

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934**

For the month of July, 2019.

Commission File Number 001-13422

**AGNICO EAGLE MINES LIMITED**

(Translation of registrant's name into English)

**145 King Street East, Suite 400, Toronto, Ontario M5C 2Y7**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1) : \_\_\_\_\_

**Note:** Regulation S-T Rule 101 (b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7) : \_\_\_\_\_

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b) : 82- \_\_\_\_\_.

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EXHIBITS

Exhibit No.	Exhibit Description
99.1	Second Quarter Report

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGNICO EAGLE MINES LIMITED  
(Registrant)

Date: 07/25/2019

By: /s/ R. GREGORY LAING

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R. Gregory Laing  
General Counsel, Sr. Vice President, Legal  
and Corporate Secretary

Exhibit Number 99.1 submitted with this Form 6-K is hereby incorporated by reference into Agnico Eagle Mines Limited's Registration Statements on [Form F-10 \(Reg. No. 333-189715\)](#), [Form F-3D \(Reg. No. 333-190888\)](#) and Form S-8 (Reg. Nos. [333-130339](#) and [333-152004](#)).

QuickLinks

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[SIGNATURES](#)



# **AGNICO EAGLE**

## **Second Quarter Report 2019**

**AGNICO EAGLE MINES LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Prepared in accordance with International Financial Reporting Standards)**  
**For the Three and Six Months Ended June 30, 2019**

This Management's Discussion and Analysis ("MD&A") dated July 25, 2019 of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2019 that were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). This MD&A should also be read in conjunction with the MD&A and consolidated financial statements included in the Company's Annual Report on Form 40-F for the year ended December 31, 2018 (the "Form 40-F"), prepared in accordance with IFRS. The condensed interim consolidated financial statements and this MD&A are presented in United States dollars ("US dollars", "\$" or "US\$") and all units of measurement are expressed using the metric system, unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("CS\$"), 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, 2018 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Business Overview**

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

Agnico Eagle earns a significant proportion of its revenue and cash flow from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals, primarily silver, zinc and copper.

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

### **Financial and Operating Results**

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

Total assets as at June 30, 2019 of \$8,090.7 million increased by \$237.8 million compared with total assets of \$7,852.8 million as at December 31, 2018. Cash and cash equivalents decreased by \$183.1 million to \$118.7 million between December 31, 2018 and June 30, 2019 primarily due to \$434.3 million in capital expenditures, \$49.2 million in dividends paid and \$24.1 million for the repurchase of common shares for stock-based compensation plans during the first six months of 2019, partially offset by cash provided by operating activities of \$275.0 million and proceeds on stock option exercises of \$73.8 million. Other current assets increased from \$165.8 million at December 31, 2018 to \$241.7 million at June 30, 2019 primarily due to an increase in prepaid fuel expenses. Property, plant and mine development increased from \$6,234.3 million at December 31, 2018 to \$6,507.7 million at June 30, 2019 primarily due to additions capitalized to property, plant and mine development of \$544.1 million, partially offset by amortization expense of \$252.4 million during the first six months of 2019.

Total liabilities increased to \$3,445.0 million at June 30, 2019 from \$3,302.8 million at December 31, 2018 primarily due to the capitalization of the Company's lease obligations in accordance with the adoption of IFRS 16 — *Leases* ("IFRS 16") on January 1, 2019. A \$31.0 million increase in accounts payable and accrued liabilities between December 31, 2018 and June 30, 2019 was primarily due to expenditures in preparation for

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the summer barge shipping season in Nunavut. Agnico Eagle's reclamation provision increased by \$39.9 million between December 31, 2018 and June 30, 2019 primarily due to the re-measurement of the Company's reclamation provisions by applying updated expected cash flows and assumptions at June 30, 2019. Agnico Eagle's net income taxes payable position of \$0.9 million at December 31, 2018 was reduced during the first six months of 2019 by payments to tax authorities in excess of the year to date current tax provision, resulting in a net income taxes recoverable position of \$17.4 million at June 30, 2019.

*Fair Value of Derivative Financial Instruments*

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

***Results of Operations***

Agnico Eagle reported net income of \$27.8 million, or \$0.12 per share, in the second quarter of 2019, compared with net income of \$5.0 million, or \$0.02 per share, in the second quarter of 2018. Agnico Eagle reported an adjusted net income of \$22.7 million, or \$0.10 per share, in the second quarter of 2019 compared with adjusted net income of \$2.6 million, or \$0.01 per share, in the second quarter of 2018. For a reconciliation of adjusted net income to net income as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

In the second quarter of 2019, the operating margin (revenues from mining operations less production costs) decreased to \$247.1 million compared with \$252.6 million in the second quarter of 2018, primarily due to a 6.8% decrease in the sales volume of commercial gold ounces which excludes 25,645 pre-commercial gold ounces from the Meliadine mine, a 22.3% decrease in the sales volume of copper tonnes and a decrease in the realized prices of silver, zinc and copper between periods. Partially offsetting the overall decrease in the operating margin was a 67.8% increase in the sales volume of zinc tonnes. Gold production increased to 412,315 ounces during the second quarter of 2019, compared with 404,961 ounces in the second quarter of 2018, primarily due to 61,112 ounces produced at the Meliadine mine which achieved commercial production during the second quarter of 2019. Partially offsetting the overall increase in gold production between the second quarter of 2019 and the second quarter of 2018 was an expected decrease in gold production at the Meadowbank mine resulting from a 19.4% decrease in ore tonnes processed as the mine transitions to the Amaruq satellite deposit in the second half of 2019 and an expected decrease in gold production at the Kittila mine due to a 62.3% decrease in tonnes processed as a result of the planned 58-day mill shutdown for autoclave relining. Cash provided by operating activities amounted to \$126.3 million in the second quarter of 2019, compared with \$120.1 million in the second quarter of 2018.

Total weighted average cash costs per ounce of gold produced amounted to \$652 on a by-product basis and \$736 on a co-product basis in the second quarter of 2019 compared with \$656 on a by-product basis and \$736 on a co-product basis in the second quarter of 2018. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

Agnico Eagle reported net income of \$64.8 million or \$0.28 per share, in the six months ended June 30, 2019, compared with net income of \$49.9 million, or \$0.21 per share, in the six months ended June 30, 2018.

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Agnico Eagle reported adjusted net income of \$54.6 million, or \$0.23 per share, in the first six months of 2019 compared with adjusted net income of \$36.9 million, or \$0.16 per share, in the first six months of 2018. For a reconciliation of adjusted net income to net income as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

In the first six months of 2019, the operating margin (revenues from mining operations less production costs) decreased to \$502.4 million, compared with \$535.7 million in the first six months of 2018, primarily due to a 5.6% decrease in the sales volume of commercial gold ounces which excludes 28,855 pre-commercial gold ounces from the Meliadine mine, a 32.9% decrease in the sales volume of copper tonnes and a decrease in the realized prices of silver, zinc and copper between periods. Partially offsetting the overall decrease in the operating margin was a 19.5% increase in the sales volume of zinc tonnes. Gold production increased to 810,532 ounces in the first six months of 2019, compared with 794,239 ounces in the first six months of 2018, primarily due to 78,694 ounces produced at the Meliadine mine which achieved commercial production during the second quarter of 2019. Partially offsetting the overall increase in gold production between the first six months of 2019 and the first six months of 2018 was an expected decrease in the gold production at the Meadowbank mine resulting from a 21.9% decrease in ore tonnes processed as the mine transitions to the Amaruq satellite deposit in the second half of 2019 and an expected decrease in the gold production at the Kittila mine due to a 30.9% decrease in tonnes processed as a result of the planned 58-day mill shutdown for autoclave relining. Cash provided by operating activities amounted to \$275.0 million in the first six months of 2019, compared with \$327.8 million in the first six months of 2018.

Total weighted average cash costs per ounce of gold produced amounted to \$638 on a by-product basis and \$720 on a co-product basis in the first six months of 2019, compared with \$652 on a by-product basis and \$735 on a co-product basis in the first six months of 2018. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.



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The table below sets out variances in the key drivers of net income for the three and six months ended June 30, 2019, compared with the three and six months ended June 30, 2018:

<b>(millions of United States dollars)</b>	<b>Three Months Ended June 30, 2019 vs. Three Months Ended June 30, 2018</b>	<b>Six Months Ended June 30, 2019 vs. Six Months Ended June 30, 2018</b>
Decrease in gold revenue	\$ (25.4)	\$ (60.0)
Decrease in silver revenue	(2.7)	(7.8)
Decrease in net copper revenue	(3.3)	(7.0)
Increase (decrease) in net zinc revenue	1.7	(1.2)
Decrease in production costs due to effects of foreign currencies	7.5	21.0
Decrease in production costs	16.7	21.6
Decrease in exploration and corporate development expenses	11.6	16.4
Decrease in amortization of property, plant and mine development	14.3	20.4
Decrease in general and administrative expenses	1.5	5.9
Increase in finance costs	(2.0)	(6.0)
Change in (gain) loss on derivative financial instruments	7.3	15.8
Change in non-cash foreign currency translation	(0.3)	(5.9)
Decrease in income and mining taxes	20.4	29.3
Other	(24.5)	(27.6)
<b>Total net income variance</b>	<b>\$ 22.8</b>	<b>\$ 14.9</b>

*Three Months Ended June 30, 2019 vs. Three Months Ended June 30, 2018*

Revenues from mining operations decreased to \$526.6 million in the second quarter of 2019, compared with \$556.3 million in the second quarter of 2018, primarily due to a 6.8% decrease in the sales volume of commercial gold ounces which excludes 25,645 pre-commercial gold ounces from the Meliadine mine, a 22.3% decrease in the sales volume of copper tonnes and a decrease in the realized prices of silver, zinc and copper between periods. Partially offsetting the overall decrease in the revenues was a 67.8% increase in the sales volume of zinc tonnes.

Production costs were \$279.5 million in the second quarter of 2019, a 8.0% decrease compared with \$303.7 million in the second quarter of 2018, primarily due to a decrease in the open pit mining costs at the Meadowbank mine as the mine transitions to the Amaruq satellite deposit in the second half of 2019, decreased operating costs at the Kittila mine due to the planned 58-day mill shutdown for autoclave relining and the weakening of the Canadian dollar and the Euro relative to the US dollar between periods.

Weighted average total cash costs per ounce of gold produced decreased to \$652 on a by-product basis in the second quarter of 2019, compared with \$656 on a by-product basis in the second quarter of 2018, primarily due to decreased open pit mining costs at the Meadowbank mine as the mine transitions to the Amaruq satellite deposit in the second half of 2019, decreased operating costs at the Kittila mine due to the planned 58-day mill shutdown for autoclave relining and the weakening of the Canadian dollar and the Euro relative to the US dollar between periods. Weighted average total cash costs per ounce of gold produced on a co-product basis remained unchanged at \$736 between the second quarter of 2019 and the second quarter of 2018. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

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Exploration and corporate development expenses decreased to \$27.4 million in the second quarter of 2019, compared with \$38.9 million in the second quarter of 2018, primarily due to a decrease in exploration drilling at the Amaruq satellite project and the El Barqueno property, partially offset by an increase in exploration drilling at the Kirkland Lake properties.

Amortization of property, plant and mine development decreased by \$14.3 million to \$124.2 million between the second quarter of 2018 and the second quarter of 2019, primarily due to lower throughput at the Kittila mine from the planned 58-day mill shutdown for autoclave relining and lower tonnes processed at the Pinos Altos mine due to the transition to a predominantly underground mining operation.

General and administrative expense decreased to \$29.1 million during the second quarter of 2019, compared with \$30.6 million during the second quarter of 2018, primarily due to decreased compensation and benefits expenses between periods.

Other income decreased to \$5.0 million during the second quarter of 2019, compared with \$29.5 million during the second quarter of 2018, primarily due to a gain from the sale of certain non-core properties in the second quarter of 2018.

During the second quarter of 2019, there was a non-cash foreign currency translation loss of \$4.1 million attributable to a strengthening of the Canadian dollar, Euro and Mexican peso relative to the US dollar at June 30, 2019, compared to March 31, 2019 on the Company's net monetary liabilities denominated in foreign currencies. A non-cash foreign currency translation loss of \$3.9 million was recorded during the comparative second quarter of 2018.

In the second quarter of 2019, the Company recorded income and mining taxes expense of \$15.0 million on income before income and mining taxes of \$42.8 million, resulting in an effective tax rate of 35.1%. In the second quarter of 2018, the Company recorded income and mining taxes expense of \$35.4 million on income before income and mining taxes of \$40.4 million, resulting in an effective tax rate of 87.7%. The decrease in the effective tax rate between the second quarter of 2018 and the second quarter of 2019 is primarily due to a decrease in permanent differences and foreign exchange rate movements.

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

*Six Months Ended June 30, 2019 vs. Six Months Ended June 30, 2018*

Revenues from mining operations decreased to \$1,058.8 million during the six months ended June 30, 2019, compared with \$1,134.7 million during the six months ended June 30, 2018, primarily due to a 5.6% decrease in the sales volume of commercial gold ounces which excludes 28,855 pre-commercial gold ounces from the Meliadine mine, a 32.9% decrease in the sales volume of copper tonnes and a decrease in the realized prices of silver, zinc and copper between periods. Partially offsetting the overall decrease in the revenues was a 19.5% increase in the sales volume of zinc tonnes.

Production costs were \$556.4 million during the six months ended June 30, 2019, a 7.1% decrease compared with \$599.0 million in the six months ended June 30, 2018, primarily due to decreased open pit mining costs at the Meadowbank mine as the mine transitions to the Amaruq satellite deposit in the second half of 2019, decreased operating costs at the Kittila mine due to the planned 58-day mill shutdown for autoclave relining and the weakening of the Canadian dollar, the Mexican peso and the Euro relative to the US dollar between periods. Partially offsetting the total decrease in production costs for the first six months of 2019 was the contribution from the Meliadine mine which achieved commercial production during the second quarter of 2019.

