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**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 April, 2016.**

**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 o 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 securityholders.

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 registrantforeign 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 o 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 First Quarter Report

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**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: April 29, 2016 By: /s/ R. Gregory Laing



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).

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**Exhibit 99.1**



**First Quarter Report 2016**



**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

This Management's Discussion and Analysis ("MD&A") dated April 29, 2016 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 months ended March 31, 2016 that were prepared in accordance with International Financial Reporting Standards ("IFRS") 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, 2015 (the "Form 40-F"), prepared in accordance with IFRS. The condensed interim consolidated financial statements and this MD&A are presented in United States dollars ("US dollars", "$" or "US$") and all units of measurement are expressed using the metric system, unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("C$"), Mexican pesos or European Union euros ("Euros" or "€"). Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2015 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com.

**Business Overview**

Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since 1957. The Company's mines are located in Canada, Mexico and Finland, with exploration and development activities in each of these regions as well as in the United States and Sweden. 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 nine mines 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 March 31, 2016 of $6,716.6 million increased by $33.4 million compared with December 31, 2015 total assets of $6,683.2 million. Cash and cash equivalents increased by $38.6 million to $162.7 million between December 31, 2015 and March 31, 2016 primarily due to $64.4 million proceeds on the exercise of stock options and $21.2 million proceeds from common shares issued, partially offset by a $55.0 million net repayment of long-term debt during the first quarter of 2016. Inventories decreased to $435.4 million at March 31, 2016 compared with $462.0 million at December 31, 2015 primarily due to planned supplies drawdowns at the Meadowbank mine that were delivered during the summer barge shipping season. Available-for-sale securities increased from $31.9 million at December 31, 2015 to $66.4 million at March 31, 2016 due to $29.3 million in unrealized fair value gains and $5.4 million in new investments purchased during the first quarter of 2016, partially offset by $0.2 million in disposals. Other assets increased by $10.3 million from $67.2 million at December 31, 2015 to $77.5 million at March 31, 2016 primarily due to updated mine sequencing plans at the Kittila and Canadian Malartic mines resulting in the reclassification of ore stockpiles from short-term to long-term. Property, plant and mine development decreased from $5,089.0 million at December 31, 2015 to $5,069.2 million at March 31, 2016 primarily due to amortization expense of $145.6 million, partially offset by capital expenditures totaling $100.7 million during the first quarter of 2016.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

Total liabilities decreased to $2,461.5 million at March 31, 2016 from $2,542.2 million at December 31, 2015 primarily due to $55.0 million in Credit Facility repayments during the first quarter of 2016. A $41.6 million decrease in accounts payable and accrued liabilities between December 31, 2015 and March 31, 2016 was primarily due to a $19.8 million payment during the first quarter of 2016 related to fuel purchases for the Meadowbank mine and the settlement of a $12.7 million securities class action lawsuit settlement which was paid by the Company's insurers. Agnico Eagle's net income taxes payable position of $14.0 million at December 31, 2015 was reduced during the first quarter of 2016 by payments to tax authorities, resulting in a net income taxes payable position of $0.3 million at March 31, 2016.

*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 $0.13 per share, in the first quarter of 2016 compared with net income of $28.7 million, or $0.13 per share, in the first quarter of 2015. Agnico Eagle reported adjusted net income of $25.7 million, or $0.12 per share, in the first quarter of 2016 compared with adjusted net income of $31.4 million, or $0.15 per share, in the first quarter of 2015. In the first quarter of 2016, the operating margin (revenues from mining operations less production costs) increased to $246.6 million from $236.3 million in the first quarter of 2015 primarily due to a 1.8% increase in gold production and a 1.3% decrease in production costs, partially offset by a 0.8% decrease in the average realized price of gold between periods. Gold production increased to 411,336 ounces in the first quarter of 2016 compared with 404,210 ounces in the first quarter of 2015 primarily due to increased throughput levels and higher gold grades at the LaRonde and Canadian Malartic mines and a 25.2% increase in tonnes of ore milled at the Kittila mine. Partially offsetting the overall increase in gold production between the first quarter of 2016 and the first quarter of 2015 was a 18.3% decrease in gold production at the Meadowbank mine primarily due to a 14.3% lower gold grade and a decrease in tonnes of ore milled. Cash provided by operating activities amounted to $145.7 million in the first quarter of 2016 compared with $143.5 million in the first quarter of 2015. Total weighted average cash costs per ounce of gold produced amounted to $573 on a by-product basis and $631 on a co-product basis in the first quarter of 2016 compared with $588 on a by-product basis and $651 on a co-product basis in the first quarter of 2015.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

