$113,460	\$47,329	\$160,789
Rupert Resources Ltd.	65,461	39,280	104,741
White Gold Corp.	13,419	–	13,419
Royal Road Minerals Ltd.	12,801	–	12,801
Other ⁽ⁱ⁾	77,215	6,138	83,353
Total investments	\$282,356	\$92,747	\$375,103

	As at December 31, 2019		
	Equity securities	Share purchase warrants	Total investments
Orla Mining Ltd.	\$27,125	\$4,399	\$31,524
White Gold Corp.	18,735	–	18,735
Other ⁽ⁱ⁾	40,392	585	40,977
Total investments	\$86,252	\$4,984	\$91,236

Note:

(i) The balance is comprised of 17 (2019 – 16) investments that are each individually immaterial.

Disposal of Equity Securities

There were no disposals of equity securities in the year ended December 31, 2020. During the year ended December 31, 2019, the Company sold its interest in certain equity securities as they no longer fit its investment strategy. The fair value at the time of sale was \$7.8 million and the Company recognized a cumulative net gain on disposal of \$2.1 million which was transferred from other reserves to deficit in the consolidated balance sheets.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Trade payables	\$167,127	\$158,317
Wages payable	58,068	51,588
Accrued liabilities	95,860	102,957
Other liabilities	42,746	32,710
Total accounts payable and accrued liabilities	\$363,801	\$345,572

In 2020 and 2019, the other liabilities balance consisted primarily of various employee benefits, employee payroll tax withholdings and other payroll taxes.

11. RECLAMATION PROVISION

Agnico Eagle's reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation, third party estimates, management's estimates and feasibility study calculations. Assumptions based on current economic conditions, which the Company believes are reasonable, have been used to estimate the reclamation provision. However, actual reclamation costs will ultimately depend on future economic conditions and costs for the necessary reclamation work. Changes in reclamation provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation rates. The discount rates used in the calculation of the reclamation provision at December 31, 2020 ranged between –0.10% and 0.92% (2019 – between 0.75% and 1.86%).

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

	As at December 31, 2020	As at December 31, 2019
Asset retirement obligations – long-term, beginning of year	\$419,417	\$371,132
Asset retirement obligations – current, beginning of year	9,377	3,856
Current year additions and changes in estimate, net	198,843	36,032
Current year accretion	3,502	5,791
Liabilities settled	(1,892)	(3,839)
Foreign exchange revaluation	17,721	15,822
Reclassification from long-term to current, end of year	(11,320)	(9,377)
Asset retirement obligations – long-term, end of year	\$635,648	\$419,417

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

11. RECLAMATION PROVISION (Continued)

The following table reconciles the beginning and ending carrying amounts of the Company's environmental remediation liability. The settlement of the obligation is estimated to occur through to 2031.

	As at December 31, 2020	As at December 31, 2019
Environmental remediation liability – long-term, beginning of year	\$ 7,929	\$ 9,615
Environmental remediation liability – current, beginning of year	3,078	1,555
Current year additions and changes in estimate, net	10,480	2,600
Liabilities settled	(1,539)	(3,269)
Foreign exchange revaluation	137	506
Reclassification from long-term to current, end of year	(3,950)	(3,078)
Environmental remediation liability – long-term, end of year	\$16,135	\$ 7,929

12. LEASES

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

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

	As at December 31, 2020	As at December 31, 2019
Balance, beginning of year	\$117,581	\$ 83,743
Additions and modifications, net of disposals	9,688	46,822
Amortization	(14,554)	(12,984)
Balance, end of year	\$112,715	\$117,581

AGNICO EAGLE MINES LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

12. LEASES (Continued)

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

	As at December 31, 2020	As at December 31, 2019
Current	\$ 20,852	\$ 14,693
Non-current	99,423	102,135
Total lease obligations	\$120,275	\$116,828

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

	As at December 31, 2020	As at December 31, 2019
Within 1 year	\$ 20,464	\$ 16,641
Between 1 – 3 years	28,090	31,220
Between 3 – 5 years	17,846	19,189
Thereafter	57,301	62,587
Total undiscounted lease obligations	\$123,701	\$129,637

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

	Year Ended December 31,	
	2020	2019
Amortization of right-of-use assets	\$ 14,554	\$ 12,984
Interest expense on lease obligations	\$ 1,997	\$ 1,909
Variable lease payments not included in the measurement of lease obligations	\$117,317	\$106,909
Expenses relating to short-term leases	\$ 4,926	\$ 3,595
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	\$ 792	\$ 1,071

During the year ended December 31, 2020, the Company recognized \$221.9 million (2019 – \$215.7 million) in the consolidated statements of cash flows with respect to leases.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

13. LONG-TERM DEBT

	As at December 31, 2020	As at December 31, 2019
Credit Facility ⁽ⁱ⁾⁽ⁱⁱ⁾	\$ (2,768)	\$ (4,238)
2020 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	198,505	–
2018 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	348,145	347,974
2017 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	298,454	298,238
2016 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	348,790	348,527
2015 Note ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	49,690	49,625
2012 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	199,575	199,404
2010 Notes ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	124,850	484,578
Total debt	\$1,565,241	\$1,724,108
Less: current portion	–	360,000
Total long-term debt	\$1,565,241	\$1,364,108

Notes:

(i) Inclusive of unamortized deferred financing costs.

(ii) There were no amounts outstanding under the Credit Facility (as defined below) as at December 31, 2020 and December 31, 2019. The December 31, 2020 and December 31, 2019 balances relate to deferred financing costs which are being amortized on a straight-line basis until the maturity date of June 22, 2023.

(iii) The terms 2020 Notes, 2018 Notes, 2017 Notes, 2016 Notes, 2015 Note, 2012 Notes and 2010 Notes are defined below.

Scheduled Debt Principal Repayments

	2021	2022	2023	2024	2025	Thereafter	Total
2020 Notes	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 200,000	\$ 200,000
2018 Notes	–	–	–	–	–	350,000	350,000
2017 Notes	–	–	–	–	40,000	260,000	300,000
2016 Notes	–	–	100,000	–	–	250,000	350,000
2015 Note	–	–	–	–	50,000	–	50,000
2012 Notes	–	100,000	–	100,000	–	–	200,000
2010 Notes	–	125,000	–	–	–	–	125,000
Total	\$ –	\$225,000	\$100,000	\$100,000	\$90,000	\$1,060,000	\$1,575,000

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

13. LONG-TERM DEBT (Continued)

Credit Facility

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

As at December 31, 2020 and December 31, 2019, no amounts were outstanding under the Credit Facility. As at December 31, 2020, \$1,199.1 million was available for future drawdown under the Credit Facility (December 31, 2019 – \$1.2 billion). Credit Facility availability is reduced by outstanding letters of credit which were \$0.9 million as at December 31, 2020 (2019 – nil). During the year ended December 31, 2020, Credit Facility drawdowns totaled \$1,075.0 million and repayments totaled \$1,075.0 million. During the year ended December 31, 2019, Credit Facility drawdowns totaled \$220.0 million and repayments totaled \$220.0 million.

The Credit Facility is available in multiple currencies through prime rate and base rate advances, priced at the applicable rate plus a margin that ranges from 0.20% to 1.75%, through LIBOR advances, bankers’ acceptances and financial letters of credit, priced at the applicable rate plus a margin that ranges from 1.20% to 2.25% and through performance letters of credit, priced at the applicable rate plus a margin that ranges from 0.80% to 1.50%. The lenders under the Credit Facility are each paid a standby fee at a rate that ranges from 0.24% to 0.45% of the undrawn portion of the facility. In each case, the applicable margin or standby fees vary depending on the Company’s credit rating or the Company’s total net debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) ratio.