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Weighted average total cash costs per ounce of gold produced decreased to \$638 on a by-product basis and \$720 on a co-product basis during the six months ended June 30, 2019, compared with \$652 on a by-product basis and \$735 on a co-product basis during the six months ended June 30, 2018, primarily due to decreased open pit mining costs at the Meadowbank mine as the mine transitions to the Amaruq satellite deposit in the second half of 2019, decreased operating costs at the Kittila mine due to the planned 58-day mill shutdown for autoclave relining and the weakening of the Canadian dollar, the Mexican peso and the Euro relative to the US dollar between periods. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income in accordance with IFRS, see *Non-GAAP Financial Performance Measures* in this MD&A.

Exploration and corporate development expenses were \$52.8 million during the six months ended June 30, 2019, compared with \$69.2 million during the six months ended June 30, 2018 due to a decrease in exploration drilling at the Amaruq satellite project and the El Barqueno property.

Amortization of property, plant and mine development decreased by \$20.4 million to \$252.4 million between the six months ended June 30, 2018 and the six months ended June 30, 2019 due to lower throughput at the Kittila mine from the planned 58-day mill shutdown for autoclave relining, an increase in the proven and probable reserves at the LaRonde mine and lower tonnes processed and the timing of inventory sales at the Pinus Altos mine.

General and administrative expense decreased to \$58.2 million during the six months ended June 30, 2019, compared with \$64.1 million during the six months ended June 30, 2018, primarily due to decreased compensation and benefits expenses between periods.

Other income decreased to \$3.1 million during the six months ended June 30, 2019, compared with other income of \$30.8 million during the six months ended June 30, 2018, primarily due to a gain from the sale of certain non-core properties in the first half of 2018.

During the six months ended June 30, 2019, there was a non-cash foreign currency translation loss of \$6.3 million attributable to the strengthening of the Canadian dollar and Mexican peso versus the US dollar at June 30, 2019 relative to December 31, 2018 on the Company's net monetary liabilities denominated in foreign currencies. A non-cash foreign currency translation loss of \$0.4 million was recorded during the first six months of 2018.

In the six months ended June 30, 2019, the Company recorded income and mining taxes expense of \$30.5 million on income before income and mining taxes of \$95.3 million, resulting in an effective tax rate of 32.0%. In the six months ended June 30, 2018, the Company recorded income and mining taxes expense of \$59.9 million on income before income and mining taxes of \$109.8 million, resulting in an effective tax rate of 54.5%. The decrease in the effective tax rate between the first six months of 2018 and the first six months of 2019 is due primarily to a decrease in permanent differences and foreign exchange rate movements.

*LaRonde mine*

At the LaRonde mine, gold production decreased by 9.4% to 76,587 ounces in the second quarter of 2019, compared with 84,526 ounces in the second quarter of 2018, primarily due to a decrease in the tonnes of ore being processed as a result of a 10-day underground mine shutdown concurrent with a 9-day mill maintenance shutdown. Production costs at the LaRonde mine were \$48.8 million in the second quarter of 2019, a decrease of 22.4% compared with production costs of \$62.9 million in the second quarter of 2018, driven primarily by the timing of inventory sales.

Gold production decreased by 11.6% to 154,020 ounces in the first six months of 2019 compared with 174,311 ounces in the first six months of 2018 at the LaRonde mine, primarily due to lower gold grade ore being

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processed from the mining sequence. Production costs at the LaRonde mine were \$110.6 million in the first six months of 2019, a decrease of 13.5% compared with production costs of \$127.8 million in the first six months of 2018, driven primarily by the timing of inventory sales.

*LaRonde Zone 5 mine*

At the LaRonde Zone 5 mine, gold production increased to 16,170 ounces in the second quarter of 2019 from 4,601 ounces in the second quarter of 2018. Production costs at the LaRonde Zone 5 mine were \$12.3 million in the second quarter of 2019 and \$0.5 million in the second quarter of 2018. As the LaRonde Zone 5 mine achieved commercial production in June 2018, the second quarter of 2018 does not represent a comparable period.

Gold production increased to 29,158 ounces in the first six months of 2019 from 4,601 ounces in the first six months of 2018 at the LaRonde Zone 5 mine. Production costs at the LaRonde Zone 5 mine were \$17.9 million in the first six months of 2019 and \$0.5 million in the first six months of 2018. As the LaRonde Zone 5 mine achieved commercial production in June 2018, the first six months of 2018 do not represent a comparable period.

*Lapa mine*

Mining and processing operations at Lapa ended in December 2018. Closure activities for the underground infrastructure were completed in the first quarter of 2019. Surface work is currently ongoing by the site reclamation team.

*Goldex mine*

At the Goldex mine, gold production increased by 12.6% to 34,325 ounces in the second quarter of 2019, compared with 30,480 ounces in the second quarter of 2018, primarily due to an increase in ore tonnes being processed. Production costs at the Goldex mine were \$20.3 million in the second quarter of 2019, a decrease of 3.3% compared with production costs of \$20.9 million in the second quarter of 2018, driven primarily by decreased re-handling costs, partially offset by slightly higher underground development costs.

Gold production increased by 17.8% to 68,779 ounces in the first six months of 2019, compared with 58,404 ounces in the first six months of 2018 at the Goldex mine, primarily due to higher gold grade and an increase in the tonnes of ore being processed. Production costs at the Goldex mine were \$39.3 million in the first six months of 2019 which were consistent with production costs of \$39.5 million in the first six months of 2018.

*Meadowbank mine*

At the Meadowbank mine, gold production decreased by 33.8% to 39,457 ounces in the second quarter of 2019, compared with 59,627 ounces in the second quarter of 2018, primarily due to lower gold grade and a decrease in the tonnes of ore being processed as the mine transitions to the Amaruq satellite deposit in the second half of 2019. Production costs at the Meadowbank mine were \$41.8 million in the second quarter of 2019, a decrease of 26.1% compared with production costs of \$56.5 million in the second quarter of 2018, driven primarily by decreased open pit mining and maintenance costs.

Gold production decreased by 31.5% to 82,959 ounces in the first six months of 2019, compared with 121,074 ounces in the first six months of 2018 at the Meadowbank mine, primarily due to lower gold grade and a decrease in the tonnes of ore being processed. Production costs at the Meadowbank mine were \$83.7 million in the first six months of 2019, a decrease of 29.1% compared with production costs of \$118.0 million in the first six months of 2018, driven primarily by decreased open pit mining and maintenance costs, partially offset by increased re-handling costs.

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*Meliadine mine*

In the second quarter of 2019, the Meliadine mine produced 61,112 ounces of gold which included 29,699 ounces processed prior to the achievement of commercial production on May 14, 2019. Production costs incurred during the second quarter of 2019 were \$27.9 million.

In the first six months of 2019, the Meliadine mine produced 78,694 ounces of gold which included 47,281 ounces processed prior to the achievement of commercial production. Production costs incurred during the first six months of 2019 were \$27.9 million.

*Canadian Malartic mine*

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

At the Canadian Malartic mine, attributable gold production decreased by 8.2% to 84,311 ounces in the second quarter of 2019, compared with 91,863 ounces in the second quarter of 2018, primarily due to lower gold grade ore being processed. Attributable production costs at the Canadian Malartic mine were \$51.1 million in the second quarter of 2019, an increase of 1.2% compared with production costs of \$50.6 million in the second quarter of 2018, driven primarily by increased contractor costs and decreased capitalized deferred stripping costs, partially offset by lower re-handling costs.

Attributable gold production decreased by 4.2% to 167,981 ounces in the first six months of 2019, compared with 175,266 ounces in the first six months of 2018, primarily due to lower gold grade ore being processed. Attributable production costs at the Canadian Malartic mine were \$100.9 million in the first six months of 2019, an increase of 3.1% compared with production costs of \$97.9 million in the first six months of 2018, driven primarily by increased contractor costs and decreased capitalized deferred stripping costs.

On August 2, 2016, the Partnership, a general partnership jointly owned by the Company and Yamana, was served with a class action lawsuit filed in the Superior Court of Quebec with respect to allegations involving the Canadian Malartic mine. The complaint is in respect of "neighbourhood annoyances" arising from dust, noise, vibrations and blasts at the mine. The plaintiffs are seeking damages in an unspecified amount as well as punitive damages in the amount of C\$20 million. The class action was certified in May 2017. In November 2017, a declaratory judgment was issued allowing the Partnership to settle individually with class members for 2017 under its Good Neighbor Guide (the "Guide"). In September 2018, the Superior Court introduced an annual revision of the ending date of the class action period and a mechanism for the partial exclusion of class members, allowing the residents to individually settle for a specific period (usually a calendar year) and to opt-out from the class action for such specific period. Both of these judgments were confirmed by the Court of Appeal and the class members will thus continue to have the option to benefit from the Guide. In January 2018, a judgment was rendered in favor of the Partnership, resulting in the removal from the class action of the pre-transaction period, spanning from August 2013 to June 16, 2014, during which the Canadian Malartic mine was not operated by the Partnership. The plaintiff did not seek leave to appeal this decision and rather added new allegations in an attempt to recapture the pre-transaction period. On July 19, 2019, the Court refused to add back the pre-transaction period based on these new allegations. This decision is still subject to a potential appeal. The Company and the Partnership will take all necessary steps to defend themselves from this lawsuit.

On August 15, 2016, the Partnership received notice of an application for injunction relating to the Canadian Malartic mine, which had been filed under the Environment Quality Act (Quebec). A hearing related to an interlocutory injunction was completed on March 17, 2017 and a decision of the Superior Court of Quebec

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

On June 1, 2017, the Partnership was served with an application for judicial review to obtain the annulment of a governmental decree. The Partnership is an impleaded party in the proceedings. The applicant seeks to obtain the annulment of a decree authorizing the expansion of the Canadian Malartic mine. The Company and the Partnership have reviewed the application for judicial review, consider the application without merit and will take all reasonable steps to defend against this application. Following a hearing on the merits in October 2018, the Superior Court dismissed the judicial review on May 13, 2019 and an application for leave to appeal was filed by the Plaintiff on June 20, 2019. While the Company believes it is highly unlikely that the annulment will be granted at the appeal, the Company expects that if the annulment were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in anticipated future production.

*Kittila mine*

At the Kittila mine, gold production decreased by 52.3% to 20,077 ounces in the second quarter of 2019, compared with 42,049 ounces in the second quarter of 2018, primarily due to a decrease in the tonnes of ore being processed from the planned 58-day mill shutdown for autoclave relining, partially offset by higher gold grade ore being processed. Production costs at the Kittila mine were \$21.0 million in the second quarter of 2019, a decrease of 45.7% compared with production costs of \$38.8 million in the second quarter of 2018, driven primarily by the planned 58-day mill shutdown for autoclave relining and the weakening of the Euro relative to the US dollar.

Gold production decreased by 23.0% to 69,413 ounces in the first six months of 2019, compared with 90,167 ounces in the first six months of 2018 at the Kittila mine, primarily due to a decrease in the tonnes of ore being processed as a result of the planned mill shutdown for autoclave relining in the second quarter of 2019. Production costs at the Kittila mine were \$59.6 million in the first six months of 2019, a decrease of 26.8% compared with production costs of \$81.5 million in the first six months of 2018, driven primarily by the planned 58-day mill shutdown for autoclave relining and the weakening of the Euro relative to the US dollar, partially offset by increased underground development costs.

*Pinos Altos mine*

At the Pinos Altos mine, gold production decreased by 4.4% to 41,740 ounces in the second quarter of 2019, compared with 43,646 ounces in the second quarter of 2018, primarily due to a decrease in the tonnes of ore processed at the heap leach. Production costs at the Pinos Altos mine were \$31.3 million in the second quarter of 2019, a decrease of 10.0% compared with production costs of \$34.7 million in the second quarter of 2018, driven primarily by the timing of inventory sales, decreased re-handling costs and decreased open pit operating costs, partially offset by increased underground mining costs as the mine transitioned into a predominantly underground mining operation.

Gold production decreased by 1.2% to 84,470 ounces in the first six months of 2019, compared with 85,482 ounces in the first six months of 2018 at the Pinos Altos mine, primarily due to a decrease in the tonnes of ore processed at the heap leach. Production costs at the Pinos Altos mine were \$60.9 million in the first six months of 2019, a decrease of 12.3% compared with production costs of \$69.4 million in the first six months of

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2018, driven primarily by the timing of inventory sales and decreased open pit operating costs, partially offset by increased underground mining costs as the mine transitioned into a predominantly underground mining operation.

*Creston Mascota mine*

At the Creston Mascota mine, gold production increased by 110.4% to 18,336 ounces in the second quarter of 2019, compared with 8,716 ounces in the second quarter of 2018, primarily due to higher gold grade and an increase in the tonnes of ore being processed at the heap leach. In addition, certain tonnes of higher gold grade from the Bravo deposit were processed at the Pinos Altos mill to increase the recovery of gold ounces. Production costs at the Creston Mascota mine were \$9.0 million in the second quarter of 2019, a decrease of 12.0% compared with production costs of \$10.2 million in the second quarter of 2018, driven primarily by the timing of inventory, partially offset by increased open pit mining costs.

Gold production increased by 53.9% to 31,865 ounces in the first six months of 2019, compared with 20,704 ounces in the first six months of 2018 at the Creston Mascota mine, primarily due to higher gold grade being processed at the heap leach. In addition, certain tonnes of higher gold grade from the Bravo deposit were processed at the Pinos Altos mill to increase the recovery of gold ounces in the second quarter of 2019. Production costs at the Creston Mascota mine were \$18.8 million in the first six months of 2019, a decrease of 5.2% compared with production costs of \$19.9 million in the first six months of 2018, driven primarily by the timing of inventory, partially offset by increased open pit mining costs.