The table below sets out variances in the key drivers of net income for the three months ended March 31, 2016 compared with the three months ended March 31, 2015:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** |  |
|  |  |  | **March 31, 2016** |  |
|  |  |  | **vs. Three Months Ended** |  |
| **(millions of United States dollars)** |  |  | **March 31, 2015** |  |  |
| Increase in gold revenue | $ | 9.0 |  |
| Increase in silver revenue |  | 0.9 |  |
| Decrease in net copper revenue |  | (1.5) |  |
| Decrease in net zinc revenue |  | (1.5) |  |
| Decrease in production costs due to weaker Canadian dollar, Mexican peso and Euro |  | 19.7 |  |
| Increase in production costs |  | (16.4) |  |
| Increase in exploration and corporate development expenses |  | (11.7) |  |
| Increase in amortization of property, plant and mine development |  | (9.7) |  |
| Decrease in general and administrative expenses |  | 0.4 |  |
| Change in impairment loss on available-for-sale securities |  | 0.7 |  |
| Decrease in finance costs |  | 1.9 |  |
| Change in (gain) loss on derivative financial instruments |  | 18.2 |  |
| Decrease in gain on sale of available-for-sale securities |  | (20.9) |  |
| Increase in environmental remediation costs |  | (4.7) |  |
| Change in non cash foreign currency translation |  | (18.5) |  |
| Decrease in income and mining taxes |  | 28.6 |  |
| Other |  | 4.5 |  |
| **Total net income variance** |  |  |  |  |
| $ | (1.0) |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

*Three Months Ended March 31, 2016 vs. Three Months Ended March 31, 2015*

Revenues from mining operations increased to $490.5 million in the first quarter of 2016 compared with $483.6 million in the first quarter of 2015 primarily due to a 1.8% increase in gold production between periods. Between the first quarter of 2015 and the first quarter of 2016, increases in tonnes of ore milled and higher gold grades at the LaRonde and Canadian Malartic mines resulted in an increase in gold production, partially offset by lower gold grade and production at the Meadowbank mine. Partially offsetting the impact of increased gold production on revenues from mining operations was a 0.8% decrease in the average realized price of gold, an 11.3% decrease in the average realized price of silver and a 34.4% decrease in zinc production between periods.

Production costs were $244.0 million in the first quarter of 2016, a 1.3% decrease compared with $247.3 million in the first quarter of 2015 primarily due to the impact of a weaker Canadian dollar, Mexican peso and Euro relative to the US dollar. Partially offsetting the total decrease in production costs between the first quarter of 2015 and the first quarter of 2016 was a $4.0 million increase in production costs at the Kittila mine due to a 25.2% increase in tonnes of ore milled between periods.

Weighted average total cash costs per ounce of gold produced decreased to $573 on a by-product basis and $631 on a co-product basis in the first quarter of 2016 compared with $588 on a by-product basis and $651 on a co-product basis in the first quarter of 2015 primarily due to the impact on costs of a weaker Canadian dollar, Mexican peso and Euro relative to the US dollar. 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 and comprehensive income in accordance with IFRS, see Non-GAAP Financial Performance Measures in this MD&A.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

Exploration and corporate development expenses increased to $28.4 million in the first quarter of 2016 compared with $16.7 million in the first quarter of 2015 primarily due to exploration at the Amaruq project in Nunavut and the El Barqueno project in Mexico, and increased corporate development and project evaluation expenses between periods.

Amortization of property, plant and mine development increased by $9.7 million to $145.6 million between the first quarter of 2015 and the first quarter of 2016 primarily due to an increase in depreciable mining properties at the Canadian Malartic mine between periods based on final estimates of fair value as at the June 16, 2014 acquisition date.

General and administrative expense decreased to $24.8 million during the first quarter of 2016 compared with $25.2 million during the first quarter of 2015 primarily due to decreased employee compensation expenses.

An impairment loss on certain available-for-sale securities of $0.7 million was recorded as at March 31, 2015 compared with nil as at March 31, 2016. Impairment loss evaluations of available-for-sale securities are based on whether a decline in fair value is considered to be significant or prolonged. A gain of $0.1 million was recorded on the sale of available-for-sale securities in the first quarter of 2016 compared with $21.0 million in the first quarter of 2015.

During the first quarter of 2016, there was a non-cash foreign currency translation loss of $6.8 million attributable to a strengthening of the Canadian dollar, Mexican peso and Euro versus the US dollar at March 31, 2016 relative to December 31, 2015. A non-cash foreign currency translation gain of $11.7 million was recorded during the comparative first quarter of 2015.

In the first quarter of 2016, the Company recorded an income and mining taxes recovery of $0.6 million on income before income and mining taxes of $27.2 million. In the first quarter of 2015, the Company recorded income and mining taxes expense of $28.0 million on income before income and mining taxes of $56.7 million. The decrease in the income and mining taxes expense between the first quarter of 2015 and the first quarter of 2016 is primarily due to foreign exchange rate movements, offset partially by an increase in non-deductible permanent differences.

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

*LaRonde mine*

At the LaRonde mine, gold production increased by 27.9% to 75,337 ounces in the first quarter of 2016 compared with 58,893 ounces in the first quarter of 2015 primarily due to higher gold grade, increased mill recoveries, and an increase in tonnes of ore milled. Production costs at the LaRonde mine were $45.9 million in the first quarter of 2016, consistent with production costs of $45.9 million in the first quarter of 2015.