2020 Notes

On April 9, 2020, the Company closed a \$200.0 million private placement of guaranteed senior unsecured notes (the “2020 Notes”) with a weighted average maturity of 11 years and a weighted average yield of 2.83%.

The following table sets out details of the individual series of the 2020 Notes:

	Principal	Interest Rate	Maturity Date
Series A	\$100,000	2.78%	4/7/2030
Series B	100,000	2.88%	4/7/2032
Total	\$200,000		

2018 Notes

On April 5, 2018, the Company closed a \$350.0 million private placement of guaranteed senior unsecured notes (the “2018 Notes”)

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

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

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

13. LONG-TERM DEBT (Continued)

2017 Notes

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

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

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

2016 Notes

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

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

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

2015 Note

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

2012 Notes

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

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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13. LONG-TERM DEBT (Continued)

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

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

2010 Notes

On April 7, 2010, the Company closed a \$600.0 million private placement of guaranteed senior unsecured notes (the “2010 Notes” and, together with the 2020 Notes, the 2018 Notes, the 2017 Notes, the 2016 Notes, the 2015 Note and the 2012 Notes, the “Notes”).

On April 7, 2020 the Company repaid \$360.0 million of the 2010 Series B 6.67% Notes at maturity.

As at December 31, 2020, \$125.0 million of the 2010 Series C 6.77% Notes remained outstanding with a maturity date of April 7, 2022.

Covenants

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

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

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

The Credit Facility and Note Purchase Agreements also require the Company to maintain a total net debt to EBITDA ratio below a specified maximum value and the Note Purchase Agreements (other than the 2018 and 2020 Notes) require the Company to maintain a minimum tangible net worth.

The Company was in compliance with all covenants contained in the Credit Facility and Note Purchase Agreements throughout the years-ended and as at December 31, 2020 and 2019.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

13. LONG-TERM DEBT (Continued)

Finance Costs

Total finance costs consist of the following:

	Year Ended December 31,	
	2020	2019
Interest on Notes	\$77,739	\$ 91,147
Stand-by fees on credit facilities	5,107	5,862
Amortization of credit facilities financing and note issuance costs	3,594	2,800
Interest on Credit Facility	5,304	1,270
Accretion expense on reclamation provisions	3,502	5,715
Interest on lease obligations, other interest and penalties	2,684	2,336
Interest capitalized to assets under construction	(2,796)	(4,048)
Total finance costs	\$95,134	\$105,082

Total borrowing costs capitalized to assets under construction during the year ended December 31, 2020 were at a capitalization rate of 1.18% (2019 – 1.31%).

14. OTHER LIABILITIES

Other liabilities consist of the following:

	As at December 31, 2020	As at December 31, 2019
Pension benefit obligations	\$49,822	\$40,490
Other	13,514	20,512
Total other liabilities	\$63,336	\$61,002

Defined Benefit Obligations

The Company provides the Executives Plan for certain current and former senior officers and the Retirement Program for eligible employees in Canada, and the Mexico Plans for eligible employees in Mexico, which are considered defined benefit plans under IAS 19 – Employee Benefits. The funded status of the plans are based on actuarial valuations performed as at December 31, 2020. The plans operate under similar regulatory frameworks and generally face similar risks.

The Executives Plan pension formula is based on final average earnings in excess of the amounts payable from the registered plan. Assets for the Executives Plan consist of deposits on hand with regulatory authorities that are refundable when benefit payments are made or on the ultimate wind-up of the plan.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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14. OTHER LIABILITIES (Continued)

The Company provides a Retirement Program for certain eligible employees that provides a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. An eligible employee is entitled to a benefit if they have completed at least 10 years of service as a permanent employee and are 57 years of age or older. The Retirement Program is not funded.

The Mexico Plans provide a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. Eligible employees are entitled to a benefit if they have completed 15 years of service as a permanent employee and are 60 years of age or older. The Mexico Plans are not funded.

The funded status of the Company's defined benefit obligations for 2020 and 2019, is as follows:

	Year Ended December 31,	
	2020	2019
Reconciliation of plan assets:		
Plan assets, beginning of year	\$ 2,594	\$ 2,363
Employer contributions	2,800	862
Benefit payments	(2,570)	(643)
Administrative expenses	(115)	(109)
Interest on assets	77	93
Net return on assets excluding interest	(77)	(93)
Effect of exchange rate changes	59	121
Plan assets, end of year	\$ 2,768	\$ 2,594
Reconciliation of defined benefit obligation:		
Defined benefit obligation, beginning of year	\$29,336	\$23,032
Current service cost	12,827	1,020
Benefit payments	(2,570)	(672)
Interest cost	809	889
Actuarial losses arising from changes in economic assumptions	1,861	1,989
Actuarial losses arising from changes in demographic assumptions	882	2,033
Actuarial gains arising from Plan experience	(321)	(251)
Effect of exchange rate changes	1,281	1,296
Defined benefit obligation, end of year	44,105	29,336
Net defined benefit liability, end of year	\$41,337	\$26,742

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

14. OTHER LIABILITIES (Continued)

The components of Agnico Eagle's pension expense recognized in the consolidated statements of net income relating to the defined benefit plans are as follows:

	Year Ended December 31,	
	2020	2019
Current service cost	\$12,827	\$1,020
Administrative expenses	115	109
Interest cost on defined benefit obligation	809	889
Interest on assets	(77)	(93)
Pension expense	\$13,674	\$1,925

The remeasurements of the net defined benefit liability recognized in other comprehensive income relating to the Company's defined benefit plans are as follows:

	Year Ended December 31,	
	2020	2019
Actuarial losses relating to the defined benefit obligation	\$2,584	\$3,771
Net return on assets excluding interest	77	93
Total remeasurements of the net defined benefit liability	\$2,661	\$3,864

In 2021, the Company expects to make contributions of \$1.9 million and benefit payments of \$3.7 million, in aggregate, related to the defined benefit plans. The weighted average duration of the Company's defined benefit obligation in Canada is 14.4 years at December 31, 2020 (2019 – 12.4 years). The weighted average duration of the Company's defined benefit obligation for the Mexico Plans is 3.7 years at December 31, 2020.

The following table sets out significant assumptions used in measuring the Company's Executives Plan defined benefit obligations:

	As at December 31, 2020	As at December 31, 2019
Assumptions:		
Discount rate – beginning of year	3.0%	3.8%
Discount rate – end of year	2.5%	3.0%

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

14. OTHER LIABILITIES (Continued)

The following table sets out significant assumptions used in measuring the Company's Retirement Program defined benefit obligations:

	As at December 31, 2020	As at December 31, 2019
Assumptions:		
Discount rate – beginning of year	2.8%	3.5%
Discount rate – end of year	1.8%	2.8%
Range of mine closure dates	2026 – 2032	2026 – 2032
Termination of employment per annum	2.0% – 10.0%	0.5% – 3.3%

Other significant actuarial assumptions used in measuring the Company's Retirement Program defined benefit obligations as at December 31, 2020 and December 31, 2019 include assumptions of the expected retirement age of participants.