*La India mine*

At the La India mine, gold production decreased by 18.9% to 20,200 ounces in the second quarter of 2019, compared with 24,920 ounces in the second quarter of 2018, primarily due to a decrease in the tonnes of ore being processed at the heap leach. Production costs at the La India mine were \$16.1 million in the second quarter of 2019, a decrease of 9.5% compared with production costs of \$17.8 million in the second quarter of 2018, driven primarily by the timing of inventory.

Gold production decreased by 10.0% to 43,188 ounces in the first six months of 2019, compared with 47,975 ounces in the first six months of 2018, primarily due to a decrease in the tonnes of ore being processed at the heap leach. Production costs at the La India mine were \$33.8 million in the first six months of 2019, an increase of 2.0% compared with production costs of \$33.2 million in the first six months of 2018, driven primarily by the timing of inventory sales.

**Liquidity and Capital Resources**

As at June 30, 2019, the Company's cash and cash equivalents and short-term investments totaled \$125.6 million compared with \$307.9 million as at December 31, 2018. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to reduce risks associated with these investments. Such investments with remaining maturities of greater than three months and less than one year at the time of purchase are classified as short-term investments. Decisions regarding the length of maturities are based on cash flow requirements, rates of return and various other factors.

Working capital (current assets less current liabilities) decreased to \$224.7 million as at June 30, 2019 compared with \$711.0 million as at December 31, 2018 primarily due to decreased cash and cash equivalents as a result of capital spending at the Company's Nunavut projects and the reclassification to current liabilities of the portion of the Company's long-term debt due within one year.

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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 to \$126.3 million in the second quarter of 2019 compared with \$120.1 million in the second quarter of 2018 primarily due to a higher realized gold price and more favourable working capital changes between periods.

Cash provided by operating activities decreased to \$275.0 million in the first six months of 2019 compared with \$327.8 million in the first six months of 2018 primarily due to a 2.0% decrease in payable gold ounces sold, lower realized metal prices and less favourable working capital changes between periods.

***Investing Activities***

Cash used in investing activities increased to \$233.2 million in the second quarter of 2019 compared with \$201.4 million in the second quarter of 2018 primarily due to a \$33.1 million decrease in proceeds from the sale of property, plant and mine development and a \$16.3 million decrease in proceeds from the sale of equity securities, partially offset by a \$19.3 million decrease in capital expenditures between periods. The decrease in capital expenditures between periods is mainly attributable to a decrease in construction expenditures related to the Meliadine mine which achieved commercial production in the current period.

In the second quarter of 2019, the Company purchased \$3.9 million in equity securities and other investments compared with \$3.0 million in the second quarter of 2018. The Company's equity securities and other investments consist primarily of investments in common shares and financial instruments of entities in the mining industry.

Cash used in investing activities decreased to \$460.8 million in the first six months of 2019 compared with \$556.1 million in the first six months of 2018 primarily due to an asset acquisition for \$162.5 million in the prior period, partially offset by a \$32.9 million decrease in proceeds from the sale of property, plant and mine development and a \$15.4 million decrease in proceeds from the sale of equity securities between periods.

In the first six months of 2019, the Company purchased \$28.9 million in equity securities and other investments compared with \$7.5 million in the first six months of 2018. In the first six months of 2019, the Company received net proceeds of \$0.9 million from the sale of equity securities compared with \$16.3 million in the first six months of 2018.

***Financing Activities***

Cash provided by financing activities decreased to \$34.9 million in the second quarter of 2019 compared with cash provided by financing activities of \$340.5 million in the second quarter of 2018 primarily due to a \$350.0 million decrease in notes issuances, partially offset by a \$48.8 million increase in proceeds from stock option plan exercises between periods.

Cash provided by financing activities decreased to \$1.5 million in the first six months of 2019 compared with \$306.2 million in the first six months of 2018 primarily due to a \$350.0 million decrease in notes issuances, partially offset by a \$52.1 million increase in proceeds from stock option plan exercises between periods.

The Company issued common shares for net proceeds of \$62.1 million in the second quarter of 2019 and \$13.0 million in the second quarter of 2018 attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan. Net proceeds from the issuance of common shares amounted to \$81.6 million in the first six months of 2019 and \$28.6 million in the first six months



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of 2018 attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan.

On April 25, 2019, Agnico Eagle declared a quarterly cash dividend of \$0.125 per common share paid on June 14, 2019 to holders of record of the common shares of the Company on May 31, 2019. Agnico Eagle has declared a cash dividend every year since 1983. In the second quarter of 2019, the Company paid dividends of \$23.8 million, an increase of \$4.4 million compared to \$19.4 million paid in the second quarter of 2018. In the first six months of 2019, the Company paid dividends of \$49.2 million, an increase of \$7.2 million compared to \$42.1 million paid in the first six months of 2018. 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.

Repayments of lease obligations of \$3.5 million in the second quarter of 2019 increased compared to \$0.8 million in the second quarter of 2018 due to the adoption of IFRS 16 on January 1, 2019. Repayments of lease obligations of \$6.8 million in the first six months of 2019 increased compared to \$1.7 million in the first six months of 2018 due to the adoption of IFRS 16 on January 1, 2019. Prior to the adoption of IFRS 16, leases were classified as either finance or operating leases. Payments made under operating leases were recognized as an expense in the statement of income and through operating activities in the statement of cash flows. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases where it is the lessee, except for short-term leases and leases of low value assets. Leases are recognized on the balance sheet as a right-of-use asset and a corresponding liability. The principal amount of lease payments in each period are recorded in financing activities in the statement of cash flows. For more information please see Note 10 in the Company's condensed interim consolidated financial statements.

On December 14, 2018, the Company amended its \$1.2 billion Credit Facility (the "Credit Facility") to extend the maturity date from June 22, 2022 to June 22, 2023. Credit Facility availability is reduced by outstanding letters of credit. As at June 30, 2019, \$1,200.0 million was available for future drawdown under the Credit Facility.

On June 29, 2016, the Company entered into a standby letter of credit facility with a financial institution providing for a C\$100.0 million uncommitted letter of credit facility (the "Third LC Facility"). Letters of credit issued under the Third LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. The obligations of the Company under the Third LC Facility are guaranteed by certain of its subsidiaries. As at June 30, 2019, the aggregate undrawn face amount of letters of credit under the Third LC Facility amounted to \$48.3 million.

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a C\$150.0 million uncommitted letter of credit facility (as amended, the "Second LC Facility"). The Second LC Facility may be used by the Company to support the reclamation obligations of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest or the performance obligations (other than with respect to indebtedness for borrowed money) of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest that are not directly related to reclamation obligations. Payment and performance of the Company's obligations under the Second LC Facility are supported by an account performance security guarantee issued by Export Development Canada in favour of the lender. As at June 30, 2019, the aggregate undrawn face amount of letters of credit under the Second LC Facility amounted to \$106.8 million.

On July 31, 2015, the Company amended its credit agreement with another financial institution relating to its uncommitted letter of credit facility (as amended, the "First LC Facility"). Effective September 27, 2016, the amount available under the First LC Facility was increased to C\$350.0 million. The obligations of the Company under the First LC Facility are guaranteed by certain of its subsidiaries. The First LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its

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subsidiaries. As at June 30, 2019, the aggregate undrawn face amount of letters of credit under the First LC Facility amount to \$192.1 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 \$1,735.0 million guaranteed senior unsecured notes as at June 30, 2019.

**Risk Profile**

The Company is subject to significant risks, including but not limited to fluctuations in commodity prices, foreign exchange rates and other risks due to the inherent nature of the business of exploration, development and mining of properties with precious metals. Changes in economic conditions and volatile financial markets may have a significant impact on Agnico Eagle's cost and availability of financing and overall liquidity. The volatility in gold, silver, zinc and copper prices directly affects Agnico Eagle's revenues, earnings and cash flow. Volatile energy, commodity and consumables prices and currency exchange rates impact production costs. For a more comprehensive discussion of these inherent risks, see "Risk Factors" in our Form 40-F/Annual Information Form for the year ended December 31, 2018 on file with the SEC and Canadian provincial securities regulatory authorities.

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

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

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

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

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

There have been no significant changes in the Company's internal control over financial reporting in the second quarter of 2019 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting.

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**Non-GAAP Financial Performance Measures**

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

**Adjusted Net Income**

Adjusted net income is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. This measure is calculated by adjusting net income as recorded in the condensed interim consolidated statements of income for non-recurring, unusual and other items. The Company believes that this generally accepted industry measure allows the evaluation of the results of continuing operations and is useful in making comparisons between periods. Adjusted net income is intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to monitor and plan for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS. The Company does not exclude stock-based compensation expense in its calculation of adjusted net income. Stock option expense for the three months ended June 30, 2019 was \$3.3 million (three months ended June 30, 2018 — \$3.8 million). Stock option expense for the six months ended June 30, 2019 was \$9.5 million (six months ended June 30, 2018 — \$11.6 million).

(thousands of United States dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Net income for the period</b>	\$ 27,772	\$ 4,972	\$ 64,804	\$ 49,902
Foreign currency translation loss	4,131	3,875	6,337	390
(Gain) loss on derivative financial instruments	(2,858)	4,440	(12,674)	3,134
Income and mining taxes adjustments <sup>(i)</sup>	(3,271)	14,312	(4,057)	7,848
Other <sup>(ii)</sup>	(3,107)	(24,953)	228	(24,419)
<b>Adjusted net income for the period</b>	<b>\$ 22,667</b>	<b>\$ 2,646</b>	<b>\$ 54,638</b>	<b>\$ 36,855</b>
Net income per share — basic	\$ 0.12	\$ 0.02	\$ 0.28	\$ 0.21
Net income per share — diluted	\$ 0.12	\$ 0.02	\$ 0.27	\$ 0.21
Adjusted net income per share — basic	\$ 0.10	\$ 0.01	\$ 0.23	\$ 0.16
Adjusted net income per share — diluted	\$ 0.10	\$ 0.01	\$ 0.23	\$ 0.16

Notes:

- (i) Income and mining tax adjustments reflect foreign currency translation recorded to the income and mining taxes expense, recognition of previously unrecognized capital losses, the result of income and mining tax audits, impact of tax law changes and reflective adjustments to prior period operating results.
- (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 changes in estimates of asset retirement obligations at closed sites and gains and losses on the disposal of assets.

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

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

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

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

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

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

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

**Total Production Costs by Mine**

(thousands of United States dollars)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
LaRonde mine	\$	48,787	\$	62,908	\$	110,590	\$	127,844
LaRonde Zone 5 mine		12,273		521		17,948		521
Lapa mine		—		10,757		2,844		11,285
Goldex mine		20,252		20,943		39,326		39,527
Meadowbank mine		41,751		56,483		83,656		117,973
Meliadine mine		27,887		—		27,887		—
Canadian Malartic mine <sup>(i)</sup>		51,141		50,557		100,900		97,877
Kittila mine		21,033		38,759		59,633		81,475
Pinos Altos mine		31,262		34,743		60,920		69,442
Creston Mascota mine		9,002		10,226		18,838		19,877
La India mine		16,109		17,798		33,848		33,200
Production costs per the condensed interim consolidated statements of income	\$	279,497	\$	303,695	\$	556,390	\$	599,021

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

(thousands of United States dollars, except as noted)

LaRonde mine Per Ounce of Gold Produced <sup>(ii)</sup>	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		76,587		84,526		154,020		174,311
Production costs	\$	48,787	\$	62,908	\$	110,590	\$	127,844
Inventory and other adjustments <sup>(iv)</sup>		7,911		(10,336)		699		(17,867)
Cash operating costs (co-product basis)	\$	56,698	\$	52,572	\$	111,289	\$	109,977
By-product metal revenues		(17,930)		(19,152)		(34,722)		(38,212)
Cash operating costs (by-product basis)	\$	38,768	\$	33,420	\$	76,567	\$	71,765

LaRonde mine Per Tonne <sup>(iii)</sup>	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		462		507		1,009		1,038
Production costs	\$	48,787	\$	62,908	\$	110,590	\$	127,844
Production costs (C\$)	C\$	65,215	C\$	79,891	C\$	147,270	C\$	162,023
Inventory and other adjustments (C\$) <sup>(v)</sup>		(1,543)		(19,335)		(19,198)		(37,320)
Minesite operating costs (C\$)	C\$	63,672	C\$	60,556	C\$	128,072	C\$	124,703

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LaRonde Zone 5 mine Per Ounce of Gold Produced (ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		16,170		4,601		29,158		4,601
Production costs	\$ 12,273	\$ 759	\$ 521	\$ 113	\$ 17,948	\$ 616	\$ 521	\$ 113
Inventory and other adjustments (iv)	381	24	3,141	683	3,494	119	3,141	683
Cash operating costs (co-product basis)	\$ 12,654	\$ 783	\$ 3,662	\$ 796	\$ 21,442	\$ 735	\$ 3,662	\$ 796
By-product metal revenues	(42)	(3)	—	—	(76)	(2)	—	—
Cash operating costs (by-product basis)	\$ 12,612	\$ 780	\$ 3,662	\$ 796	\$ 21,366	\$ 733	\$ 3,662	\$ 796

LaRonde Zone 5 mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		241		56		422		56
Production costs	\$ 12,273	\$ 51	\$ 521	\$ 9	\$ 17,948	\$ 43	\$ 521	\$ 9
Production costs (C\$)	C\$ 16,372	C\$ 68	C\$ 681	C\$ 12	C\$ 23,885	C\$ 57	C\$ 681	C\$ 12
Inventory and other adjustments (C\$) (v)	519	2	4,102	73	4,677	11	4,102	73
Minesite operating costs (C\$)	C\$ 16,891	C\$ 70	C\$ 4,783	C\$ 85	C\$ 28,562	C\$ 68	C\$ 4,783	C\$ 85