*Lapa mine*

At the Lapa mine, gold production decreased by 16.2% to 21,709 ounces in the first quarter of 2016 compared with 25,920 ounces in the first quarter of 2015 primarily due to decreased mill recoveries and lower gold grade. Production costs at the Lapa mine were $12.8 million in the first quarter of 2016, a decrease of 8.6% compared with production costs of $14.0 million in the first quarter of 2015 driven primarily by a weakening of the Canadian dollar relative to the US dollar, partially offset by increased mill throughput.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

*Goldex mine*

At the Goldex mine's M and E Zones, gold production increased by 10.6% to 32,340 ounces in the first quarter of 2016 compared with 29,250 ounces in the first quarter of 2015 primarily due to an increase in tonnes of ore milled. Production costs at the Goldex mine's M and E Zones were $15.7 million in the first quarter of 2016, an increase of 5.8% compared with production costs of $14.9 million in the first quarter of 2015 driven primarily by increased mill throughput due to productivity improvements, partially offset by a weakening of the Canadian dollar relative to the US dollar.

*Meadowbank mine*

At the Meadowbank mine, gold production decreased by 18.3% to 72,311 ounces in the first quarter of 2016 compared with 88,523 ounces in the first quarter of 2015 primarily due to lower gold grade. Production costs at the Meadowbank mine were $52.2 million in the first quarter of 2016, a decrease of 8.6% compared with production costs of $57.1 million in the first quarter of 2015 driven primarily by a weakening of the Canadian dollar relative to the US dollar and decreased mill throughput between periods.

*Canadian Malartic mine*

Agnico Eagle and Yamana jointly acquired 100.0% of Osisko on June 16, 2014 by way of a statutory plan of arrangement (the "Arrangement"). As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of CMC and the Partnership, which now holds the Canadian Malartic mine in northwestern Quebec. Agnico Eagle and Yamana will also jointly explore, through their indirect ownership of Canadian Malartic Corporation (the successor to Osisko), the Kirkland Lake assets, the Hammond Reef project and the Pandora and Wood-Pandora properties.

At the Canadian Malartic mine, attributable gold production increased by 8.4% to 73,613 ounces in the first quarter of 2016 compared with 67,893 ounces in the first quarter of 2015 primarily due to higher gold grade. Attributable production costs at the Canadian Malartic mine were $40.8 million in the first quarter of 2016, a decrease of 0.9% compared with production costs of $41.2 million in the first quarter of 2015 driven primarily by a weakening of the Canadian dollar relative to the US dollar.

*Kittila mine*

At the Kittila mine, gold production increased by 7.8% to 48,127 ounces in the first quarter of 2016 compared with 44,654 ounces in the first quarter of 2015 primarily due to an increase in tonnes of ore milled. Production costs at the Kittila mine were $36.0 million in the first quarter of 2016, an increase of 12.6% compared with production costs of $32.0 million in the first quarter of 2015 driven primarily by increased mill throughput due to productivity improvements, partially offset by a weakening of the Euro relative to the US dollar.

*Pinos Altos mine*

At the Pinos Altos mine, gold production decreased by 4.0% to 48,117 ounces in the first quarter of 2016 compared with 50,106 ounces in the first quarter of 2015 primarily due to decreases in recoveries and tonnes of ore milled between periods. Production costs at the Pinos Altos mine were $23.9 million in the first quarter of 2016, a decrease of 1.5% compared with production costs of $24.2 million in the first quarter of 2015 driven primarily by a weakening of the Mexican peso relative to the US dollar and a decrease in mill throughput between periods.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

*Creston Mascota deposit at Pinos Altos*

At the Creston Mascota deposit at Pinos Altos, gold production decreased by 7.2% to 11,551 ounces in the first quarter of 2016 compared with 12,448 ounces in the first quarter of 2015 primarily due to a decrease in ore stacked on the heap leach pad and a decrease in gold grade between periods. Production costs at the Creston Mascota deposit at Pinos Altos were $5.8 million in the first quarter of 2016, an increase of 3.1% compared with production costs of $5.6 million in the first quarter of 2015 driven primarily by increased heap leach costs, partially offset by a weakening of the Mexican peso relative to the US dollar.

*La India mine*

At the La India mine, gold production increased by 6.4% to 28,231 ounces in the first quarter of 2016 compared with 26,523 ounces in the first quarter of 2015 primarily due to an increase in ore stacked on the heap leach pad between periods. Production costs at the La India mine were $10.9 million in the first quarter of 2016, a decrease of 12.4% compared with production costs of $12.5 million in the first quarter of 2015 driven primarily by a weakening of the Mexican peso relative to the US dollar between periods.

**Liquidity and Capital Resources**

As at March 31, 2016, the Company's cash and cash equivalents, short-term investments and current restricted cash totaled $168.6 million compared with $132.3 million at December 31, 2015. The Company's policy is to invest excess cash in highly liquid investments of the highest credit quality to eliminate risks associated with these investments. Such investments with remaining maturities of greater than three months and less than one year at the time of purchase are classified as short-term investments. Decisions regarding the length of maturities are based on cash flow requirements, rates of return and various other factors.