The following table sets out significant assumptions used in measuring the Company's defined benefit obligations for the Mexico Plans:

	As at December 31, 2020
Assumptions:	
Discount rate	5.5%
Range of mine closure dates	2023 – 2026

The following table sets out the effect of changes in significant actuarial assumptions on the Company's defined benefit obligations:

	As at December 31, 2020
Change in assumption:	
0.5% increase in discount rate	\$(1,764)
0.5% decrease in discount rate	\$ 1,915

The summary of the effect of changes in significant actuarial assumptions was prepared using the same methods and actuarial assumptions as those used for the calculation of the Company's defined benefit obligations as at the end of the fiscal year, except for the change in the single actuarial assumption being evaluated. The modification of several actuarial assumptions at the same time could lead to different results.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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14. OTHER LIABILITIES (Continued)

Other Plans

In addition to its defined benefit pension plans, the Company maintains two defined contribution plans – the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico Eagle contributes 5.0% of certain employees' base employment compensation to a defined contribution plan. In 2020, \$13.6 million (2019 – \$13.3 million) was contributed to the Basic Plan, \$0.3 million of which related to contributions for key management personnel (2019 – \$0.2 million). The Company also maintains the Supplemental Plan for designated executives at the level of Vice-President or above. The Supplemental Plan is funded by the Company through notional contributions equal to 10.0% of the designated executive's earnings for the year (including salary and short-term bonus). In 2020, the Company made \$1.3 million (2019 – \$1.5 million) in notional contributions to the Supplemental Plan, \$1.2 million (2019 – \$1.0 million) of which related to contributions for key management personnel. The Company's liability related to the Supplemental Plan is \$11.5 million at December 31, 2020 (2019 – \$11.5 million). At retirement date, the notional account balance is converted to a pension payable in five annual installments.

15. EQUITY

Common Shares

The Company's authorized share capital includes an unlimited number of common shares with no par value. As at December 31, 2020, Agnico Eagle's issued common shares totaled 243,301,195 (December 31, 2019 – 240,167,790), of which 416,881 common shares are held in trusts as described below (2019 – 548,755).

The common shares held in trusts relate to the Company's RSU plan, PSU plan and a Long Term Incentive Plan ("LTIP") for certain employees of the Partnership and CMC. The trusts have been evaluated under IFRS 10 – *Consolidated Financial Statements* and are consolidated in the accounts of the Company, with shares held in trust offset against the Company's issued shares in its consolidated financial statements. The common shares purchased and held in trusts are excluded from the basic net income per share calculations until they have vested. All of the non-vested common shares held in trusts are included in the diluted net income per share calculations, unless the impact is anti-dilutive.

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding as at December 31, 2020 were exercised:

Common shares outstanding at December 31, 2020	242,884,314
Employee stock options	3,421,404
Common shares held in trusts in connection with the RSU plan (Note 16C), PSU plan (Note 16D) and LTIP	416,881
Total	246,722,599

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. EQUITY (Continued)

Net Income Per Share

The following table sets out the weighted average number of common shares used in the calculation of basic and diluted net income per share:

	Year Ended December 31,	
	2020	2019
Net income for the year	\$511,607	\$473,166
Weighted average number of common shares outstanding – basic (in thousands)	241,508	236,934
Add: Dilutive impact of common shares related to the RSU plan, PSU plan and LTIP	695	805
Add: Dilutive impact of employee stock options	869	491
Weighted average number of common shares outstanding – diluted (in thousands)	243,072	238,230
Net income per share – basic	\$ 2.12	\$ 2.00
Net income per share – diluted	\$ 2.10	\$ 1.99

Diluted net income per share has been calculated using the treasury stock method. In applying the treasury stock method, outstanding employee stock options with an exercise price greater than the average quoted market price of the common shares for the period outstanding are not included in the calculation of diluted net income per share as the impact would be anti-dilutive.

For the year ended December 31, 2020, nil (2019 – 3,750) employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive.

16. STOCK-BASED COMPENSATION

A) Employee Stock Option Plan (“ESOP”)

The Company’s ESOP provides for the grant of stock options to directors, officers, employees and service providers to purchase common shares. Under the ESOP, stock options are granted at the fair market value of the underlying shares on the day prior to the date of grant. The number of common shares that may be reserved for issuance to any one person pursuant to stock options (under the ESOP or otherwise), warrants, share purchase plans or other arrangements may not exceed 5.0% of the Company’s common shares issued and outstanding at the date of grant.

On April 24, 2001, the Compensation Committee of the Board adopted a policy pursuant to which stock options granted after that date have a maximum term of five years. In 2018, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP to 35,700,000 common shares.

Of the 1,583,150 stock options granted under the ESOP in 2020, 395,164 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2025, vest in equal installments on each anniversary date of the grant over a three-year period. Of the 2,118,850 stock options granted under the ESOP in 2019, 527,975 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2024, vest in equal installments on each anniversary date of the grant over a three-year period. Upon the exercise of stock options under the ESOP, the Company issues common shares from treasury to settle the obligation.

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16. STOCK-BASED COMPENSATION (Continued)

The following table sets out activity with respect to Agnico Eagle's outstanding stock options:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	4,122,300	C\$54.86	6,361,265	C\$47.65
Granted	1,583,150	80.04	2,118,850	55.10
Exercised	(2,170,460)	56.33	(4,214,332)	44.05
Forfeited	(113,586)	63.88	(143,093)	56.47
Expired	–	–	(390)	28.03
Outstanding, end of year	3,421,404	C\$65.27	4,122,300	C\$54.86
Options exercisable, end of year	852,588	C\$60.61	1,195,730	C\$51.39

The average share price of Agnico Eagle's common shares during the year ended December 31, 2020 was C\$87.92 (2019 – C\$66.49).

The weighted average grant date fair value of stock options granted in 2020 was C\$13.68 (2019 – C\$10.44). The following table sets out information about Agnico Eagle's stock options outstanding and exercisable as at December 31, 2020:

Range of Exercise Prices	Stock Options Outstanding			Stock Options Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
C\$36.37 – C\$58.04	2,113,592	2.45 years	C\$56.13	699,588	1.98 years	C\$56.35
C\$79.98 – C\$84.12	1,307,812	4.01 years	80.05	153,000	4.02 years	80.13
C\$36.37 – C\$84.12	3,421,404	3.05 years	C\$65.27	852,588	2.35 years	C\$60.61

The Company has reserved for issuance 3,421,404 common shares in the event that these stock options are exercised.

The number of common shares available for the grant of stock options under the ESOP as at December 31, 2020 was 3,602,050.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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16. STOCK-BASED COMPENSATION (Continued)

Agnico Eagle estimated the fair value of stock options under the Black-Scholes option pricing model using the following weighted average assumptions:

	Year Ended December 31,	
	2020	2019
Risk-free interest rate	1.90%	2.23%
Expected life of stock options (in years)	2.4	2.4
Expected volatility of Agnico Eagle's share price	27.5%	30.0%
Expected dividend yield	1.2%	1.2%

The Company uses historical volatility to estimate the expected volatility of Agnico Eagle's share price. The expected term of stock options granted is derived from historical data on employee exercise and post-vesting employment termination experience.

Compensation expense related to the ESOP amounted to \$15.9 million for the year ended December 31, 2020 (2019 – \$16.8 million). Of the total compensation expense for the ESOP, nil was capitalized as part of the property, plant and mine development line item of the consolidated balance sheets in the year ended December 31, 2020 (2019 – \$0.7 million).

Subsequent to the year ended December 31, 2020, 1,590,750 stock options were granted under the ESOP, of which 397,688 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2026, vest in equal installments on each anniversary date of the grant over a three-year period.