Lapa mine Per Ounce of Gold Produced (ii) (vi)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		—		14,533		—		16,255
Production costs	\$ —	\$ —	\$ 10,757	\$ 740	\$ 2,844	\$ —	\$ 11,285	\$ 694
Inventory and other adjustments (iv)	—	—	799	55	(2,844)	—	2,094	129
Cash operating costs (co-product basis)	\$ —	\$ —	\$ 11,556	\$ 795	\$ —	\$ —	\$ 13,379	\$ 823
By-product metal revenues	—	—	(4)	—	—	—	(9)	—
Cash operating costs (by-product basis)	\$ —	\$ —	\$ 11,552	\$ 795	\$ —	\$ —	\$ 13,370	\$ 823

Lapa mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		—		109		—		126
Production costs	\$ —	\$ —	\$ 10,757	\$ 99	\$ 2,844	\$ —	\$ 11,285	\$ 90
Production costs (C\$)	C\$ —	C\$ —	C\$ 13,720	C\$ 126	C\$ 3,723	C\$ —	C\$ 14,395	C\$ 114
Inventory and other adjustments (C\$) (v)	—	—	980	9	(3,723)	—	2,661	21
Minesite operating costs (C\$)	C\$ —	C\$ —	C\$ 14,700	C\$ 135	C\$ —	C\$ —	C\$ 17,056	C\$ 135

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Goldex mine Per Ounce of Gold Produced (ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		34,325		30,480		68,779		58,404
Production costs	\$	20,252	\$	590	\$	20,943	\$	687
Inventory and other adjustments (iv)		(18)		(1)		(213)		(7)
Cash operating costs (co-product basis)		131		2		24		—
By-product metal revenues	\$	20,234	\$	589	\$	20,730	\$	680
Cash operating costs (by-product basis)		(4)		—		(10)		—
	\$	20,230	\$	589	\$	20,720	\$	680
	\$	39,447	\$	574	\$	39,457	\$	574
	\$	39,537	\$	677	\$	39,527	\$	677

Goldex mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		734		640		1,389		1,298
Production costs	\$	20,252	\$	28	\$	20,943	\$	33
Production costs (C\$)	C\$	27,042	C\$	37	C\$	27,018	C\$	42
Inventory and other adjustments (C\$) (v)		(4)		—		(78)		—
Minesite operating costs (C\$)	C\$	27,038	C\$	37	C\$	26,940	C\$	42
	C\$	52,598	C\$	38	C\$	52,357	C\$	38
	C\$	50,879	C\$	39	C\$	50,555	C\$	39

Meadowbank mine Per Ounce of Gold Produced (ii)(vii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		37,310		59,627		80,812		121,074
Production costs	\$	41,751	\$	1,119	\$	56,483	\$	947
Inventory and other adjustments (iv)		(1,766)		(47)		(826)		(14)
Cash operating costs (co-product basis)		(3,731)		(46)		(4,647)		(38)
By-product metal revenues	\$	39,985	\$	1,072	\$	55,657	\$	933
Cash operating costs (by-product basis)		(207)		(6)		(826)		(13)
	\$	39,778	\$	1,066	\$	54,831	\$	920
	\$	79,365	\$	982	\$	79,925	\$	989
	\$	111,526	\$	921	\$	113,326	\$	936

Meadowbank mine Per Tonne (iii)(viii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		680		844		1,308		1,674
Production costs	\$	41,751	\$	61	\$	56,483	\$	67
Production costs (C\$)	C\$	55,834	C\$	82	C\$	72,479	C\$	86
Inventory and other adjustments (C\$) (v)		(1,547)		(2)		(770)		(1)
Minesite operating costs (C\$)	C\$	54,287	C\$	80	C\$	71,709	C\$	85
	C\$	108,579	C\$	83	C\$	108,579	C\$	83
	C\$	144,513	C\$	86	C\$	144,513	C\$	86

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Meliadine mine Per Ounce of Gold Produced (ix)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		31,413		—		31,413		—
Production costs	\$ 27,887	\$ 888	\$ —	\$ —	\$ 27,887	\$ 888	\$ —	\$ —
Inventory and other adjustments (iv)	(1,166)	(37)	—	—	(1,166)	(37)	—	—
Cash operating costs (co-product basis)	\$ 26,721	\$ 851	\$ —	\$ —	\$ 26,721	\$ 851	\$ —	\$ —
By-product metal revenues	(18)	(1)	—	—	(18)	(1)	—	—
Cash operating costs (by-product basis)	\$ 26,703	\$ 850	\$ —	\$ —	\$ 26,703	\$ 850	\$ —	\$ —

Meliadine mine Per Tonne (iii)(x)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		135		—		135		—
Production costs	\$ 27,887	\$ 207	\$ —	\$ —	\$ 27,887	\$ 207	\$ —	\$ —
Production costs (C\$)	C\$ 37,067	C\$ 274	C\$ —	C\$ —	C\$ 37,067	C\$ 274	C\$ —	C\$ —
Inventory and other adjustments (C\$) (v)	(1,031)	(8)	—	—	(1,031)	(8)	—	—
Minesite operating costs (C\$)	C\$ 36,036	C\$ 266	C\$ —	C\$ —	C\$ 36,036	C\$ 266	C\$ —	C\$ —

Canadian Malartic mine Per Ounce of Gold Produced (i)(ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		84,311		91,863		167,981		175,266
Production costs	\$ 51,141	\$ 607	\$ 50,557	\$ 550	\$ 100,900	\$ 601	\$ 97,877	\$ 558
Inventory and other adjustments (iv)	1,475	17	626	7	1,102	6	2,214	13
Cash operating costs (co-product basis)	\$ 52,616	\$ 624	\$ 51,183	\$ 557	\$ 102,002	\$ 607	\$ 100,091	\$ 571
By-product metal revenues	(1,472)	(17)	(1,878)	(20)	(3,028)	(18)	(3,546)	(20)
Cash operating costs (by-product basis)	\$ 51,144	\$ 607	\$ 49,305	\$ 537	\$ 98,974	\$ 589	\$ 96,545	\$ 551

Canadian Malartic mine Per Tonne (i)(iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		2,642		2,633		5,159		5,143
Production costs	\$ 51,141	\$ 19	\$ 50,557	\$ 19	\$ 100,900	\$ 20	\$ 97,877	\$ 19
Production costs (C\$)	C\$ 68,028	C\$ 26	C\$ 64,801	C\$ 25	C\$ 133,592	C\$ 26	C\$ 125,303	C\$ 24
Inventory and other adjustments (C\$) (v)	2,190	—	1,036	—	1,706	—	3,078	1
Minesite operating costs (C\$)	C\$ 70,218	C\$ 26	C\$ 65,837	C\$ 25	C\$ 135,298	C\$ 26	C\$ 128,381	C\$ 25



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Kittila mine Per Ounce of Gold Produced (ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		20,077		42,049		69,413		90,167
Production costs	\$ 21,033	\$ 1,048	\$ 38,759	\$ 922	\$ 59,633	\$ 859	\$ 81,475	\$ 904
Inventory and other adjustments (iv)	(8,545)	(426)	1,017	24	(8,827)	(127)	793	8
Cash operating costs (co-product basis)	\$ 12,488	\$ 622	\$ 39,776	\$ 946	\$ 50,806	\$ 732	\$ 82,268	\$ 912
By-product metal revenues	(56)	(3)	(39)	(1)	(132)	(2)	(110)	(1)
Cash operating costs (by-product basis)	\$ 12,432	\$ 619	\$ 39,737	\$ 945	\$ 50,674	\$ 730	\$ 82,158	\$ 911

Kittila mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore milled (thousands of tonnes)		160		423		616		891
Production costs	\$ 21,033	\$ 131	\$ 38,759	\$ 92	\$ 59,633	\$ 97	\$ 81,475	\$ 91
Production costs (€)	€ 18,776	€ 117	€ 32,853	€ 78	€ 52,798	€ 86	€ 67,837	€ 76
Inventory and other adjustments (€) (v)	(7,869)	(49)	911	2	(8,170)	(13)	429	1
Minesite operating costs (€)	€ 10,907	€ 68	€ 33,764	€ 80	€ 44,628	€ 73	€ 68,266	€ 77

Pinos Altos mine Per Ounce of Gold Produced (ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		41,740		43,646		84,470		85,482
Production costs	\$ 31,262	\$ 749	\$ 34,743	\$ 796	\$ 60,920	\$ 721	\$ 69,442	\$ 812
Inventory and other adjustments (iv)	1,953	47	680	16	2,236	27	(2,307)	(27)
Cash operating costs (co-product basis)	\$ 33,215	\$ 796	\$ 35,423	\$ 812	\$ 63,156	\$ 748	\$ 67,135	\$ 785
By-product metal revenues	(8,296)	(199)	(8,885)	(204)	(17,147)	(203)	(18,050)	(211)
Cash operating costs (by-product basis)	\$ 24,919	\$ 597	\$ 26,538	\$ 608	\$ 46,009	\$ 545	\$ 49,085	\$ 574

Pinos Altos mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		498		603		976		1,122
Production costs	\$ 31,262	\$ 63	\$ 34,743	\$ 58	\$ 60,920	\$ 62	\$ 69,442	\$ 62
Inventory and other adjustments (v)	1,710	3	503	—	1,688	2	(2,471)	(2)
Minesite operating costs	\$ 32,972	\$ 66	\$ 35,246	\$ 58	\$ 62,608	\$ 64	\$ 66,971	\$ 60

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Creston Mascota mine Per Ounce of Gold Produced (ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		18,336		8,716		31,865		20,704
Production costs	\$ 9,002	\$ 491	\$ 10,226	\$ 1,173	\$ 18,838	\$ 591	\$ 19,877	\$ 960
Inventory and other adjustments (iv)	54	3	(434)	(50)	(348)	(11)	283	14
Cash operating costs (co-product basis)	\$ 9,056	\$ 494	\$ 9,792	\$ 1,123	\$ 18,490	\$ 580	\$ 20,160	\$ 974
By-product metal revenues	(3,181)	(174)	(1,271)	(145)	(5,511)	(173)	(2,797)	(135)
Cash operating costs (by-product basis)	\$ 5,875	\$ 320	\$ 8,521	\$ 978	\$ 12,979	\$ 407	\$ 17,363	\$ 839

Creston Mascota mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		328		255		689		730
Production costs	\$ 9,002	\$ 27	\$ 10,226	\$ 40	\$ 18,838	\$ 27	\$ 19,877	\$ 27
Inventory and other adjustments (v)	(205)	—	(519)	(2)	(907)	(1)	110	—
Minesite operating costs	\$ 8,797	\$ 27	\$ 9,707	\$ 38	\$ 17,931	\$ 26	\$ 19,987	\$ 27

La India mine Per Ounce of Gold Produced (ii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)	(thousands)	(\$ per ounce)
Gold production (ounces)		20,200		24,920		43,188		47,975
Production costs	\$ 16,109	\$ 797	\$ 17,798	\$ 714	\$ 33,848	\$ 784	\$ 33,200	\$ 692
Inventory and other adjustments (iv)	126	7	39	2	605	14	781	16
Cash operating costs (co-product basis)	\$ 16,235	\$ 804	\$ 17,837	\$ 716	\$ 34,453	\$ 798	\$ 33,981	\$ 708
By-product metal revenues	(486)	(24)	(622)	(25)	(1,245)	(29)	(1,376)	(28)
Cash operating costs (by-product basis)	\$ 15,749	\$ 780	\$ 17,215	\$ 691	\$ 33,208	\$ 769	\$ 32,605	\$ 680

La India mine Per Tonne (iii)	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018		Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)	(thousands)	(\$ per tonne)
Tonnes of ore processed (thousands of tonnes)		1,445		1,556		2,896		3,251
Production costs	\$ 16,109	\$ 11	\$ 17,798	\$ 11	\$ 33,848	\$ 12	\$ 33,200	\$ 10
Inventory and other adjustments (v)	(199)	—	(147)	—	(587)	(1)	313	—
Minesite operating costs	\$ 15,910	\$ 11	\$ 17,651	\$ 11	\$ 33,261	\$ 11	\$ 33,513	\$ 10

Notes:

- (i) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.
- (ii) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the condensed interim consolidated statements of income for by-product metal revenues, inventory production costs, smelting, refining and marketing charges and other adjustments and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges and other adjustments associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's

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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 analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

- (iii) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. This measure is calculated by adjusting production costs as shown in the condensed interim consolidated statements of income for inventory production costs and other adjustments and then dividing by tonnes of ore processed. As the total cash costs per ounce of gold produced measure can be affected by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.
- (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 are represented by the inclusion of smelting, refining and marketing charges and exclusion of charges not directly associated with the production of minerals.
- (v) This inventory and other adjustment reflect production costs associated with the portion of production still in inventory, the addition of smelting, refining and marketing charges to production costs, and exclusion of charges not directly associated with the production of minerals.
- (vi) Mining and processing operations at the Lapa mine ended in December 2018. The Lapa mine's cost calculations per ounce of gold produced for the six months ended June 30, 2019 exclude 5 ounces of payable gold production, which were recovered as a result of final refining reconciliation.
- (vii) The Meadowbank mine's cost calculations per ounce of gold produced for the three and six months ended June 30, 2019 exclude 2,147 ounces of payable gold production, which were produced prior to the achievement of commercial production at the Amaruq deposit, which is not expected until the third quarter of 2019.
- (viii) The Meadowbank mine's cost calculations per tonne for the three and six months ended June 30, 2019 exclude 39,187 tonnes, which were processed prior to the achievement of commercial production at the Amaruq deposit, which is not expected until the third quarter of 2019.
- (ix) The Meliadine mine's cost calculations per ounce of gold produced for the three and six months ended June 30, 2019 exclude 29,699 and 47,281 ounces of payable gold production, respectively, 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 three and six months ended June 30, 2019 exclude 124,155 and 263,749 tonnes, respectively, which were processed prior to the achievement of commercial production on May 14, 2019.

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

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 cost metric is voluntary and all-in sustaining costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The Company believes that this measure provides 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 of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options), non-cash reclamation provision expense and sustaining leases per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

The following table sets out a reconciliation of production costs to all-in sustaining costs per ounce of gold produced for the three and six months ended June 30, 2019 and June 30, 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).