Working capital (current assets less current liabilities) increased to $610.4 million at March 31, 2016 compared with $517.9 million at December 31, 2015.

***Operating Activities***

Cash provided by operating activities of $145.7 million in the first quarter of 2016 was comparable to $143.5 million in the first quarter of 2015. Operating cash flows increased due to a 1.8% increase in gold production, a 1.3% decrease in production costs and more favourable working capital changes between periods. Partially offsetting these positive impacts on cash provided by operating activities was a 0.8% decrease in the average realized price of gold between periods.

***Investing Activities***

Cash used in investing activities increased to $107.6 million in the first quarter of 2016 compared with $53.9 million in the first quarter of 2015 primarily due to a $37.4 million decrease in net proceeds from the sale of available-for-sale securities and other investments. Partially offsetting this decrease was a $17.8 million increase in capital expenditures between periods. The increase in capital expenditures between periods is mainly attributable to increased development expenditures incurred in the first quarter of 2016 at the Meliadine project and the Goldex and Pinos Altos mines.

In the first quarter of 2016, the Company purchased $9.4 million in available-for-sale securities and other investments compared with $5.3 million in the first quarter of 2015. In the first quarter of 2016, the Company received net proceeds of $0.3 million from the sale of available-for-sale securities and other investments compared with $37.7 million in the first quarter of 2015. The Company's investments in available-for-sale securities consist primarily of investments in common shares of entities in the mining industry.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

On March 16, 2016, the Company subscribed for 11,680,000 common shares of Belo Sun Mining Corp. ("Belo Sun") in a non-brokered private placement at a price of C$0.53 per Belo Sun common share, for total cash consideration of C$6.2 million. Upon closing the transaction, the Company held approximately 19.95% of the issued and outstanding common shares of Belo Sun. On March 21, 2016, Belo Sun issued an additional 11,000,000 common shares in a private placement which diluted the Company's share ownership to 19.4%.

***Financing Activities***

Cash used in financing activities decreased to $1.6 million in the first quarter of 2016 compared with $123.2 million in the first quarter of 2015 primarily due to a $56.2 million increase in proceeds on employee stock option plan exercises, a $45.0 million decrease in the net repayment of the Credit Facility between periods and a $18.8 million increase in proceeds from common shares issued in the period.

The Company issued common shares for gross proceeds of $21.2 million in the first quarter of 2016 attributable to the issuance of flow-through common shares, issuances under the incentive share purchase plan and the dividend reinvestment plan. In the first quarter of 2015, the Company issued common shares for gross proceeds of $2.4 million attributable to issuances under the incentive share purchase plan and the dividend reinvestment plan.

On March 10, 2016, the Company raised approximately C$25.0 million ($18.7 million) through the issuance of 374,869 flow-through common shares at a price of C$66.69 per common share. Flow-through shares are securities issued to investors whereby the deductions for tax purposes related to resource exploration and evaluation expenditures may be claimed by investors instead of the issuer, subject to a renouncement process. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented in the accounts payable and accrued liabilities line item in the balance sheet because the Company has not yet fulfilled its obligation to pass on the tax deductions to the investor. When the Company fulfills its obligation, the sale of tax deductions is recognized in the income statement as a reduction of deferred tax expense. The closing price of the Company's common shares on the March 10, 2016 issuance date was C$48.49, resulting in an increase to share capital of approximately C$18.2 million ($13.6 million). The related C$6.8 million ($5.1 million) liability will be drawn down as eligible expenditures are incurred because the Company has a positive intention to renounce these expenses. In Q1 2016, the liability was drawn down by C$0.4 million ($0.3 million) based on eligible expenditures incurred.

On February 10, 2016, Agnico Eagle declared a quarterly cash dividend of $0.08 per common share paid on March 15, 2016 to holders of record of the common shares of the Company on March 1, 2016. Agnico Eagle has declared a cash dividend every year since 1983. In the first quarter of 2016, the Company paid dividends of $14.8 million consistent with $14.8 million in the first quarter of 2015. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements.

On September 30, 2015, the Company amended its $1.2 billion Credit Facility, among other things, extending the maturity date from June 22, 2019 to June 22, 2020 and amending pricing terms. As at March 31, 2016, the Company's outstanding balance under the Credit Facility was $210.0 million. Credit Facility availability is reduced by outstanding letters of credit, amounting to $1.0 million at March 31, 2016. As at March 31, 2016, $989.0 million was available for future drawdown under the Credit Facility.

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a further C$150.0 million uncommitted letter of credit facility (as amended, the "New LC Facility"). The New 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

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

reclamation obligations. Payment and performance of the Company's obligations under the New LC Facility are supported by guarantees issued by Export Development Canada under a contract insurance bonding program agreement (the "EDC Facility") in favour of the lender. As at March 31, 2016, $74.5 million had been drawn under the New LC Facility.