B) Incentive Share Purchase Plan ("ISPP")

On June 26, 1997, the Company's shareholders approved the ISPP to encourage Participants to purchase Agnico Eagle's common shares at market value. In 2009, the ISPP was amended to remove non-executive directors as eligible Participants.

Under the ISPP, Participants may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each Participant's contribution. All common shares subscribed for under the ISPP are issued by the Company. The total compensation cost recognized in 2020 related to the ISPP was \$6.9 million (2019 – \$7.7 million).

In 2020, 351,086 common shares were subscribed for under the ISPP (2019 – 435,420) for a value of \$20.7 million (2019 – \$23.2 million). In May 2019, the Company's shareholders approved an increase in the maximum number of common shares reserved for issuance under the ISPP to 8,100,000 from 7,100,000. As at December 31, 2020, Agnico Eagle has reserved for issuance 870,369 common shares (2019 – 1,221,455) under the ISPP.

C) Restricted Share Unit ("RSU") Plan

In 2009, the Company implemented the RSU plan for certain employees. Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company as eligible participants.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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16. STOCK-BASED COMPENSATION (Continued)

A deferred compensation balance is recorded for the total grant date value on the date of each RSU plan grant. The deferred compensation balance is recorded as a reduction of equity and is amortized as compensation expense over the vesting period of up to three years.

In 2020, 307,732 (2019 – 409,100) RSUs were granted with a grant date fair value of \$60.80 (2019 – \$40.41). In 2020, the Company funded the RSU plan by transferring \$18.7 million (2019 – \$16.5 million) to an employee benefit trust that then purchased common shares of the Company in the open market. The grant date fair value of the RSUs generally approximates the cost of purchasing the shares in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding.

Compensation expense related to the RSU plan was \$21.7 million in 2020 (2019 – \$17.9 million). Compensation expense related to the RSU plan is included as part of the general and administrative line item in the consolidated statements of income.

Subsequent to the year ended December 31, 2020, 317,114 RSUs were granted under the RSU plan.

D) Performance Share Unit (“PSU”) Plan

Beginning in 2016, the Company adopted a PSU plan for senior executives of the Company. PSUs are subject to vesting requirements over a three-year period based on specific performance measurements established by the Company. The fair value for the portion of the PSUs related to market conditions is based on the application of pricing models at the grant date and the fair value for the portion related to non-market conditions is based on the market value of the shares at the grant date. Compensation expense is based on the current best estimate of the outcome for the specific performance measurement established by the Company and is recognized over the vesting period based on the number of units estimated to vest.

In 2020, 170,500 (2019 – 196,500) PSUs were granted with a grant date fair value of \$74.55 (2019 – \$47.43). The Company funded the PSU plan by transferring \$10.4 million (2019 – \$8.0 million) to an employee benefit trust that then purchased common shares of the Company in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding. In 2020, the Company purchased an additional 159,610 shares to fulfill the payout of its 2018 and 2017 PSU grants. The Company funded the purchase by transferring \$10.2 million to an employee benefit trust that then purchased common shares of the Company in the open market. The purchases were treated as treasury transactions and recognized directly in equity.

Compensation expense related to the PSU plan was \$12.5 million in 2020 (2019 – \$12.0 million). Compensation expense related to the PSU plan is included as part of the general and administrative line item in the consolidated statements of income.

Subsequent to the year ended December 31, 2020, 148,500 PSUs were granted under the PSU plan.

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17. OTHER RESERVES

The following table sets out the movements in other reserves during the years ended December 31, 2020 and 2019:

	Equity securities reserve	Cash flow hedge reserve	Total
Balance at December 31, 2018	\$ (58,095)	\$ –	\$ (58,095)
Net change in fair value	12,238	–	12,238
Transfer of gain on disposal of equity securities at FVTOCI to deficit	(2,065)	–	(2,065)
Balance at December 31, 2019	\$ (47,922)	\$ –	\$ (47,922)
Net change in cash flow hedge reserve	–	(11,964)	(11,964)
Net change in fair value of equity securities at FVTOCI	145,138	–	145,138
Balance at December 31, 2020	\$ 97,216	\$(11,964)	\$ 85,252

The cash flow hedge reserve represents the settlement of an interest rate derivative related to the 2020 Notes. The reserve will be amortized over the term of the Notes. Amortization of the reserve is included in the finance costs line item in the consolidated statements of income.

18. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES

Agnico Eagle is a gold mining company with mining operations in Canada, Mexico and Finland. The Company earns a significant proportion of its revenues from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals. The revenue from by-product metals is primarily generated by production at the LaRonde mine in Canada (silver, zinc and copper) and the Pinos Altos mine in Mexico (silver).

The cash flow and profitability of the Company's operations are significantly affected by the market price of gold and, to a lesser extent, silver, zinc and copper. The prices of these metals can fluctuate significantly and are affected by numerous factors beyond the Company's control.

During the year ended December 31, 2020, four customers each contributed more than 10.0% of total revenues from mining operations for a combined total of approximately 84.3% of revenues from mining operations in the Northern and Southern business units. However, because gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sale of its product.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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18. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

The following table sets out sales to individual customers that exceeded 10.0% of revenues from mining operations:

	Year Ended December 31,	
	2020	2019
Customer 1	\$ 799,405	\$ 600,171
Customer 2	798,698	504,763
Customer 3	628,940	344,534
Customer 4	419,499	335,755
Customer 5	–	329,804
Total sales to customers exceeding 10.0% of revenues from mining operations	\$2,646,542	\$2,115,027
Percentage of total revenues from mining operations	84.3%	84.8%

Trade receivables are recognized once the transfer of control for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties. As at December 31, 2020, the Company had \$11.9 million (2019 – \$8.3 million) in receivables relating to provisionally priced concentrate sales.

The Company has recognized the following amounts relating to revenue in the consolidated statements of income:

	Year Ended December 31,	
	2020	2019
Revenue from contracts with customers	\$3,137,795	\$2,496,878
Provisional pricing adjustments on concentrate sales	318	(1,986)
Total revenues from mining operations	\$3,138,113	\$2,494,892

The following table sets out the disaggregation of revenue by metal:

	Year Ended December 31,	
	2020	2019
Revenues from contracts with customers:		
Gold	\$3,047,019	\$2,392,739
Silver	73,904	73,297
Zinc	2,312	18,128
Copper	14,560	12,714
Total revenues from contracts with customers	\$3,137,795	\$2,496,878

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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18. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

In 2020, precious metals (gold and silver) accounted for 99.5% of Agnico Eagle's revenues from mining operations (2019 – 98.9%). The remaining revenues from mining operations consisted of net by-product metal revenues from non-precious metals.

19. CAPITAL AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management policy is to support the delivery of the Company's financial targets while minimizing the potential adverse effects on the Company's performance.

Risk management is carried out by a centralized treasury department under policies approved by the Board. The Company's financial activities are governed by policies and procedures and its financial risks are identified, measured and managed in accordance with its policies and risk tolerance.

A) Market Risk

Market risk is the risk that changes in market factors, such as interest rates, commodity prices and foreign exchange rates, will affect the value of Agnico Eagle's financial instruments. The Company can choose to either accept market risk or mitigate it through the use of derivatives and other economic hedging strategies.

i. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations that have floating interest rates.