**AGNICO EAGLE MINES LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Prepared in accordance with International Financial Reporting Standards)**  
**For the Three and Six Months Ended June 30, 2019**

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

(United States dollars per ounce of gold produced, except where noted)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Production costs per the condensed interim consolidated statements of income (thousands of United States dollars)	\$ 279,497	\$ 303,695	\$ 556,390	\$ 599,021
Adjusted gold production (ounces) <sup>(i)(ii)(iii)</sup>	380,469	404,961	761,099	794,239
Production costs per ounce of adjusted gold production	\$ 735	\$ 750	\$ 731	\$ 754
Adjustments:				
Inventory and other adjustments <sup>(iv)</sup>	1	(14)	(11)	(19)
Total cash costs per ounce of gold produced (co-product basis) <sup>(v)</sup>	\$ 736	\$ 736	\$ 720	\$ 735
By-product metal revenues	(84)	(80)	(82)	(83)
Total cash costs per ounce of gold produced (by-product basis) <sup>(v)</sup>	\$ 652	\$ 656	\$ 638	\$ 652
Adjustments:				
Sustaining capital expenditures (including capitalized exploration)	214	183	171	167
General and administrative expenses (including stock options)	77	76	76	81
Non-cash reclamation provision, sustaining leases and other	10	6	10	6
All-in sustaining costs per ounce of gold produced (by-product basis)	\$ 953	\$ 921	\$ 895	\$ 906
By-product metal revenues	84	80	82	83
All-in sustaining costs per ounce of gold produced (co-product basis)	\$ 1,037	\$ 1,001	\$ 977	\$ 989

Notes:

- (i) Mining and processing operations at the Lapa mine ended in December 2018. Adjusted gold production for the six months ended June 30, 2019 excludes 5 ounces of payable gold production at the Lapa mine, which were recovered as a result of final refining reconciliation.
- (ii) Adjusted gold production for the three and six months ended June 30, 2019 excludes 2,147 ounces of payable gold production at the Meadowbank mine, which were produced prior to the achievement of commercial production at the Amaruq deposit, which is not expected until the third quarter of 2019.
- (iii) Adjusted gold production for the three and six months ended June 30, 2019 excludes 29,699 and 47,281 ounces of payable gold production at the Meliadine mine, respectively, which were produced prior to the achievement of commercial production on May 14, 2019.
- (iv) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon transfer of control over metals sold to the customer. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue. Other adjustments are represented by the inclusion of smelting, refining and marketing charges and exclusion of charges not directly associated with the production of minerals.
- (v) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the condensed interim consolidated statements of income for by-product metal revenues, inventory production costs or smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product

**AGNICO EAGLE MINES LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Prepared in accordance with International Financial Reporting Standards)**  
**For the Three and Six Months Ended June 30, 2019**

basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges and other adjustments associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.

**AGNICO EAGLE MINES LIMITED**  
**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**  
(thousands of United States dollars, except where noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Operating margin <sup>(i)</sup> by mine:</b>				
Northern Business				
LaRonde mine	\$ 66,902	\$ 74,517	\$ 132,104	\$ 164,277
LaRonde Zone 5 mine	8,882	334	13,961	334
Lapa mine	—	6,303	2,033	6,592
Goldex mine	25,126	18,686	50,090	36,738
Meadowbank mine	9,244	21,001	28,274	51,194
Meliadine mine	15,033	—	15,033	—
Canadian Malartic mine <sup>(ii)</sup>	60,232	67,680	114,861	129,941
Kittila mine	8,205	15,312	33,444	38,621
Southern Business				
Pinos Altos mine	27,281	29,620	61,380	66,839
Creston Mascota mine	14,863	3,313	25,978	10,949
La India mine	11,346	15,821	25,286	30,211
Total operating margin <sup>(i)</sup>	247,114	252,587	502,444	535,696
Amortization of property, plant and mine development	124,203	138,469	252,445	272,839
Exploration, corporate and other	80,091	73,710	154,658	153,096
Income before income and mining taxes	42,820	40,408	95,341	109,761
Income and mining taxes expense	15,048	35,436	30,537	59,859
Net income for the period	\$ 27,772	\$ 4,972	\$ 64,804	\$ 49,902
Net income per share — basic (US\$)	\$ 0.12	\$ 0.02	\$ 0.28	\$ 0.21
Net income per share — diluted (US\$)	\$ 0.12	\$ 0.02	\$ 0.27	\$ 0.21
<b>Cash flows:</b>				
Cash provided by operating activities	\$ 126,301	\$ 120,087	\$ 274,991	\$ 327,793
Cash used in investing activities	\$ (233,238)	\$ (201,405)	\$ (460,844)	\$ (556,122)
Cash provided by financing activities	\$ 34,906	\$ 340,498	\$ 1,452	\$ 306,150
<b>Realized prices (US\$):</b>				
Gold (per ounce)	\$ 1,318	\$ 1,293	\$ 1,311	\$ 1,313
Silver (per ounce)	\$ 14.83	\$ 16.43	\$ 15.24	\$ 16.61
Zinc (per tonne)	\$ 2,811	\$ 3,144	\$ 2,778	\$ 3,280
Copper (per tonne)	\$ 6,036	\$ 6,760	\$ 6,062	\$ 7,014

**AGNICO EAGLE MINES LIMITED**  
**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**  
(thousands of United States dollars, except where noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Payable production <sup>(iii)</sup> :</b>				
Gold (ounces):				
Northern Business				
LaRonde mine	76,587	84,526	154,020	174,311
LaRonde Zone 5 mine	16,170	4,601	29,158	4,601
Lapa mine	—	14,533	5	16,255
Goldex mine	34,325	30,480	68,779	58,404
Meadowbank mine	39,457	59,627	82,959	121,074
Meliadine mine	61,112	—	78,694	—
Canadian Malartic mine <sup>(ii)</sup>	84,311	91,863	167,981	175,266
Kittila mine	20,077	42,049	69,413	90,167
Southern Business				
Pinos Altos mine	41,740	43,646	84,470	85,482
Creston Mascota mine	18,336	8,716	31,865	20,704
La India mine	20,200	24,920	43,188	47,975
Total gold (ounces)	<u>412,315</u>	<u>404,961</u>	<u>810,532</u>	<u>794,239</u>
Silver (thousands of ounces):				
Northern Business				
LaRonde mine	196	234	393	601
LaRonde Zone 5 mine	3	—	5	—
Lapa mine	—	1	1	1
Goldex mine	1	1	1	1
Meadowbank mine	20	48	42	108
Meliadine mine	4	—	5	—
Canadian Malartic mine <sup>(ii)</sup>	94	117	205	223
Kittila mine	2	3	6	6
Southern Business				
Pinos Altos mine	563	538	1,125	1,079
Creston Mascota mine	216	77	349	168
La India mine	33	37	79	82
Total silver (thousands of ounces)	<u>1,132</u>	<u>1,056</u>	<u>2,211</u>	<u>2,269</u>
Zinc (tonnes)	<u>4,407</u>	<u>2,778</u>	<u>7,241</u>	<u>3,824</u>
Copper (tonnes)	<u>702</u>	<u>961</u>	<u>1,510</u>	<u>2,253</u>



**AGNICO EAGLE MINES LIMITED**  
**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**  
(thousands of United States dollars, except where noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Payable metal sold:</b>				
Gold (ounces):				
Northern Business				
LaRonde mine	75,777	94,868	165,634	196,693
LaRonde Zone 5 mine	16,172	683	24,394	683
Lapa mine	—	13,286	3,777	13,899
Goldex mine	34,729	30,531	68,540	57,989
Meadowbank mine	38,807	59,126	85,475	127,251
Meliadine mine	57,345	—	60,555	—
Canadian Malartic mine <sup>(ii)(iv)</sup>	79,800	84,920	154,646	161,965
Kittila mine	22,620	41,758	71,825	91,538
Southern Business				
Pinos Altos mine	39,500	43,653	81,955	90,013
Creston Mascota mine	16,400	9,499	31,010	21,388
La India mine	20,620	25,362	44,929	47,392
Total gold (ounces)	<u>401,770</u>	<u>403,686</u>	<u>792,740</u>	<u>808,811</u>
Silver (thousands of ounces):				
Northern Business				
LaRonde mine	221	249	407	611
LaRonde Zone 5 mine	3	—	5	—
Lapa mine	—	1	2	1
Goldex mine	1	1	1	1
Meadowbank mine	14	51	37	109
Meliadine mine	1	—	1	—
Canadian Malartic mine <sup>(ii)(iv)</sup>	104	107	198	194
Kittila mine	4	2	8	6
Southern Business				
Pinos Altos mine	500	528	1,060	1,139
Creston Mascota mine	175	81	315	167
La India mine	34	41	88	88
Total silver (thousands of ounces):	<u>1,057</u>	<u>1,061</u>	<u>2,122</u>	<u>2,316</u>
Zinc (tonnes)	4,999	2,979	6,585	5,509
Copper (tonnes)	734	945	1,498	2,233

**AGNICO EAGLE MINES LIMITED**  
**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**  
(thousands of United States dollars, except where noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Total cash costs per ounce of gold produced — co-product basis (US\$) <sup>(v)</sup> :</b>				
Northern Business				
LaRonde mine	\$ 740	\$ 622	\$ 723	\$ 631
LaRonde Zone 5 mine	783	796	735	796
Lapa mine <sup>(vi)</sup>	—	795	—	823
Goldex mine	589	680	574	677
Meadowbank mine <sup>(vii)</sup>	1,072	933	989	936
Meliadine mine <sup>(viii)</sup>	851	—	851	—
Canadian Malartic mine <sup>(ii)</sup>	624	557	607	571
Kittila mine	622	946	732	912
Southern Business				
Pinos Altos mine	796	812	748	785
Creston Mascota mine	494	1,123	580	974
La India mine	804	716	798	708
Weighted average total cash costs per ounce of gold produced	<u>\$ 736</u>	<u>\$ 736</u>	<u>\$ 720</u>	<u>\$ 735</u>
<b>Total cash costs per ounce of gold produced — by-product basis (US\$) <sup>(v)</sup> :</b>				
Northern Business				
LaRonde mine	\$ 506	\$ 395	\$ 497	\$ 412
LaRonde Zone 5 mine	780	796	733	796
Lapa mine <sup>(vi)</sup>	—	795	—	823
Goldex mine	589	680	574	677
Meadowbank mine <sup>(vii)</sup>	1,066	920	982	921
Meliadine mine <sup>(viii)</sup>	850	—	850	—
Canadian Malartic mine <sup>(ii)</sup>	607	537	589	551
Kittila mine	619	945	730	911
Southern Business				
Pinos Altos mine	597	608	545	574
Creston Mascota mine	320	978	407	839
La India mine	780	691	769	680
Weighted average total cash costs per ounce of gold produced	<u>\$ 652</u>	<u>\$ 656</u>	<u>\$ 638</u>	<u>\$ 652</u>

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 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.
- (iv) The Canadian Malartic mine's payable metal sold excludes the 5.0% net smelter royalty in favour of Osisko Gold Royalties Ltd.
- (v) Total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Total cash costs per ounce of gold produced is presented on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the condensed interim consolidated statements of income for by-product metal revenues, inventory production costs, smelting, refining and marketing

**AGNICO EAGLE MINES LIMITED**  
**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**  
**(thousands of United States dollars, except where noted)**

charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The Company believes that these generally accepted industry measures provide a realistic indication of operating performance and provide useful comparison points between periods. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash costs per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates.

- (vi) Mining and processing operations at the Lapa mine ended in December 2018. The Lapa mine's cost calculations per ounce of gold produced for the six months ended June 30, 2019 exclude 5 ounces of payable gold production, which were recovered as a result of final refining reconciliation.
- (vii) The Meadowbank mine's cost calculations per ounce of gold produced for the three and six months ended June 30, 2019 exclude 2,147 ounces of payable gold production, which were produced prior to the achievement of commercial production at the Amaruq deposit, which is not expected until the third quarter of 2019.
- (viii) The Meliadine mine's cost calculations per ounce of gold produced for the three and six months ended June 30, 2019 exclude 29,699 and 47,281 ounces of payable gold production, respectively, which were produced prior to the achievement of commercial production on May 14, 2019.