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 "Existing LC Facility"). The amount available under the Existing LC Facility increased from C$175.0 million to C$200.0 million. Effective September 28, 2015, the amount available under the Existing LC Facility was increased to C$250.0 million. The obligations of the Company under the Existing LC Facility are guaranteed by certain of its subsidiaries. The Existing LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at March 31, 2016, $184.2 million had been drawn under the Existing LC Facility.

In connection with its joint acquisition of Osisko on June 16, 2014, Canadian Malartic GP was assigned and assumed certain outstanding debt and finance lease obligations of Osisko relating to the Canadian Malartic mine. Agnico Eagle's indirect attributable interest in such debt and finance lease obligations is as set out below:

* A secured loan facility in the principal amount of C$75.0 million ($69.1 million) with scheduled C$20.0 million repayments on June 30, 2016 and June 30, 2017 and a 6.875% per annum interest rate. A scheduled repayment of C$15.0 million ($14.1 million) was made subsequent to the June 16, 2014 acquisition date and the scheduled C$20.0 million ($16.0 million) repayment was made on June 30, 2015, resulting in attributable outstanding principal of C$40.0 million ($30.8 million) as at March 31, 2016. On September 29, 2014, Canadian Malartic GP amended the acquired secured loan facility (the "CMGP Loan") with no change to maturity or pricing terms.
* Secured finance lease obligations of C$38.3 million ($35.3 million) provided in separate tranches with maturities ranging between 2015 and 2019 and a 7.5% interest rate. As at March 31, 2016, the Company's attributable finance lease obligations were $11.7 million.

The Company was in compliance with all covenants contained in the Credit Facility, 2015 Note, 2012 Notes, 2010 Notes, Existing LC Facility, New LC Facility and the EDC Facility as at March 31, 2016. Canadian Malartic GP was in compliance with all covenants under the CMGP Loan as at March 31, 2016.

**Risk Profile**

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

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

Pursuant to regulations adopted by the SEC under the Sarbanes-Oxley Act of 2002 and those of the CSA, the Company's management evaluates the effectiveness of the design and operation of the Company's disclosure controls as well as its procedures and internal controls over financial reporting. This evaluation is completed under the supervision of, and with the participation of, the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

Management of the Company, with the participation of the CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. There have been no significant changes in the Company's internal control over financial reporting in the first quarter of 2016 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting.

The Company's management, including the CEO and CFO, recognizes there are inherent limitations in any system of disclosure controls and procedures and internal controls over financial reporting, no matter how well designed. Therefore, even those systems that are considered to be effective can provide only reasonable assurance that the objectives of the control system are met.

**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, that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS.

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

***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 and comprehensive 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.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** |  | **Three Months Ended** |  |
| **(thousands of United States dollars)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
| **Net income for the period** | $ | 27,788 | $ | 28,743 |  |
| Impairment loss on available-for-sale securities |  | — |  | 685 |  |
| Gain on sale of available-for-sale securities |  | (119) |  | (21,049) |  |
| Foreign currency translation loss (gain) |  | 6,770 |  | (11,690) |  |
| Stock options expense |  | 5,931 |  | 7,791 |  |
| Mark-to-market (gain) loss on warrants |  | (608) |  | 2,559 |  |
| Gain on settlements of warrants |  | — |  | (9,664) |  |
| Mark-to-market loss on CMGP Convertible Debentures |  | — |  | 4,447 |  |
| Income and mining taxes adjustments |  | (11,192) |  | 15,221 |  |
| Other |  | (2,853) |  | 14,367 |  |
|  |  |  |  |  |  |  |  |  |
| **Adjusted net income for the period** | $ | 25,717 | $ | 31,410 |  |
| Net income per share — basic |  |  |  |  |  |  |  |
|  |  |  |  |  |
| $ | 0.13 |  | $ | 0.13 |  |  |
| Net income per share — diluted | $ | 0.13 | $ | 0.13 |  |
| Adjusted net income per share — basic | $ | 0.12 | $ | 0.15 |  |
| Adjusted net income per share — diluted | $ | 0.12 | $ | 0.15 |  |

***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 (before 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 and comprehensive income for by-product revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. Total cash costs per ounce of gold produced is intended to provide information about the cash generating capabilities of the Company's mining operations. Management also uses these measures to monitor the performance of the

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

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 analyses 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 and comprehensive income for unsold concentrate 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.

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 and comprehensive income in accordance with IFRS.

**Total Production Costs by Mine**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | LaRonde mine | $ | 45,854 | $ | 45,865 |  |  |
|  | Lapa mine |  | 12,784 |  | 13,985 |  |  |
|  | Goldex mine |  | 15,732 |  | 14,866 |  |  |
|  | Meadowbank mine |  | 52,210 |  | 57,096 |  |  |
|  | Canadian Malartic mine(i) |  | 40,814 |  | 41,186 |  |  |
|  | Kittila mine |  | 36,027 |  | 31,999 |  |  |
|  | Pinos Altos mine |  | 23,856 |  | 24,212 |  |  |
|  | Creston Mascota deposit at Pinos Altos |  | 5,781 |  | 5,606 |  |  |
|  | La India mine |  | 10,915 |  | 12,465 |  |  |
|  | Production costs per the interim condensed consolidated statements of income and |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  | comprehensive income | $ | 243,973 | $ | 247,280 |  |  |
| 12 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