There is no impact on income before income and mining taxes or equity of a 1.0% increase or decrease in interest rates, based in financial instruments in place as at December 31, 2020.

ii. Commodity Price Risk

a. Metal Prices

Agnico Eagle's revenues from mining operations and net income are sensitive to metal prices. Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of by-product metals (silver, zinc and copper) may be attributed to factors such as demand and global mine production levels.

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Board-approved Risk Management Policies and Procedures. The Company has a long-standing policy of no long-term forward gold sales. However, the policy does allow the Company to use other economic hedging strategies, where appropriate, to mitigate by-product metal pricing risks. The Company's policy does not allow speculative trading. As at December 31, 2020, there were no metal derivative positions.

b. Fuel

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of its diesel fuel costs (see Note 20 for further details on the Company's derivative financial instruments).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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19. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

iii. Foreign Currency Risk

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant foreign currency risk exposure. The Company enters into currency economic hedging transactions under the Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), which does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes (but is not limited to) the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes (see Note 20 for further details on the Company's derivative financial instruments).

The following table sets out the translation impact, based on financial instruments in place as at December 31, 2020, on income before income and mining taxes and equity for the year ended December 31, 2020 of a 10.0% change in the exchange rate of the US dollar relative to the Canadian dollar, Euro and Mexican peso, with all other variables held constant.

	Positive (negative) impact on Income Before Income and Mining Taxes and Equity	
	10.0% Strengthening of the US Dollar	10.0% Weakening of the US Dollar
Canadian dollar	\$27,855	\$(27,855)
Euro	\$15,659	\$(15,659)
Mexican peso	\$27,452	\$(27,452)

B) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments, trade receivables, loan receivable and certain derivative financial instruments. The Company holds its cash and cash equivalents and short-term investments in highly rated financial institutions resulting in a low level of credit risk. For trade receivables and derivative financial instruments, historical levels of default have been negligible, resulting in a low level of credit risk. The Company mitigates credit risk by dealing with recognized credit-worthy counterparties and limiting concentration risk. For derivative financial instrument liabilities, the Company assumes no credit risk when the fair value of an instrument is negative. The loan receivable extended to Orla is collateralized by pledged assets which

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19. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

mitigates the level of credit risk. The maximum exposure to credit risk is equal to the carrying amount of the instruments as follows:

	As at December 31, 2020	As at December 31, 2019
Cash and cash equivalents	\$402,527	\$321,897
Short-term investments	3,936	6,005
Trade receivables	11,867	8,320
Derivative financial instrument assets	35,516	4,535
Loan receivable – Orla	21,247	4,551
Total	\$475,093	\$345,308

C) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its risk of a shortage of funds by monitoring its credit rating and projected cash flows taking into account the maturity dates of existing debt and other payables. The Company manages exposure to liquidity risk by maintaining cash balances, having access to undrawn credit facilities and access to public debt markets. Contractual maturities relating to lease obligations are set out in Note 12 and contractual maturities relating to long-term debt are set out in Note 13. Other financial liabilities have maturities within one year of December 31, 2020.

D) *Capital Risk Management*

The Company's primary capital management objective is to maintain an optimal capital structure to support current and long-term business activities and to provide financial flexibility in order to maximize value for equity holders.

Agnico Eagle's capital structure comprises a mix of lease financing, long-term debt, and total equity as follows:

	As at December 31, 2020	As at December 31, 2019
Lease obligations	\$ 120,275	\$ 116,828
Long-term debt	1,565,241	1,724,108
Total equity	5,683,213	5,111,514
Total	\$7,368,729	\$6,952,450

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the requirements of financial covenants. To effectively manage its capital requirements, Agnico Eagle has in place a rigorous planning, budgeting and forecasting process to ensure it has the appropriate liquidity to meet its operating and growth objectives. The Company has the ability to adjust its capital structure by various means.

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19. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

See Note 13 for details related to Agnico Eagle's compliance with its long-term debt covenants.

E) Changes in liabilities arising from financing activities

	As at December 31, 2019	Changes from Financing Cash Flows	Foreign Exchange	Other ⁽ⁱ⁾	As at December 31, 2020
Long-term debt	\$1,724,108	(161,597)	–	2,730	\$1,565,241
Lease obligations	116,828	(15,870)	9,628	9,689	120,275
Total liabilities from financing activities	\$1,840,936	(177,467)	9,628	12,419	\$1,685,516

Note:

(i) Includes the amortization of deferred financing costs on long-term debt reflected in finance costs and lease obligation additions.

20. DERIVATIVE FINANCIAL INSTRUMENTS

Currency Risk Management

The Company uses foreign exchange economic hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange rates. The Company is primarily exposed to currency fluctuations relative to the US dollar as a significant portion of the Company's operating costs and capital expenditures are denominated in foreign currencies; primarily the Canadian dollar, the Euro and the Mexican peso. These potential currency fluctuations increase the volatility of, and could have a significant impact on, the Company's production costs and capital expenditures. The economic hedges relate to a portion of the foreign currency denominated cash outflows arising from foreign currency denominated expenditures.

As at December 31, 2020, the Company had outstanding derivative contracts related to \$1,188.0 million of 2021 and 2022 expenditures (December 31, 2019 – \$252.0 million). The Company recognized mark-to-market adjustments in the gain on derivative financial instruments line item in the consolidated statements of income. The Company did not apply hedge accounting to these arrangements.

Mark-to-market gains and losses related to foreign exchange derivative financial instruments are recorded at fair value based on broker-dealer quotations corroborated by option pricing models that utilize period-end forward pricing of the applicable foreign currency to calculate fair value.

The Company's other foreign currency derivative strategies in 2020 and 2019 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars for Canadian dollars and Mexican pesos. All of these derivative transactions expired prior to period-end such that no derivatives were outstanding as at December 31, 2020 or December 31, 2019. The call option premiums were recognized in the gain on derivative financial instruments line item in the consolidated statements of income.

Commodity Price Risk Management

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of diesel fuel costs associated primarily with its Nunavut operations' diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding as at December 31, 2020 relating to 24.0 million gallons of heating oil (December 31, 2019 – 12.0 million). The related mark-to-market adjustments prior to settlement were recognized in the gain on derivative financial instruments line item in the consolidated statements of income. The Company did not apply hedge accounting to these arrangements.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

20. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Mark-to-market gains and losses related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize period-end forward pricing to calculate fair value.

Share Purchase Warrants

The Company holds warrants to acquire equity securities of certain issuers in the mining industry. These warrants are not part of the Company's core operations, and accordingly, gains and losses from these investments are not representative of the Company's performance during the year. For the year ended December 31, 2020, the unrealized gain on warrants is primarily attributable to the increase in the share prices of Orla and Rupert Resources Ltd.

The following table sets out a summary of the amounts recognized in the gain on derivative financial instruments line item in the consolidated statements of income.

	Year Ended December 31,	
	2020	2019
Premiums realized on written foreign exchange call options	\$ (1,779)	\$ (1,693)
Realized loss on warrants	–	88
Unrealized gain on warrants	(82,003)	(2,325)
Realized loss (gain) on currency and commodity derivatives	5,988	(450)
Unrealized gain on currency and commodity derivatives	(30,079)	(12,744)
Gain on derivative financial instruments	\$(107,873)	\$(17,124)

Unrealized gains and losses on financial instruments that did not qualify for hedge accounting are recognized through the gain on derivative financial instruments line item of the consolidated statements of income and through the unrealized gain on warrants and the unrealized gain on currency and commodity derivatives line items of the consolidated statements of cash flows.