**AGNICO EAGLE MINES LIMITED**  
**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**  
(thousands of United States dollars, except where noted)

	Three Months Ended							
	September 30, 2017 <sup>(i)</sup>	December 31, 2017 <sup>(i)</sup>	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
<b>Operating margin <sup>(ii)</sup> :</b>								
Revenues from mining operations	\$ 580,008	\$ 565,254	\$ 578,435	\$ 556,282	\$ 518,683	\$ 537,821	\$ 532,223	\$ 526,611
Production costs	262,173	287,689	295,326	303,695	276,862	284,472	276,893	279,497
Total operating margin <sup>(ii)</sup>	317,835	277,565	283,109	252,587	241,821	253,349	255,330	247,114
<b>Operating margin <sup>(ii)</sup> by mine:</b>								
<b>Northern Business</b>								
LaRonde mine	100,550	73,686	89,760	74,517	65,405	58,697	65,202	66,902
LaRonde Zone 5 mine	—	—	—	334	2,402	5,600	5,079	8,882
Lapa mine	9,825	1,567	289	6,303	1,467	3,868	2,033	—
Goldex mine	18,274	13,532	18,052	18,686	17,837	19,318	24,964	25,126
Meadowbank mine	55,324	49,196	30,193	21,001	32,816	27,985	19,030	9,244
Meliadine mine	—	—	—	—	—	—	—	15,033
Canadian Malartic mine <sup>(iii)</sup>	56,702	56,348	62,261	67,680	58,478	60,346	54,629	60,232
Kittila mine	25,662	23,245	23,309	15,312	19,115	22,516	25,239	8,205
<b>Southern Business</b>								
Pinos Altos mine	29,445	36,563	37,219	29,620	29,072	36,582	34,099	27,281
Creston Mascota mine	6,993	9,144	7,636	3,313	1,660	4,794	11,115	14,863
La India mine	15,060	14,284	14,390	15,821	13,569	13,643	13,940	11,346
Total operating margin <sup>(ii)</sup>	317,835	277,565	283,109	252,587	241,821	253,349	255,330	247,114
Impairment loss	—	—	—	—	—	389,693	—	—
Amortization of property, plant and mine development	118,312	129,478	134,370	138,469	143,859	137,235	128,242	124,203
Exploration, corporate and other	92,776	81,872	79,386	73,710	79,502	113,694	74,567	80,091
Income (loss) before income and mining taxes	106,747	66,215	69,353	40,408	18,460	(387,273)	52,521	42,820
Income and mining taxes expense	34,278	28,715	24,423	35,436	1,407	6,383	15,489	15,048
Net income (loss) for the period	\$ 72,469	\$ 37,500	\$ 44,930	\$ 4,972	\$ 17,053	\$ (393,656)	\$ 37,032	\$ 27,772
Net income (loss) per share — basic (US\$)	\$ 0.31	\$ 0.16	\$ 0.19	\$ 0.02	\$ 0.07	\$ (1.68)	\$ 0.16	\$ 0.12
Net income (loss) per share — diluted (US\$)	\$ 0.31	\$ 0.16	\$ 0.19	\$ 0.02	\$ 0.07	\$ (1.68)	\$ 0.16	\$ 0.12
<b>Cash flows:</b>								
Cash provided by operating activities	\$ 194,066	\$ 166,930	\$ 207,706	\$ 120,087	\$ 137,573	\$ 140,284	\$ 148,690	\$ 126,301
Cash used in investing activities	\$ (265,617)	\$ (377,304)	\$ (354,717)	\$ (201,405)	\$ (311,870)	\$ (336,376)	\$ (227,606)	\$ (233,238)
Cash (used in) provided by financing activities	\$ (12,139)	\$ (10,101)	\$ (34,348)	\$ 340,498	\$ (13,952)	\$ (18,099)	\$ (33,454)	\$ 34,906

Notes:

- (i) The Company has adopted IFRS 9 effective January 1, 2018 on a retrospective basis and the comparative amounts have been adjusted accordingly.
- (ii) Operating margin is calculated as revenues from mining operations less production costs.
- (iii) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.

**AGNICO EAGLE MINES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS**  
(thousands of United States dollars, except share amounts)  
(Unaudited)

	As at June 30, 2019	As at December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 118,732	\$ 301,826
Short-term investments	6,899	6,080
Trade receivables (Note 5)	8,710	10,055
Inventories (Note 6)	508,448	494,150
Income taxes recoverable	24,064	17,805
Equity securities (Note 5)	74,826	76,532
Fair value of derivative financial instruments (Notes 5 and 15)	4,618	180
Other current assets (Note 7A)	241,672	165,824
<b>Total current assets</b>	<b>987,969</b>	<b>1,072,452</b>
Non-current assets:		
Goodwill	407,792	407,792
Property, plant and mine development (Note 8)	6,507,737	6,234,302
Other assets (Note 7B)	187,182	138,297
<b>Total assets</b>	<b>\$ 8,090,680</b>	<b>\$ 7,852,843</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 341,610	\$ 310,597
Reclamation provision	7,102	5,411
Interest payable	32,165	16,531
Income taxes payable	6,660	18,671
Lease obligations (Note 10)	15,119	1,914
Current portion of long-term debt (Note 9)	360,000	—
Fair value of derivative financial instruments (Notes 5 and 15)	635	8,325
<b>Total current liabilities</b>	<b>763,291</b>	<b>361,449</b>
Non-current liabilities:		
Long-term debt (Note 9)	1,362,708	1,721,308
Lease obligations (Note 10)	68,474	—
Reclamation provision	418,908	380,747
Deferred income and mining tax liabilities	788,127	796,708
Other liabilities	43,463	42,619
<b>Total liabilities</b>	<b>3,444,971</b>	<b>3,302,831</b>
<b>EQUITY</b>		
Common shares (Note 11):		
Outstanding — 237,843,301 common shares issued, less 886,951 shares held in trust	5,464,573	5,362,169
Stock options (Notes 11 and 12)	189,235	197,597
Contributed surplus	37,254	37,254
Deficit	(981,795)	(988,913)
Other reserves (Note 13)	(63,558)	(58,095)
<b>Total equity</b>	<b>4,645,709</b>	<b>4,550,012</b>
<b>Total liabilities and equity</b>	<b>\$ 8,090,680</b>	<b>\$ 7,852,843</b>
Commitments and contingencies (Note 17)		

*See accompanying notes*

**AGNICO EAGLE MINES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
(thousands of United States dollars, except per share amounts)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>REVENUES</b>				
Revenues from mining operations (Note 14)	\$ 526,611	\$ 556,282	\$ 1,058,834	\$ 1,134,717
<b>COSTS, EXPENSES AND OTHER INCOME</b>				
Production <sup>(i)</sup>	279,497	303,695	556,390	599,021
Exploration and corporate development	27,352	38,936	52,802	69,159
Amortization of property, plant and mine development	124,203	138,469	252,445	272,839
General and administrative	29,126	30,647	58,219	64,108
Finance costs	27,310	25,293	53,076	47,109
(Gain) loss on derivative financial instruments (Note 15)	(2,858)	4,440	(12,674)	3,134
Foreign currency translation loss	4,131	3,875	6,337	390
Other income	(4,970)	(29,481)	(3,102)	(30,804)
Income before income and mining taxes	42,820	40,408	95,341	109,761
Income and mining taxes expense	15,048	35,436	30,537	59,859
Net income for the period	\$ 27,772	\$ 4,972	\$ 64,804	\$ 49,902
Net income per share — basic (Note 11)	\$ 0.12	\$ 0.02	\$ 0.28	\$ 0.21
Net income per share — diluted (Note 11)	\$ 0.12	\$ 0.02	\$ 0.27	\$ 0.21
Cash dividends declared per common share	\$ 0.125	\$ 0.11	\$ 0.25	\$ 0.22

Note:

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

*See accompanying notes*

**AGNICO EAGLE MINES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(thousands of United States dollars)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
<b>Net income for the period</b>	<b>\$ 27,772</b>	<b>\$ 4,972</b>	<b>\$ 64,804</b>	<b>\$ 49,902</b>
<b>Other comprehensive income (loss):</b>				
Items that may be subsequently reclassified to net income:				
Derivative financial instruments (Note 15)				
Changes in fair value of cash flow hedges	—	(1,501)	—	(7,207)
Net change in costs of hedging	—	(1,332)	—	(1,825)
	<u>—</u>	<u>(2,833)</u>	<u>—</u>	<u>(9,032)</u>
Items that will not be subsequently reclassified to net income:				
Pension benefit obligations:				
Remeasurement gain (loss) of pension benefit obligations	237	(345)	469	(698)
Income tax impact	(89)	130	(176)	263
Equity securities (Note 13):				
Net change in fair value of equity securities at FVOCI	245	(14,186)	(4,953)	(40,328)
	<u>393</u>	<u>(14,401)</u>	<u>(4,660)</u>	<u>(40,763)</u>
<b>Other comprehensive income (loss) for the period</b>	<b>393</b>	<b>(17,234)</b>	<b>(4,660)</b>	<b>(49,795)</b>
<b>Comprehensive income (loss) for the period</b>	<b>\$ 28,165</b>	<b>\$ (12,262)</b>	<b>\$ 60,144</b>	<b>\$ 107</b>

*See accompanying notes*

**AGNICO EAGLE MINES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY**  
(thousands of United States dollars, except share and per share amounts)  
(Unaudited)

	Common Shares Outstanding		Stock Options	Contributed Surplus	Deficit	Other Reserves	Total Equity
	Shares	Amount					
<b>Balance at January 1, 2018</b>	232,250,441	\$5,288,432	\$186,754	\$ 37,254	\$(559,504)	\$ (5,945)	\$4,946,991
Net income	—	—	—	—	49,902	—	49,902
Other comprehensive loss	—	—	—	—	(435)	(49,360)	(49,795)
Total comprehensive income (loss)	—	—	—	—	49,467	(49,360)	107
Hedging gains and costs of hedging transferred to property, plant and mine development	—	—	—	—	—	(3,405)	(3,405)
Transactions with owners:							
Shares issued under employee stock option plan (Notes 11 and 12A)	832,599	27,951	(6,267)	—	—	—	21,684
Stock options (Notes 11 and 12A)	—	—	11,923	—	—	—	11,923
Shares issued under incentive share purchase plan (Note 12B)	238,447	10,325	—	—	—	—	10,325
Shares issued under dividend reinvestment plan	221,535	8,934	—	—	—	—	8,934
Dividends declared (\$0.22 per share)	—	—	—	—	(50,988)	—	(50,988)
Restricted Share Unit plan, Performance Share Unit plan and Long Term Incentive Plan (Notes 11 and 12C,D)	(281,603)	(13,413)	—	—	—	—	(13,413)
<b>Balance at June 30, 2018</b>	<u>233,261,419</u>	<u>\$5,322,229</u>	<u>\$192,410</u>	<u>\$ 37,254</u>	<u>\$(561,025)</u>	<u>\$(58,710)</u>	<u>\$4,932,158</u>
<b>Balance at December 31, 2018</b>	<u>234,458,597</u>	<u>\$5,362,169</u>	<u>\$197,597</u>	<u>\$ 37,254</u>	<u>\$(988,913)</u>	<u>\$(58,095)</u>	<u>\$4,550,012</u>
Net income	—	—	—	—	64,804	—	64,804
Other comprehensive income (loss)	—	—	—	—	293	(4,953)	(4,660)
Total comprehensive income (loss)	—	—	—	—	65,097	(4,953)	60,144
Transfer of gain on disposal of equity securities at FVOCI to deficit	—	—	—	—	510	(510)	—
Transactions with owners:							
Shares issued under employee stock option plan (Notes 11 and 12A)	2,351,304	92,395	(18,574)	—	—	—	73,821
Stock options (Notes 11 and 12A)	—	—	10,212	—	—	—	10,212
Shares issued under incentive share purchase plan (Note 12B)	240,579	11,625	—	—	—	—	11,625
Shares issued under dividend reinvestment plan	225,911	9,274	—	—	—	—	9,274
Dividends declared (\$0.25 per share)	—	—	—	—	(58,489)	—	(58,489)
Restricted Share Unit plan, Performance Share Unit plan and Long Term Incentive Plan (Notes 11 and 12C,D)	(320,041)	(10,890)	—	—	—	—	(10,890)
<b>Balance at June 30, 2019</b>	<u>236,956,350</u>	<u>\$5,464,573</u>	<u>\$189,235</u>	<u>\$ 37,254</u>	<u>\$(981,795)</u>	<u>\$(63,558)</u>	<u>\$4,645,709</u>

*See accompanying notes*



**AGNICO EAGLE MINES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(thousands of United States dollars)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
<b>OPERATING ACTIVITIES</b>				
Net income for the period	\$ 27,772	\$ 4,972	\$ 64,804	\$ 49,902
Add (deduct) items not affecting cash:				
Amortization of property, plant and mine development	124,203	138,469	252,445	272,839
Deferred income and mining taxes	(3,649)	17,888	(8,683)	6,266
Stock-based compensation (Note 12)	12,123	12,133	26,998	27,457
Foreign currency translation loss	4,131	3,875	6,337	390
Other	(4,724)	(17,153)	(9,313)	(15,501)
Adjustment for settlement of reclamation provision	(2,565)	(661)	(4,459)	(1,294)
Changes in non-cash working capital balances:				
Trade receivables	1,553	255	1,345	(1,479)
Income taxes	(926)	(15,010)	(18,270)	(17,341)
Inventories	(37,243)	12,768	(21,031)	37,318
Other current assets	(82,324)	(57,593)	(81,200)	(52,840)
Accounts payable and accrued liabilities	90,039	30,258	52,006	19,819
Interest payable	(2,089)	(10,114)	14,012	2,257
Cash provided by operating activities	<u>126,301</u>	<u>120,087</u>	<u>274,991</u>	<u>327,793</u>
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and mine development (Note 8)	(230,931)	(250,221)	(434,284)	(436,315)
Acquisition	—	—	—	(162,479)
Proceeds from sale of property, plant and mine development	1,964	35,083	2,229	35,083
Net purchases of short-term investments	(393)	(365)	(819)	(2,017)
Net proceeds from sale of equity securities	—	16,305	908	16,305
Purchases of equity securities and other investments (Note 7B)	(3,878)	(3,000)	(28,878)	(7,514)
Decrease in restricted cash	—	793	—	815
Cash used in investing activities	<u>(233,238)</u>	<u>(201,405)</u>	<u>(460,844)</u>	<u>(556,122)</u>
<b>FINANCING ACTIVITIES</b>				
Dividends paid	(23,764)	(19,418)	(49,242)	(42,067)
Repayment of finance lease obligations	(3,456)	(825)	(6,834)	(1,745)
Proceeds from long-term debt (Note 9)	140,000	—	140,000	250,000
Repayment of long-term debt (Note 9)	(140,000)	—	(140,000)	(250,000)
Notes issuance	—	350,000	—	350,000
Long-term debt financing costs	—	(2,181)	—	(2,285)
Repurchase of common shares for stock-based compensation plans (Note 12)	—	(76)	(24,070)	(26,332)
Proceeds on exercise of stock options (Note 12A)	58,274	9,499	73,821	21,683
Common shares issued	3,852	3,499	7,777	6,896
Cash provided by financing activities	<u>34,906</u>	<u>340,498</u>	<u>1,452</u>	<u>306,150</u>
Effect of exchange rate changes on cash and cash equivalents	725	(3,168)	1,307	(2,529)
Net (decrease) increase in cash and cash equivalents during the period	<u>(71,306)</u>	<u>256,012</u>	<u>(183,094)</u>	<u>75,292</u>
Cash and cash equivalents, beginning of period	190,038	452,258	301,826	632,978
Cash and cash equivalents, end of period	<u>\$ 118,732</u>	<u>\$ 708,270</u>	<u>\$ 118,732</u>	<u>\$ 708,270</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Interest paid	<u>\$ 28,326</u>	<u>\$ 34,508</u>	<u>\$ 35,739</u>	<u>\$ 41,675</u>
Income and mining taxes paid	<u>\$ 19,501</u>	<u>\$ 34,084</u>	<u>\$ 54,452</u>	<u>\$ 71,922</u>

*See accompanying notes*

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)**  
**(Unaudited)**  
**June 30, 2019**

**1. CORPORATE INFORMATION**

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

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company (the "Board") on July 25, 2019.