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



**LaRonde Mine — Total Cash Costs per Ounce of Gold Produced(ii)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 45,854 | $ | 45,865 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  |  |  | 4,619 |  |  | 6,678 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |  |  |  |
|  |  |  | $ | 50,473 |  |  | $ | 52,543 |  |  |  |
|  | By-product metal revenues |  |  |  | (10,646) |  |  | (11,134) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |  |  |  |
|  |  |  | $ | 39,827 |  |  | $ | 41,409 |  |  |  |
|  | Gold production (ounces) |  |  |  | 75,337 |  |  | 58,893 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ |  | 670 | $ | 892 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  | $ |  | 529 |  |  | $ | 703 |  |  |  |
| **LaRonde Mine — Minesite Costs per Tonne** | **(iii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  | **Three Months Ended** |  |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ |  | 45,854 |  |  |  | $ | 45,865 |  |  |
|  | Inventory and other adjustments(v) |  |  |  | (2,357) |  |  |  |  | 866 |  |  |
|  | Minesite operating costs |  | $ |  | 43,497 |  |  |  | $ | 46,731 |  |  |  |
|  | Minesite operating costs (thousands of C$) |  | C$ | 59,228 |  | C$ |  |  | 57,789 |  |  |
|  | Tonnes of ore milled (thousands of tonnes) |  |  |  | 577 |  |  |  |  |  | 558 |  |  |
|  | Minesite costs per tonne (C$)(iii) |  |  |  |  |  |  |  |  |  |  |  |
|  |  | C$ | 103 |  | C$ |  |  | 104 |  |  |
| **Lapa Mine — Total Cash Costs per Ounce of Gold Produced** | **(ii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 12,784 | $ | 13,985 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  |  |  | 1,727 |  |  | 749 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |
|  |  | $ | 14,511 |  |  | $ | 14,734 |  |  |  |
|  | By-product metal revenues |  |  |  |  | (13) |  |  | (17) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |
|  |  | $ | 14,498 |  |  | $ | 14,717 |  |  |  |
|  | Gold production (ounces) |  |  |  | 21,709 |  |  | 25,920 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ |  | 668 | $ | 568 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  | $ |  | 668 |  |  | $ | 568 |  |  |  |
|  |  |  |  |  |  |  | 13 |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

**Lapa Mine — Minesite Costs per Tonne(iii)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Three Months Ended** |  |  |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ |  | 12,784 |  |  |  | $ | 13,985 |  |  |
|  | Inventory and other adjustments(v) |  |  |  | 1,559 |  |  |  |  |  | 548 |  |  |  |
|  | Minesite operating costs | $ |  | 14,343 |  |  |  | $ | 14,533 |  |  |
|  | Minesite operating costs (thousands of C$) |  | C$ | 19,481 |  | C$ |  |  | 18,077 |  |  |
|  | Tonnes of ore milled (thousands of tonnes) |  |  |  | 161 |  |  |  |  |  | 152 |  |  |
|  | Minesite costs per tonne (C$)(iii) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | C$ | 121 |  | C$ |  |  | 119 |  |  |
| **Goldex Mine — Total Cash Costs per Ounce of Gold Produced** | **(ii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 15,732 | $ | 14,866 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  |  |  |  | 624 |  |  | 973 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |
|  |  | $ | 16,356 |  |  | $ | 15,839 |  |  |  |
|  | By-product metal revenues |  |  |  |  | (6) |  |  | (7) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |
|  |  | $ | 16,350 |  |  | $ | 15,832 |  |  |  |
|  | Gold production (ounces) |  |  |  | 32,340 |  |  | 29,250 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ |  | 506 | $ | 542 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  | $ |  | 506 |  |  | $ | 541 |  |  |  |
| **Goldex Mine — Minesite Costs per Tonne** | **(iii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Three Months Ended** |  |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ |  | 15,732 |  |  |  | $ | 14,866 |  |  |
|  | Inventory and other adjustments(v) |  |  |  | 351 |  |  |  |  |  | 761 |  |  |  |
|  | Minesite operating costs | $ |  | 16,083 |  |  |  | $ | 15,627 |  |  |
|  | Minesite operating costs (thousands of C$) |  | C$ | 21,706 |  | C$ |  |  | 19,317 |  |  |
|  | Tonnes of ore milled (thousands of tonnes) |  |  |  | 636 |  |  |  |  |  | 566 |  |  |
|  | Minesite costs per tonne (C$)(iii) |  |  |  |  |  |  |  |  |  |  |  |
|  |  | C$ | 34 |  | C$ |  |  | 34 |  |  |
|  |  |  |  |  |  |  | 14 |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