21. OTHER EXPENSES (INCOME)

The following table sets out amounts recognized in the other expenses (income) line item in the consolidated statements of income:

	Year Ended December 31,	
	2020	2019
Loss on disposal of property, plant and mine development (Note 8)	\$14,182	\$ 11,907
Interest income	(4,867)	(6,688)
Temporary suspension and other costs due to COVID-19	33,540	–
Other	5,379	(18,388)
Total other expenses (income)	\$48,234	\$(13,169)

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

21. OTHER EXPENSES (INCOME) (Continued)

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 mining and exploration activities in the Abitibi region of Quebec (the LaRonde, LaRonde Zone 5, Goldex and Canadian Malartic mines and exploration activities). Each of these sites and properties remained on temporary suspension until April 15, 2020, and minimal work took place during that time. The Company also temporarily reduced activities at the Meliadine mine and Meadowbank Complex in Nunavut, which are serviced out of Quebec, until June 2020.

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. 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 until May 18, 2020, with the exception of heap leaching activities at the Creston Mascota and La India mines.

Following the period of temporary suspension or reduced operations in Canada and Mexico, activities were sustained at or near normal levels throughout the remainder of 2020.

Temporary suspension and other costs due to the COVID-19 pandemic include primarily payroll and other incidental costs associated with maintaining the sites and properties, and payroll costs associated with employees who were not working during the period of reduced or suspended operations. These expenses also include payroll costs of employees who could not work following the period of temporary suspension or reduced operations due to the Company’s effort to prevent or curtail community transmission of COVID-19, primarily in Nunavut.

All other costs incurred during the period of temporary suspension or reduced operations such as payroll costs associated with employees working remotely and performing their regular duties as well as direct and incremental costs of \$7.2 million incurred to maintain the safety of employees and communities and adhere to the enhanced hygiene measures were recognized in the production, exploration and corporate development, and general and administrative line items in the consolidated statements of income.

22. SEGMENTED INFORMATION

Agnico Eagle operates in a single industry, namely exploration for and production of gold. The Company’s primary operations are in Canada, Mexico and Finland. The Company identifies its reportable segments as those operations whose operating results are reviewed by the Chief Operating Decision Maker (“CODM”), the Chief Executive Officer for the purpose of allocating resources and assessing performance and that represent more than 10.0% of the combined revenue from mining operations, income or loss or total assets of all operating segments. Each of the Company’s significant operating mines and projects are considered to be separate operating segments. Certain operating segments that do not meet the quantitative thresholds are still disclosed where the Company believes that the information is useful. The CODM also reviews segment income (defined as revenues from mining operations less production costs, exploration and corporate development expenses and impairment losses and reversals) on a mine-by-mine basis. The following are the Company’s reportable segments organized according to their relationship with the Company’s three business units and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

Northern Business:	LaRonde mine, LaRonde Zone 5 mine, Lapa mine, Goldex mine, Meadowbank Complex, Meliadine mine, Canadian Malartic joint operation and Kittila mine
Southern Business:	Pinos Altos mine, Creston Mascota mine and La India mine
Exploration:	United States Exploration office, Europe Exploration office, Canada Exploration offices and Latin America Exploration office

Revenues from mining operations and production costs for the reportable segments are reported net of intercompany transactions.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

22. SEGMENTED INFORMATION (Continued)

Corporate and other assets and specific income and expense items are not allocated to reportable segments.

	Year Ended December 31, 2020			
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Segment Income (Loss)
Northern Business:				
LaRonde mine	\$ 543,864	\$ (169,824)	\$ –	\$ 374,040
LaRonde Zone 5 mine	111,244	(47,899)	–	63,345
Goldex mine	227,181	(82,654)	–	144,527
Meadowbank Complex	366,743	(284,976)	(1,168)	80,599
Meliadine mine	569,063	(245,700)	–	323,363
Canadian Malartic joint operation	478,542	(195,312)	(18,637)	264,593
Kittila mine	372,132	(169,884)	–	202,248
Total Northern Business	2,668,769	(1,196,249)	(19,805)	1,452,715
Southern Business:				
Pinos Altos mine	244,283	(124,678)	–	119,605
Creston Mascota mine	77,762	(35,088)	–	42,674
La India mine	147,299	(68,137)	–	79,162
Total Southern Business	469,344	(227,903)	–	241,441
Exploration	–	–	(93,687)	(93,687)
Segments totals	\$3,138,113	\$(1,424,152)	\$(113,492)	\$1,600,469
Total segments income				\$1,600,469
Corporate and other:				
Amortization of property, plant and mine development				(631,101)
General and administrative				(116,288)
Finance costs				(95,134)
Gain on derivative financial instruments				107,873
Environmental remediation				(27,540)
Foreign currency translation loss				(22,480)
Other expenses				(48,234)
Income before income and mining taxes				\$ 767,565

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

22. SEGMENTED INFORMATION (Continued)

	Year Ended December 31, 2019				
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Impairment Reversal	Segment Income (Loss)
Northern Business:					
LaRonde mine	\$ 552,204	\$ (215,012)	\$ –	\$ –	\$ 337,192
LaRonde Zone 5 mine	80,365	(41,212)	–	–	39,153
Lapa mine	4,877	(2,844)	–	–	2,033
Goldelex mine	197,020	(82,533)	–	–	114,487
Meadowbank Complex	221,652	(180,848)	(3,528)	–	37,276
Meliadine mine	270,258	(142,932)	–	345,821	473,147
Canadian Malartic joint operation	466,317	(208,178)	(189)	–	257,950
Kittila mine	260,323	(142,517)	–	–	117,806
Total Northern Business	2,053,016	(1,016,076)	(3,717)	345,821	1,379,044
Southern Business:					
Pinos Altos mine	249,577	(130,190)	–	–	119,387
Creston Mascota mine	78,023	(35,801)	–	–	42,222
La India mine	114,276	(65,638)	–	–	48,638
Total Southern Business	441,876	(231,629)	–	–	210,247
Exploration	–	–	(101,062)	–	(101,062)
Segments totals	\$2,494,892	\$(1,247,705)	\$(104,779)	\$345,821	\$1,488,229
Total segments income					\$1,488,229
Corporate and other:					
Amortization of property, plant and mine development					(546,057)
General and administrative					(120,987)
Finance costs					(105,082)
Gain on derivative financial instruments					17,124
Environmental remediation					(2,804)
Foreign currency translation loss					(4,850)
Other income					13,169
Income before income and mining taxes					\$ 738,742

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

22. SEGMENTED INFORMATION (Continued)

The following table sets out total assets by segment:

	As at December 31, 2020	As at December 31, 2019
Northern Business:		
LaRonde mine	\$ 852,171	\$ 794,503
LaRonde Zone 5 mine	71,545	66,553
Goldex mine	296,713	295,139
Meadowbank Complex	1,037,459	883,422
Meliadine mine	2,198,564	2,139,845
Canadian Malartic joint operation	1,542,916	1,548,564
Kittila mine	1,590,795	1,317,322
Total Northern Business	7,590,163	7,045,348
Southern Business:		
Pinos Altos mine	458,786	521,713
Creston Mascota mine	8,008	28,833
La India mine	228,120	264,498
Total Southern Business	694,914	815,044
Exploration	434,809	462,789
Corporate and other	894,869	466,704
Total assets	\$9,614,755	\$8,789,885

The following table sets out the carrying amount of goodwill by segment for the years ended December 31, 2020 and December 31, 2019:

	Canadian Malartic Joint Operation	Exploration	Total
Cost	\$ 597,792	\$60,000	\$ 657,792
Accumulated impairment	(250,000)	—	(250,000)
Carrying amount	\$ 347,792	\$60,000	\$ 407,792

AGNICO EAGLE MINES LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

22. SEGMENTED INFORMATION (Continued)

The following table sets out capital expenditures by segment:

	Year Ended December 31,	
	2020	2019
Northern Business:		
LaRonde mine	\$109,262	\$ 81,831
LaRonde Zone 5 mine	9,823	8,441
Goldex mine	36,753	41,356
Meadowbank Complex	162,339	267,319
Meliadine mine	125,955	165,389
Canadian Malartic joint operation	52,642	83,051
Kittila mine	199,115	171,908
Total Northern Business	695,889	819,295
Southern Business:		
Pinos Altos mine	24,482	39,421
La India mine	21,626	13,881
Total Southern Business	46,108	53,302
Corporate and other	17,345	10,067
Total capital expenditures	\$759,342	\$882,664

The following table sets out revenues from mining operations by geographic area⁽ⁱ⁾:

	Year Ended December 31,	
	2020	2019
Canada	\$2,296,637	\$1,792,693
Mexico	469,344	441,876
Finland	372,132	260,323
Total revenues from mining operations	\$3,138,113	\$2,494,892

Note:

(i) Presented based on the location of the mine from which the product originated.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

22. SEGMENTED INFORMATION (Continued)

The following table sets out non-current assets by geographic area:

	As at December 31, 2020	As at December 31, 2019
Canada	\$6,168,927	\$5,571,885
Mexico	736,908	787,943
Finland	1,447,157	1,220,188
Sweden	13,812	13,812
United States	763	2,497
Total non-current assets	\$8,367,567	\$7,596,325

23. IMPAIRMENT

Goodwill impairment tests

Canadian Malartic Joint Operation

The estimated recoverable amount of the Canadian Malartic joint operation CGU as at December 31, 2020 and 2019 was determined on the basis of fair value less costs to dispose of the Canadian Malartic mine. The estimated recoverable amount of the Canadian Malartic mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine, consisting of both open pit and underground operations, using a nominal discount rate of 6.40% (2019 – 5.00%). The recoverable amount calculation was based on an estimate of future production levels applying short-term gold prices of \$1,800 to \$1,900 per ounce and long-term gold prices of \$1,500 per ounce (in real terms) (2019 – short-term gold prices of \$1,400 to \$1,500 and long term gold prices of \$1,350), foreign exchange rates of US\$0.78:C\$1.00 (2019 – US\$0.76:C\$1.00 to US\$0.80:C\$1.00), an inflation rate of 2.0% (2019 – 2.0%), and capital, operating and reclamation costs based on applicable life of mine plans. Certain mineralization was valued by a cashflow extension approach where the mineralization is expected to have sufficiently similar economics to the mineralization of the Canadian Malartic mine.

At December 31, 2020 and 2019, the Canadian Malartic joint operation segment estimated recoverable amount exceeded its carrying amount. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

CMC Exploration Assets

As a result of the acquisition of the additional 50.0% of the CMC Exploration Assets on March 28, 2018, the Company separated the CMC Exploration Assets from the Canadian Malartic joint operation into a distinct goodwill test performed for the Exploration segment as at December 31, 2020 and 2019. The estimated recoverable amount of the CMC Exploration Assets CGU was calculated by reference to comparable market transactions or by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 8.10% (2019 – 7.80%). The recoverable amount calculation was based on an estimate of future production levels applying gold prices of \$1,500 per ounce (in real terms) (2019 – \$1,350), foreign exchange rates of US\$0.78:C\$1.00 (2019 – US\$0.76:C\$1.00 to US\$0.80:C\$1.00), an inflation rate of 2.0% (2019 – 2.0%), and capital, operating and reclamation costs based on applicable life of mine plans. At December 31, 2020 and 2019, the CMC Exploration Assets CGU estimated recoverable amount exceeded its carrying amount.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

23. IMPAIRMENT (Continued)

Impairment reversal

In 2020, the Company did not identify any indicators of impairment reversal on long-lived assets.

In 2019, the Meliadine mine achieved commercial production upon the completion of a two-year construction period that was characterized by higher risk due to uncertainty of completing the project according to plan, on time and within allocated capital plan. Subsequent to the commercial production, which was achieved ahead of schedule, the Company continued to ramp up the mine for a period of time and observed that the asset performed within expectations, resulting in a reduction of the specific risk premium embedded in the calculation of the discount rate previously applied in the calculation of the recoverable amount. The reduced risk premium in conjunction with other factors that steadily improved over time, including the updated life of mine plans, long-term gold prices and increased geological confidence with respect to certain mineralization, represented an observable indication that the recoverable amount of the CGU had significantly increased. There is significant judgement involved in the determination of whether a previously recognized impairment loss should be reversed.

The estimated recoverable amount of the Meliadine mine CGU as at December 31, 2019 was determined on the basis of fair value less costs to dispose and calculated by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 5.10%. The recoverable amount calculation was based on an estimate of future production levels applying short-term gold prices of \$1,400 to \$1,500 per ounce and long-term gold prices of \$1,350 per ounce (in real terms), an inflation rate of 2.0%, and capital, operating and reclamation costs based on applicable life of mine plans. As the Meliadine mine CGU's estimated recoverable amount exceeded the previous carrying amount less amortization that would have been recognized had the assets not been impaired, an impairment reversal of \$345.8 million (\$223.4 million net of tax) was recognized in the impairment reversal line item in the consolidated statements of income. This impairment reversal in 2019, in combination with an impairment reversal recognized in 2016 of \$83.0 million (\$53.6 million net of tax), represented the full reversal of prior impairment allocated to long-lived assets, as adjusted for amortization. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

Key Assumptions

The determination of the recoverable amount with level 3 input of the fair value hierarchy, includes the following key applicable assumptions:

- Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on local government marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction;
- Gold price estimates were determined using forecasts of future prices prepared by industry analysts, which were available as at or close to the valuation date;
- Foreign exchange estimates are based on a combination of currency forward curves and estimates that reflect the outlooks of major global financial institutions;
- Estimated production levels, and future operating and capital costs are based on detailed life of mine plans and also take into account management's expected development plans; and

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

23. IMPAIRMENT (Continued)

- Estimates of the fair value attributable to mineralization in excess of life of mine plans are based on various assumptions, including determination of the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited economic study has been completed.

24. INCOME AND MINING TAXES

Income and mining taxes expense is made up of the following components:

	Year Ended December 31,	
	2020	2019
Current income and mining taxes	\$180,202	\$112,981
Deferred income and mining taxes:		
Origination and reversal of temporary differences	75,756	152,595
Total income and mining taxes expense	\$255,958	\$265,576

The income and mining taxes expense is different from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

	Year Ended December 31,	
	2020	2019
Combined federal and composite provincial tax rates	26%	26%
Expected income tax expense at statutory income tax rate	\$199,568	\$192,073
Increase (decrease) in income and mining taxes resulting from:		
Mining taxes	94,511	92,200
Impact of foreign tax rates	(7,471)	(14,915)
Permanent differences	(19,197)	(2,450)
Impact of foreign exchange on deferred income tax balances	(11,453)	(1,332)
Total income and mining taxes expense	\$255,958	\$265,576

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

24. INCOME AND MINING TAXES (Continued)

The following table sets out the components of Agnico Eagle's net deferred income and mining tax liabilities:

	As at December 31, 2020	As at December 31, 2019
Mining properties	\$1,390,600	\$1,293,863
Net operating and capital loss carry forwards	(100,026)	(167,139)
Mining taxes	(90,706)	(71,507)
Reclamation provisions and other liabilities	(163,807)	(107,075)
Total deferred income and mining tax liabilities	\$1,036,061	\$ 948,142
	As at December 31, 2020	As at December 31, 2019
Deferred income and mining tax liabilities – beginning of year	\$ 948,142	\$796,708
Income and mining tax impact recognized in net income	76,197	152,006
Income tax impact recognized in other comprehensive income and equity	11,722	(572)
Deferred income and mining tax liabilities – end of year	\$1,036,061	\$948,142

The Company operates in different jurisdictions and, accordingly, it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject, in the future, to a review of its historic income and other tax filings and, in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved.