**2. BASIS OF PRESENTATION**

**A) Statement of Compliance**

The accompanying condensed interim consolidated financial statements of Agnico Eagle have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") in United States ("US") dollars. These condensed interim consolidated financial statements do not include all of the disclosures required by International Financial Reporting Standards ("IFRS") for annual audited consolidated financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's 2018 annual audited consolidated financial statements, including the accounting policies and notes thereto, included in the Annual Report and Annual Information Form/Form 40-F for the year ended December 31, 2018, which were prepared in accordance with IFRS.

In the opinion of management, these condensed interim consolidated financial statements reflect all adjustments, which consist of normal and recurring adjustments necessary to present fairly the financial position as at June 30, 2019 and December 31, 2018 and the results of operations and cash flows for the three and six months ended June 30, 2019 and June 30, 2018.

Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2019.

**B) Basis of Presentation**

*Overview*

These condensed interim 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 condensed interim consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand, except where otherwise indicated.

*Subsidiaries*

These condensed interim 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 condensed interim 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)**  
**(Unaudited)**  
**June 30, 2019**

**3. ACCOUNTING POLICIES**

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2018 annual audited consolidated financial statements except as described below for new accounting standards adopted effective January 1, 2019.

**New Accounting Standards Adopted During the Period**

***IFRS 16 — Leases***

The Company has adopted IFRS 16 — *Leases* ("IFRS 16") with the date of initial application of January 1, 2019 using the modified retrospective approach. Comparative information has not been restated and continues to be reported under IAS 17 — *Leases* ("IAS 17") (accounting standard in effect for those periods). The impact of adoption of IFRS 16 is disclosed in Note 10.

The following policies are applicable from January 1, 2019. In the comparative period, leases were accounted for in accordance with the accounting policy for leases disclosed in the Company's December 31, 2018 annual audited consolidated financial statements.

*Policy applicable from January 1, 2019:*

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

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

The Company recognizes a right-of-use asset and a lease liability 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 liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities 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 liabilities 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 liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments 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 condensed interim consolidated balance sheets and lease liabilities in the lease obligations line item on the condensed interim consolidated balance sheets.

*Short-term leases and leases of low value assets*

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

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)**  
**(Unaudited)**  
**June 30, 2019**

**4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the condensed interim consolidated financial statements and accompanying notes. Management believes that the estimates used in the preparation of the condensed interim consolidated financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in Note 4 to the Company's annual audited consolidated financial statements for the year ended December 31, 2018, except for new significant judgments related to the application of IFRS 16. The Company has applied judgment to determine the lease term for some 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 liabilities and right-of-use assets recognized.

**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 condensed interim consolidated financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

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

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

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

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

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

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

During the three and six months ended June 30, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The 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 June 30, 2019 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Trade receivables	\$ —	\$ 8,710	\$ —	\$ 8,710
Equity securities	59,058	15,768	—	74,826
Fair value of derivative financial instruments	—	4,618	—	4,618
Other assets	31,115	—	—	31,115
Total financial assets	<u>\$ 90,173</u>	<u>\$ 29,096</u>	<u>\$ —</u>	<u>\$ 119,269</u>
<b>Financial liabilities:</b>				
Fair value of derivative financial instruments	\$ —	\$ 635	\$ —	\$ 635
Total financial liabilities	<u>\$ —</u>	<u>\$ 635</u>	<u>\$ —</u>	<u>\$ 635</u>

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)  
**(Unaudited)**  
**June 30, 2019**

**5. FAIR VALUE MEASUREMENT (Continued)**

**Valuation Techniques**

**Trade Receivables**

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

**Equity Securities**

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

**Derivative Financial Instruments**

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

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

Long-term debt is recorded on the condensed interim consolidated balance sheets at June 30, 2019 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating to future related cash flows which is categorized within Level 2 of the fair value hierarchy. See Note 9 to these condensed interim consolidated financial statements for details.

Lease obligations are recorded on the condensed interim consolidated balance sheets at June 30, 2019 at amortized cost. The fair value of lease obligations is the present value of the future lease payments discounted at the Company's 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 liabilities is not materially different from the carrying amounts since the incremental borrowing rates used at the initial recognition date are close to current market rates at June 30, 2019.

**6. INVENTORIES**

During the three months ended June 30, 2019, impairment losses of \$4.9 million (2018 — \$7.7 million) were recorded within production costs to reduce the carrying value of inventories to their net realizable value. During the six months ended June 30, 2019, impairment losses of \$6.8 million (2018 — \$8.7 million) were recorded within production costs to reduce the carrying value of inventories to their net realizable value.

**7. OTHER ASSETS**

**A) Other Current Assets**

	<b>As at June 30, 2019</b>	<b>As at December 31, 2018</b>
Federal, provincial and other sales taxes receivable	\$ 117,884	\$ 93,294
Prepaid expenses	108,088	55,146
Other	15,700	17,384
<b>Total other current assets</b>	<b>\$ 241,672</b>	<b>\$ 165,824</b>

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)  
**(Unaudited)**  
**June 30, 2019**

**7. OTHER ASSETS (Continued)**

**B) Other Assets**

	As at June 30, 2019	As at December 31, 2018
Non-current ore in stockpiles and on leach pads	\$ 134,492	\$ 116,762
Non-current prepaid expenses	16,305	13,736
Non-current financial asset at FVTPL <sup>(i)</sup>	31,115	—
Other	5,270	7,799
<b>Total other assets</b>	<b>\$ 187,182</b>	<b>\$ 138,297</b>

Note:

- (i) During the first six months of 2019, the Company purchased a \$25.0 million financial asset which is classified as FVTPL. A mark-to-market adjustment of \$6.1 million was recognized in the other income line item of the condensed interim consolidated statements of income during the six months ended June 30, 2019.

**8. PROPERTY, PLANT AND MINE DEVELOPMENT**

During the six months ended June 30, 2019, \$544.1 million of additions (year ended December 31, 2018 — \$1,265.5 million) were capitalized to property, plant and mine development.

Total borrowing costs capitalized to property, plant and mine development during the six months ended June 30, 2019 were approximately \$2.6 million (year ended December 31, 2018 — \$7.9 million) at a capitalization rate of 1.31% (year ended December 31, 2018 — 1.33%).

Assets with a net book value of \$7.7 million were disposed of by the Company during the six months ended June 30, 2019 (year ended December 31, 2018 — \$14.1 million), resulting in a net loss on disposal of \$5.5 million (year ended December 31, 2018 — net gain on disposal of \$22.8 million).

See Note 17 to these condensed interim consolidated financial statements for capital commitments.

**9. LONG-TERM DEBT**

The following table sets out details of the Company's long-term debt as at June 30, 2019 and December 31, 2018:

	Interest Rates	As at June 30, 2019				As at December 31, 2018	
		Nominal Amount	Deferred Financing Costs	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Notes	4.15%-6.77%	\$ 1,735,000	\$ (7,319)	\$ 1,727,681	\$ 1,865,463	\$ 1,727,016	\$ 1,767,908
Credit Facility	Variable	—	(4,973)	(4,973)	(4,973)	(5,708)	(5,708)
<b>Long-term debt</b>		<b>\$ 1,735,000</b>	<b>\$ (12,292)</b>	<b>\$ 1,722,708</b>	<b>\$ 1,860,490</b>	<b>\$ 1,721,308</b>	<b>\$ 1,762,200</b>

**Credit Facility**

As at June 30, 2019, \$1,200.0 million was available for future drawdown under the Credit Facility (December 31, 2018 — \$1,200.0 million). During the six months ended June 30, 2019, Credit Facility drawdowns totaled \$140.0 million and repayments totaled \$140.0 million. During the six months ended June 30, 2018, Credit Facility drawdowns totaled \$250.0 million and repayments totaled \$250.0 million.

**10. LEASES**

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(thousands of United States dollars, except share and per share amounts, unless otherwise indicated)**  
**(Unaudited)**  
**June 30, 2019**

**10. LEASES (Continued)**

at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

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

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

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

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

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

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

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

<b>Operating lease commitments as at December 31, 2018</b>	<b>\$ 92,249</b>
Discounting using the January 1, 2019 incremental borrowing rate	(7,986)
Discounted operating lease commitments as at January 1, 2019	<u>84,263</u>
Less:	
Commitments relating to short-term leases	(1,423)
Commitments relating to leases of low value assets	(1,011)
Add:	
Commitments relating to leases previously classified as finance leases	<u>1,914</u>
<b>Lease liabilities recognized at January 1, 2019</b>	<b>\$ 83,743</b>
Current lease liability	\$ 15,179
Non-current lease liability	<u>68,564</u>
<b>Lease liabilities recognized at January 1, 2019</b>	<b>\$ 83,743</b>

During the six months ended June 30, 2019, the Company recognized the following amounts:

- Amortization expense on right-of-use assets of \$6.0 million
- Interest expense on lease liabilities of \$1.0 million
- Additions to right-of-use assets of \$5.5 million

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**June 30, 2019**

**11. EQUITY**

*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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income for the period	\$ 27,772	\$ 4,972	\$ 64,804	\$ 49,902
Weighted average number of common shares outstanding — basic (in thousands)	235,555	232,829	235,064	232,660
Add: Dilutive impact of common shares related to the RSU plan, PSU plan and LTIP	956	895	876	824
Add: Dilutive impact of employee stock options	500	1,225	451	1,194
Weighted average number of common shares outstanding — diluted (in thousands)	237,011	234,949	236,391	234,678
Net income per share — basic	\$ 0.12	\$ 0.02	\$ 0.28	\$ 0.21
Net income per share — diluted	\$ 0.12	\$ 0.02	\$ 0.27	\$ 0.21

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 three months ended June 30, 2019, 50,750 (2018 — 2,019,262) employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive. For the six months ended June 30, 2019, 1,703,025 (2018 — 3,847,952) employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive.

**12. STOCK-BASED COMPENSATION**

*A) Employee Stock Option Plan ("ESOP")*

The following table sets out activity with respect to Agnico Eagle's outstanding stock options:

	Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of period	6,361,265	C\$ 47.65	5,857,504	C\$ 41.18
Granted	2,118,850	55.10	1,990,850	58.04
Exercised	(2,351,304)	41.46	(832,599)	33.12
Forfeited	(96,118)	56.49	(54,412)	53.59
Expired	(390)	28.03	(207,000)	52.13
Outstanding, end of period	6,032,303	C\$ 52.54	6,754,343	C\$ 46.70
Options exercisable, end of period	3,053,758	C\$ 48.88	3,814,141	C\$ 41.11

The average share price of Agnico Eagle's common shares during the six months ended June 30, 2019 was C\$57.26 (2018 — C\$55.82).



**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**12. 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:

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Risk-free interest rate	2.23%	2.10%
Expected life of stock options (in years)	2.4	2.4
Expected volatility of Agnico Eagle's share price	30.0%	35.0%
Expected dividend yield	1.15%	1.00%

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 \$3.4 million (2018 — \$3.9 million) for the three months ended June 30, 2019 and \$10.2 million (2018 — \$11.9 million) for the six months ended June 30, 2019. Of the total compensation expense for the ESOP, \$0.1 million was capitalized as part of the property, plant and mine development line item of the condensed interim consolidated balance sheets for the three months ended June 30, 2019 (2018 — \$0.1 million) and \$0.7 million for the six months ended June 30, 2019 (2018 — \$0.3 million).

**B) Incentive Share Purchase Plan ("ISPP")**

During the six months ended June 30, 2019, 240,579 common shares were subscribed for under the ISPP (2018 — 238,447) for a value of \$11.6 million (2018 — \$10.3 million). The total compensation cost recognized during the three months ended June 30, 2019 related to the ISPP was \$1.9 million (2018 — \$1.7 million) and \$3.9 million for the six months ended June 30, 2019 (2018 — \$3.4 million).

**C) Restricted Share Unit ("RSU") Plan**

During the six months ended June 30, 2019, 404,100 (2018 — 373,986) RSUs were granted with a grant date fair value of \$16.3 million (2018 — \$18.0 million). In the first six months of 2019, the Company funded the RSU plan by transferring \$16.3 million (2018 — \$18.0 million) to an employee benefit trust that then purchased common shares of the Company in the open market.

Compensation expense related to the RSU plan was \$4.2 million for the three months ended June 30, 2019 (2018 — \$4.2 million) and \$8.2 million for the six months ended June 30, 2019 (2018 — \$7.8 million). Compensation expense related to the RSU plan is included as part of the general and administrative line item of the condensed interim consolidated statements of income.

**D) Performance Share Unit ("PSU") Plan**

During the six months ended June 30, 2019, 190,500 (2018 — 180,000) PSUs were granted. In the first six months of 2019, the Company funded the PSU plan by transferring \$7.7 million (2018 — \$8.4 million) to an employee benefit trust that then purchased common shares of the Company in the open market.

Compensation expense related to the PSU plan was \$2.8 million for the three months ended June 30, 2019 (2018 — \$2.2 million) and \$5.0 million for the six months ended June 30, 2019 (2018 — \$4.4 million). Compensation expense related to the PSU plan is included as part of the general and administrative line item of the condensed interim consolidated statements of income.