**Meadowbank Mine — Total Cash Costs per Ounce of Gold Produced(ii)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 52,210 | $ | 57,096 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  |  | 5,446 |  |  | 2,541 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |  |  |
|  |  | $ | 57,656 |  |  | $ | 59,637 |  |  |  |
|  | By-product metal revenues |  |  | (659) |  |  | (1,689) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |  |  |
|  |  | $ | 56,997 |  |  | $ | 57,948 |  |  |  |
|  | Gold production (ounces) |  |  | 72,311 |  |  | 88,523 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ |  | 797 | $ | 674 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | $ |  | 788 |  |  | $ | 655 |  |  |  |
| **Meadowbank Mine — Minesite Costs per Tonne** | **(iii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Three Months Ended** |  |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ |  | 52,210 |  |  |  | $ | 57,096 |  |  |
|  | Inventory and other adjustments(v) |  |  | 2,758 |  |  |  |  |  | 1,694 |  |  |  |
|  | Minesite operating costs | $ |  | 54,968 |  |  |  | $ | 58,790 |  |  |
|  | Minesite operating costs (thousands of C$) | C$ | 73,058 |  | C$ |  |  | 70,627 |  |  |
|  | Tonnes of ore milled (thousands of tonnes) |  |  | 946 |  |  |  |  |  | 990 |  |  |
|  | Minesite costs per tonne (C$)(iii) |  |  |  |  |  |  |  |  |  |  |
|  | C$ | 77 |  | C$ |  |  | 71 |  |  |
| **Canadian Malartic Mine — Total Cash Costs per Ounce of Gold Produced** | **(i)(ii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 40,814 | $ | 41,186 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  |  | 1,309 |  |  | 2,851 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |
|  |  | $ | 42,123 |  |  | $ | 44,037 |  |  |  |
|  | By-product metal revenues |  |  | (1,095) |  |  | (1,142) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |
|  |  | $ | 41,028 |  |  | $ | 42,895 |  |  |  |
|  | Gold production (ounces) |  |  | 73,613 |  |  | 67,893 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ |  | 572 | $ | 649 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  | $ |  | 557 |  |  | $ | 632 |  |  |  |
| 15 |  |  |  |  |  |  |  |  |  |  |  |  |
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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

**Canadian Malartic Mine — Minesite Costs per Tonne(i)(iii)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Three Months Ended** |  |  |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ |  | 40,814 |  |  |  | $ | 41,186 |  |  |
|  | Inventory and other adjustments(v) |  |  |  | 1,076 |  |  |  |  |  | 2,605 |  |  |  |
|  | Minesite operating costs | $ |  | 41,890 |  |  |  | $ | 43,791 |  |  |
|  | Minesite operating costs (thousands of C$) |  | C$ | 57,545 |  | C$ |  |  | 54,320 |  |  |
|  | Tonnes of ore milled (thousands of tonnes) |  |  |  | 2,380 |  |  |  |  |  | 2,339 |  |  |
|  | Minesite costs per tonne (C$)(iii) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | C$ | 24 |  | C$ |  |  | 23 |  |  |
| **Kittila Mine — Total Cash Costs per Ounce of Gold Produced** | **(ii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 36,027 | $ | 31,999 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  |  |  | (1,024) |  |  | (1,543) |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |
|  |  | $ | 35,003 |  |  | $ | 30,456 |  |  |  |
|  | By-product metal revenues |  |  |  |  | (47) |  |  | (35) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |
|  |  | $ | 34,956 |  |  | $ | 30,421 |  |  |  |
|  | Gold production (ounces) |  |  |  | 48,127 |  |  | 44,654 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ |  | 727 | $ | 682 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  | $ |  | 726 |  |  | $ | 681 |  |  |  |
| **Kittila Mine — Minesite Costs per Tonne** | **(iii)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended** |  |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  |  |  | **March 31, 2016** |  |  |  |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 36,027 | $ | 31,999 |  |  |
|  | Inventory and other adjustments(v) |  |  |  | (1,197) |  |  | (1,659) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Minesite operating costs |  | $ | 34,830 | $ | 30,340 |  |  |
|  | Minesite operating costs (thousands of €) |  |  | € | 31,109 |  | € | 26,714 |  |  |
|  | Tonnes of ore milled (thousands of tonnes) |  |  |  |  | 432 |  |  | 345 |  |  |
|  | Minesite costs per tonne (€)(iii) |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | € |  | 72 |  | € | 77 |  |  |
|  |  |  |  |  |  |  | 16 |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