The deductible temporary differences and unused tax losses in respect of which a deferred tax asset has not been recognized in the consolidated balance sheets are as follows:

	As at December 31, 2020	As at December 31, 2019
Net capital loss carry forwards	\$ –	\$ 56,003
Other deductible temporary differences	214,520	296,425
Unrecognized deductible temporary differences and unused tax losses	\$214,520	\$352,428

The Company had previously unused tax credits of \$12.7 million as at December 31, 2019 for which a deferred tax asset has not been recognized. The unused tax credits expired on December 31, 2020.

The capital loss carry forwards have been recognized as a deferred tax asset as at December 31, 2020. The capital loss carry forwards and other deductible temporary differences have no expiry date.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

24. INCOME AND MINING TAXES (Continued)

The Company has \$411.4 million (2019 – \$276.8 million) of taxable temporary differences associated with its investments in subsidiaries for which deferred income tax has not been recognized, as the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

The Company is subject to taxes in Canada, Mexico and Finland, each with varying statutes of limitations. Prior taxation years generally remain subject to examination by applicable taxation authorities.

25. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL

During the year ended December 31, 2020, employee benefits expense recognised in the statements of income was \$657.0 million (2019 – \$636.8 million). In 2020 and 2019, there were no related party transactions other than compensation of key management personnel. Key management personnel include the members of the Board and the senior leadership team.

The following table sets out the compensation of key management personnel:

	Year Ended December 31,	
	2020	2019
Salaries, short-term incentives and other benefits	\$16,964	\$14,553
Post-employment benefits	1,634	1,579
Share-based payments	28,631	24,130
Total	\$47,229	\$40,262

26. COMMITMENTS AND CONTINGENCIES

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2020, the total amount of these guarantees was \$482.9 million.

Certain of the Company's properties are subject to royalty arrangements. Set out below are the Company's most significant royalty arrangements related to operating mines:

- The Company has a royalty agreement with the Finnish government relating to the Kittila mine. Starting 12 months after the Kittila mine's operations commenced, the Company has been required to pay 2.0% net smelter return royalty, defined as revenue less processing costs.
- The Partnership is committed to pay a royalty on production or metal sales from certain properties in Quebec, Canada. The type of royalty agreements include, but are not limited to, net smelter return royalties, with percentages ranging from 1.5% to 5.0%.
- The Company is committed to pay a 5.0% net profits interest royalty on production from the Terrex property at the LaRonde mine in Quebec, Canada.
- The Company is committed to pay a 2.0% net smelter return royalty on the metal sales from the LaRonde Zone 5 mine in Quebec, Canada.
- The Company is committed to pay a 1.2% net smelter return royalty on sales from the Meliadine mine in Nunavut, Canada.

AGNICO EAGLE MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

December 31, 2020

26. COMMITMENTS AND CONTINGENCIES (Continued)

- The Company is committed to two royalty arrangements on production from the Amaruq satellite deposit at the Meadowbank Complex in Nunavut, Canada, a 1.4% net smelter return royalty and a 12.0% net profits interest royalty.
- The Company is committed to pay a royalty on production from certain properties in Mexico. The type of royalty agreements include, but are not limited to, net smelter return royalties, with percentages ranging from 2.5% to 3.5% at the Pinos Altos and Creston Mascota mines and 0.5% at the La India mine.

The Company regularly enters into various earn-in and shareholder agreements, often with commitments to pay net smelter return and other royalties.

The Company had the following contractual commitments as at December 31, 2020, of which \$69.5 million related to capital expenditures:

	Contractual Commitments
2021	\$ 96,146
2022	10,672
2023	5,629
2024	2,553
2025	2,496
Thereafter	4,206
Total	\$121,702

27. SUBSEQUENT EVENTS

Dividends Declared

On February 11, 2021, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of \$0.35 per common share (a total value of approximately \$84.9 million), payable on March 22, 2021 to holders of record of the common shares of the Company on March 1, 2021.

Acquisition of TMAC Resources Inc. ("TMAC")

On February 2, 2021, the Company completed the purchase of all the issued and outstanding shares of TMAC which owns and operates the Hope Bay mine, and also owns exploration properties in the Kitimeot region of Nunavut. The shares were acquired for approximately \$226.0 million in cash consideration (C\$2.20 per share). In connection with the transaction, TMAC's outstanding debt of \$134.0 million was extinguished. The acquisition also triggered a one-time option to buy-back a 1.5% net smelter return royalty on Hope Bay from Maverix Metals Inc. which was purchased for \$50.0 million. The Company is currently performing procedures to estimate the fair value of identifiable tangible and intangible assets acquired and liabilities assumed and to allocate the purchase price in the TMAC transaction, and will record the initial fair value estimates in the first quarter of 2021.

Shareholder Information

Auditors

Ernst & Young LLP

Solicitors

Davies Ward Philips & Vineberg LLP
(Toronto and New York)

Listings

New York Stock Exchange and
the Toronto Stock Exchange

Stock Symbol: AEM

Transfer Agent

Computershare Trust Company of Canada
1-800-564-6253

Investor Relations

(416) 947-1212

Annual Meeting of Shareholders*

Friday, April 30, 2021 at 11:00 AM (E.D.T.)

*IMPORTANT NOTICE

Due to the continuing public health impact of the COVID-19 pandemic, and having regard to the health and safety of the Company's employees and shareholders as well as public health guidelines to limit gatherings of people, the Meeting will be held in a virtual only meeting format on Friday, April 30, 2021, at 11:00 AM (E.D.T.). Online access to the AGM will begin at approximately 10:30 AM (E.D.T.). You will not be able to attend the Meeting in person. The Company expects to revert back to an in-person annual meeting in future years after public health conditions have improved. Details on how to participate as a shareholder of record will be made available in advance of the Meeting.

Corporate Head Office

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Photo Captions

Cover



Our Kittila mine in Finland is constructing a shaft and expanding mill capacity as part of a major expansion project.



Technician analyzing a COVID-19 test at one of the five mobile same-day testing labs that Agnico has installed at its operations in Canada.



In Mexico we donated 3,000 seedling trees of native species, produced in our nursery, to local farmers who use them as natural fences to protect their crops.

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Our Meadowbank Complex located in Nunavut has been operating since 2010.

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Mining equipment at our Meliadine mine's Tiriganiaq open-pit in Nunavut.

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Agnico Eagle's Goldex mine in Quebec has begun implementing autonomous mining equipment.

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In February 2021, Agnico Eagle acquired TMAC Resources and the Hope Bay mine in northwestern Nunavut.

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Agnico Eagle's Pinos Altos mine located in Chihuahua State in northern Mexico.



AGNICO EAGLE

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