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**13. OTHER RESERVES**

The following table sets out the movements in other reserves during the six months ended June 30, 2019 and June 30, 2018:

	Equity securities reserve	Cash flow hedge reserve	Costs of hedging reserve	Total
<b>Balance at January 1, 2018</b>	\$ (19,800)	\$ 10,763	\$ 3,092	\$ (5,945)
Unrealized change in fair value	(40,328)	(7,207)	(1,825)	(49,360)
Hedging gains transferred to property, plant and mine development	—	(3,405)	—	(3,405)
<b>Balance at June 30, 2018</b>	<u>\$ (60,128)</u>	<u>\$ 151</u>	<u>\$ 1,267</u>	<u>\$ (58,710)</u>
<b>Balance at December 31, 2018</b>	\$ (58,095)	\$ —	\$ —	\$ (58,095)
Net change in fair value	(4,953)	—	—	(4,953)
Transfer of gain on disposal of equity securities at FVOCI to deficit	(510)	—	—	(510)
<b>Balance at June 30, 2019</b>	<u>\$ (63,558)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (63,558)</u>

**14. REVENUES FROM MINING OPERATIONS**

The Company has recognized the following amounts relating to revenue in the condensed interim consolidated statements of income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue from contracts with customers	\$ 529,056	\$ 555,102	\$ 1,060,963	\$ 1,133,687
Provisional pricing adjustments on concentrate sales	(2,445)	1,180	(2,129)	1,030
<b>Total revenues from mining operations</b>	<u>\$ 526,611</u>	<u>\$ 556,282</u>	<u>\$ 1,058,834</u>	<u>\$ 1,134,717</u>

The following table sets out the disaggregation of revenue by metal:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues from contracts with customers:				
Gold	\$ 499,991	\$ 525,976	\$ 1,009,295	\$ 1,070,042
Silver	16,459	19,068	33,536	41,402
Zinc	8,934	5,504	11,519	10,782
Copper	3,672	4,554	6,613	11,461
<b>Total revenues from contracts with customers</b>	<u>\$ 529,056</u>	<u>\$ 555,102</u>	<u>\$ 1,060,963</u>	<u>\$ 1,133,687</u>

**15. 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.

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**15. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

As at June 30, 2019, the Company had outstanding derivative contracts related to \$480.0 million of 2019 and 2020 expenditures. The Company recognized mark-to-market adjustments in the (gain) loss on derivative financial instruments line item of the condensed interim 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 2019 and 2018 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars for Canadian dollars and Mexican pesos. All of these derivative transactions expired prior to period-end such that no derivatives were outstanding as at June 30, 2019 or December 31, 2018. The call option premiums were recognized in the (gain) loss on derivative financial instruments line item of the condensed interim 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 Nunavut's diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding as at June 30, 2019 relating to 15.0 million gallons of heating oil (December 31, 2018 — 12.0 million). The related mark-to-market adjustments prior to settlement were recognized in the (gain) loss on derivative financial instruments line item of the condensed interim consolidated statements of income. The Company did not apply hedge accounting to these arrangements.

Mark-to-market gains and losses related to heating oil derivative financial instruments are based on broker-dealer quotations that utilize period end forward pricing to calculate fair value.

The following table sets out a summary of the amounts recognized in the (gain) loss on derivative financial instruments line item of the condensed interim consolidated statements of income:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Premiums realized on written foreign exchange call options	\$ (610)	\$ (736)	\$ (992)	\$ (1,537)
Realized loss on warrants	88	—	88	—
Unrealized (gain) loss on warrants <sup>(i)</sup>	(77)	248	(52)	380
Realized loss (gain) on currency and commodity derivatives	577	(135)	446	(517)
Unrealized (gain) loss on currency and commodity derivatives <sup>(i)</sup>	(2,836)	5,063	(12,164)	4,808
(Gain) loss on derivative financial instruments	<u>\$ (2,858)</u>	<u>\$ 4,440</u>	<u>\$ (12,674)</u>	<u>\$ 3,134</u>

Note:

- (i) Unrealized gains and losses on financial instruments that did not qualify for hedge accounting are recognized through the (gain) loss on derivative financial instruments line item of the condensed interim consolidated statements of income and through the other line item of the condensed interim consolidated statements of cash flows.

**AGNICO EAGLE MINES LIMITED**  
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16. SEGMENTED INFORMATION

	Six Months Ended June 30, 2019			
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Segment Income (Loss)
<b>Northern Business:</b>				
LaRonde mine	\$ 242,694	\$ (110,590)	\$ —	\$ 132,104
LaRonde Zone 5 mine	31,909	(17,948)	—	13,961
Lapa mine	4,877	(2,844)	—	2,033
Goldex mine	89,416	(39,326)	—	50,090
Meadowbank mine	111,930	(83,656)	(2,495)	25,779
Canadian Malartic joint operation	215,761	(100,900)	(106)	114,755
Meliadine mine	42,920	(27,887)	—	15,033
Kittila mine	93,077	(59,633)	—	33,444
<b>Total Northern Business</b>	<u>832,584</u>	<u>(442,784)</u>	<u>(2,601)</u>	<u>387,199</u>
<b>Southern Business:</b>				
Pinos Altos mine	122,300	(60,920)	—	61,380
Creston Mascota mine	44,816	(18,838)	—	25,978
La India mine	59,134	(33,848)	—	25,286
<b>Total Southern Business</b>	<u>226,250</u>	<u>(113,606)</u>	<u>—</u>	<u>112,644</u>
<b>Exploration</b>	<u>—</u>	<u>—</u>	<u>(50,201)</u>	<u>(50,201)</u>
<b>Segments totals</b>	<u>\$ 1,058,834</u>	<u>\$ (556,390)</u>	<u>\$ (52,802)</u>	<u>\$ 449,642</u>
<b>Total segments income</b>				<u>\$ 449,642</u>
Corporate and other:				
Amortization of property, plant and mine development				(252,445)
General and administrative				(58,219)
Finance costs				(53,076)
Gain on derivative financial instruments				12,674
Foreign currency translation loss				(6,337)
Other income				3,102
Income before income and mining taxes				<u>\$ 95,341</u>

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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16. SEGMENTED INFORMATION (Continued)

	Six Months Ended June 30, 2018			
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Segment Income (Loss)
<b>Northern Business:</b>				
LaRonde mine	\$ 292,121	\$ (127,844)	\$ —	\$ 164,277
LaRonde Zone 5 mine	855	(521)	—	334
Lapa mine	17,877	(11,285)	—	6,592
Goldex mine	76,265	(39,527)	—	36,738
Meadowbank mine	169,167	(117,973)	(6,984)	44,210
Canadian Malartic joint operation	227,818	(97,877)	(281)	129,660
Kittila mine	120,096	(81,475)	—	38,621
<b>Total Northern Business</b>	<u>904,199</u>	<u>(476,502)</u>	<u>(7,265)</u>	<u>420,432</u>
<b>Southern Business:</b>				
Pinos Altos mine	136,281	(69,442)	—	66,839
Creston Mascota mine	30,826	(19,877)	—	10,949
La India mine	63,411	(33,200)	—	30,211
<b>Total Southern Business</b>	<u>230,518</u>	<u>(122,519)</u>	<u>—</u>	<u>107,999</u>
<b>Exploration</b>	<u>—</u>	<u>—</u>	<u>(61,894)</u>	<u>(61,894)</u>
<b>Segments totals</b>	<u>\$ 1,134,717</u>	<u>\$ (599,021)</u>	<u>\$ (69,159)</u>	<u>\$ 466,537</u>
<b>Total segments income</b>				<u>\$ 466,537</u>
Corporate and other:				
Amortization of property, plant and mine development				(272,839)
General and administrative				(64,108)
Finance costs				(47,109)
Loss on derivative financial instruments				(3,134)
Foreign currency translation loss				(390)
Other income				30,804
<b>Income before income and mining taxes</b>				<u>\$ 109,761</u>

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**16. SEGMENTED INFORMATION (Continued)**

	<b>Total Assets as at</b>	
	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<b>Northern Business:</b>		
LaRonde mine	\$ 797,114	\$ 794,155
LaRonde Zone 5 mine	68,763	59,420
Lapa mine	4,179	11,654
Goldex mine	295,489	289,393
Meadowbank mine	819,281	681,761
Canadian Malartic joint operation	1,546,276	1,550,565
Meliadine mine	1,759,542	1,645,360
Kittila mine	1,192,654	1,082,017
<b>Total Northern Business</b>	<u>6,483,298</u>	<u>6,114,325</u>
<b>Southern Business:</b>		
Pinos Altos mine	574,753	551,179
Creston Mascota mine	38,187	47,960
La India mine	284,659	315,411
<b>Total Southern Business</b>	<u>897,599</u>	<u>914,550</u>
<b>Exploration</b>	<u>460,721</u>	<u>489,270</u>
<b>Corporate and other</b>	<u>249,062</u>	<u>334,698</u>
<b>Total assets</b>	<u>\$ 8,090,680</u>	<u>\$ 7,852,843</u>

**17. 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 June 30, 2019, the total amount of these guarantees was \$390.6 million.

As at June 30, 2019 the Company had \$89.5 million of commitments related to capital expenditures.

**18. ONGOING LITIGATION**

On August 2, 2016, the Partnership, a general partnership jointly owned by the Company and Yamana, was served with a class action lawsuit filed in the Superior Court of Quebec with respect to allegations involving the Canadian Malartic mine. The complaint is in respect of "neighbourhood annoyances" arising from dust, noise, vibrations and blasts at the mine. The plaintiffs are seeking damages in an unspecified amount as well as punitive damages in the amount of C\$20 million. The class action was certified in May 2017. In November 2017, a declaratory judgment was issued allowing the Partnership to settle individually with class members for 2017 under its Good Neighbor Guide (the "Guide"). In September 2018, the Superior Court introduced an annual revision of the ending date of the class action period and a mechanism for the partial exclusion of class members, allowing the residents to individually settle for a specific period (usually a calendar year) and to opt-out from the class action for such specific period. Both of these judgments were confirmed by the Court of Appeal and the class members will thus continue to have the option to benefit from the Guide. In January 2018, a judgment was rendered in favor of the Partnership, resulting in the removal from the class action of the pre-transaction period, spanning from August 2013 to June 16, 2014, during which the Canadian Malartic mine was not operated by the Partnership. The plaintiff did not seek leave to appeal this decision and rather added new allegations in an attempt to recapture the pre-transaction period. On July 19, 2019, the Court refused to add back the pre-transaction period based on these new allegations. This decision is still subject to a potential appeal. The Company and the Partnership will take all necessary steps to defend themselves from this lawsuit.

On August 15, 2016, the Partnership received notice of an application for injunction relating to the Canadian Malartic mine, which had been filed under the Environment Quality Act (Quebec). A hearing related to an interlocutory injunction was completed on March 17, 2017 and a decision of the Superior Court of Quebec dismissed the injunction. An application for permanent injunction is currently pending. The Company and the Partnership have reviewed the injunction request, consider the request without merit and will take all

**AGNICO EAGLE MINES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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**18. ONGOING LITIGATION (Continued)**

reasonable steps to defend against this injunction. These measures include a motion for the dismissal of the application for injunction, which has been filed and will be heard at a date that has yet to be determined. While at this time the potential impact of the injunction cannot be definitively determined, the Company expects that if the injunction were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in production.

On June 1, 2017, the Partnership was served with an application for judicial review to obtain the annulment of a governmental decree. The Partnership is an impleaded party in the proceedings. The applicant seeks to obtain the annulment of a decree authorizing the expansion of the Canadian Malartic mine. The Company and the Partnership have reviewed the application for judicial review, consider the application without merit and will take all reasonable steps to defend against this application. Following a hearing on the merits in October 2018, the Superior Court dismissed the judicial review on May 13, 2019 and an application for leave to appeal was filed by the Plaintiff on June 20, 2019. While the Company believes it is highly unlikely that the annulment will be granted at the appeal, the Company expects that if the annulment were to be granted, there would be a negative impact on the operations of the Canadian Malartic mine, which could include a reduction in anticipated future production.

**19. SUBSEQUENT EVENTS**

*Dividends Declared*

On July 24, 2019, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of \$0.125 per common share (a total value of approximately \$29.5 million), payable on September 16, 2019 to holders of record of the common shares of the Company on August 30, 2019.



**AGNICO EAGLE**

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[Exhibit 99.1](#)

[Second Quarter Report 2019](#)

[AGNICO EAGLE MINES LIMITED MANAGEMENT'S DISCUSSION AND ANALYSIS \(Prepared in accordance with International Financial Reporting Standards\) For the Three and Six Months Ended June 30, 2019](#)

[AGNICO EAGLE MINES LIMITED MANAGEMENT'S DISCUSSION AND ANALYSIS \(Prepared in accordance with International Financial Reporting Standards\) For the Three and Six Months Ended June 30, 2019](#)

[AGNICO EAGLE MINES LIMITED MANAGEMENT'S DISCUSSION AND ANALYSIS \(Prepared in accordance with International Financial Reporting Standards\) For the Three and Six Months Ended June 30, 2019](#)

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[AGNICO EAGLE MINES LIMITED SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS \(thousands of United States dollars, except where noted\) AGNICO EAGLE MINES LIMITED SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS \(thousands of United States dollars, except where noted\)](#)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS \(thousands of United States dollars, except share amounts\) \(Unaudited\)](#)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME \(thousands of United States dollars, except per share amounts\) \(Unaudited\)](#)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME \(LOSS\) \(thousands of United States dollars\) \(Unaudited\)](#)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY \(thousands of United States dollars, except share and per share amounts\) \(Unaudited\)](#)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS \(thousands of United States dollars\) \(Unaudited\)](#)

[AGNICO EAGLE MINES LIMITED NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS \(thousands of United States dollars, except share and per share amounts, unless otherwise indicated\) \(Unaudited\) June 30, 2019](#)