**Pinos Altos Mine — Total Cash Costs per Ounce of Gold Produced(ii)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 23,856 | $ | 24,212 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  | 1,635 |  | 3,244 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |
|  | $ | 25,491 |  | $ | 27,456 |  |  |  |
|  | By-product metal revenues |  | (8,972) |  | (9,579) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |
|  | $ | 16,519 |  | $ | 17,877 |  |  |  |
|  | Gold production (ounces) |  | 48,117 |  | 50,106 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ | 530 | $ | 548 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | $ | 343 |  | $ | 357 |  |  |  |
| **Pinos Altos Mine — Minesite Costs per Tonne** | **(iii)** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 23,856 | $ | 24,212 |  |  |
|  | Inventory and other adjustments(v) |  | 1,296 |  | 2,681 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Minesite operating costs | $ | 25,152 | $ | 26,893 |  |  |
|  | Tonnes of ore processed (thousands of tonnes) |  | 502 |  | 584 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Minesite costs per tonne (US$)(iii) | $ | 50 | $ | 46 |  |  |
| **Creston Mascota deposit at Pinos Altos — Total Cash Costs per Ounce of Gold Produced** | **(ii)** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 5,781 | $ | 5,606 |  |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  | 310 |  | 467 |  |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |  |
|  | $ | 6,091 |  | $ | 6,073 |  |  |  |
|  | By-product metal revenues |  | (782) |  | (547) |  |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |  |
|  | $ | 5,309 |  | $ | 5,526 |  |  |  |
|  | Gold production (ounces) |  | 11,551 |  | 12,448 |  |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |  |
|  | Co-product basis | $ | 527 | $ | 488 |  |  |
|  | By-product basis |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | $ | 460 |  | $ | 444 |  |  |  |
| 17 |  |  |  |  |  |  |  |  |  |  |
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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

**Creston Mascota deposit at Pinos Altos — Minesite Costs per Tonne(iii)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 5,781 | $ | 5,606 |  |
|  | Inventory and other adjustments(v) |  | 195 |  | 399 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Minesite operating costs | $ | 5,976 | $ | 6,005 |  |
|  | Tonnes of ore processed (thousands of tonnes) |  | 516 |  | 527 |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | Minesite costs per tonne (US$)(iii) | $ | 12 | $ | 11 |  |
| **La India Mine — Total Cash Costs per Ounce of Gold Produced** | **(ii)** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 10,915 | $ | 12,465 |  |
|  | Adjustments: |  |  |  |  |  |  |  |
|  | Inventory and other adjustments(iv) |  | 1,054 |  | (245) |  |
|  | Cash operating costs (co-product basis) |  |  |  |  |  |
|  | $ | 11,969 |  | $ | 12,220 |  |  |
|  | By-product metal revenues |  | (1,796) |  | (1,132) |  |
|  | Cash operating costs (by-product basis) |  |  |  |  |  |
|  | $ | 10,173 |  | $ | 11,088 |  |  |
|  | Gold production (ounces) |  | 28,231 |  | 26,523 |  |
|  | Total cash costs per ounce of gold produced ($ per ounce)(ii): |  |  |  |  |  |  |  |
|  | Co-product basis | $ | 424 | $ | 461 |  |
|  | By-product basis |  |  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | $ | 360 |  | $ | 418 |  |  |
| **La India Mine — Minesite Costs per Tonne** | **(iii)** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | **Three Months Ended** |  | **Three Months Ended** |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **(thousands of United States dollars, except as noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
|  | Production costs | $ | 10,915 | $ | 12,465 |  |
|  | Inventory and other adjustments(v) |  | 819 |  | (409) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Minesite operating costs | $ | 11,734 | $ | 12,056 |  |
|  | Tonnes of ore processed (thousands of tonnes) |  | 1,396 |  | 1,378 |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Minesite costs per tonne (US$)(iii) | $ | 8 | $ | 9 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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Notes:

1. On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of CMC and the Partnership, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine.
2. 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 (before 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 and comprehensive income for by-product metal revenues, unsold concentrate 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

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

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

1. 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 and comprehensive income for unsold concentrate inventory production costs, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be affected by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.
2. Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the sales margin on the portion of concentrate production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.
3. This inventory and other adjustment reflects production costs associated with unsold concentrates.

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

All-in sustaining costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The Company believes that this measure provides information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

All-in sustaining costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues). All-in sustaining costs per ounce of gold produced on a by-product basis is calculated as the aggregate of total cash costs per ounce of gold produced on a by-product basis and sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options) and non-cash reclamation provision expense per ounce of gold produced. All-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as all-in sustaining costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made to total cash costs per ounce of gold produced. The calculation of all-in sustaining costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals.

The following table sets out a reconciliation of production costs to all-in sustaining costs per ounce of gold produced for the three months ended March 31, 2016 and the three months ended March 31, 2015 on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues).

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**AGNICO EAGLE MINES LIMITED**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Prepared in accordance with International Financial Reporting Standards)**

**For the Three Months Ended March 31, 2016**

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended** |  | **Three Months Ended** |  |
| **(United States dollars per ounce of gold produced, except where noted)** |  |  | **March 31, 2016** |  |  | **March 31, 2015** |  |  |
| Production costs per the interim condensed consolidated statements of income and |  |  |  |  |  |  |  |
| comprehensive income (thousands of United States dollars) | $ | 243,973 | $ | 247,280 |  |
| Gold production (ounces) |  |  |  |  |  |
|  | 411,336 |  |  | 404,210 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Production costs per ounce of gold production | $ | 593 | $ | 612 |  |
| Adjustments: |  |  |  |  |  |  |  |
| Inventory and other adjustments(i) |  | 38 |  | 39 |  |
| Total cash costs per ounce of gold produced (co-product basis)(ii) |  |  |  |  |  |  |  |
| $ | 631 | $ | 651 |  |
| By-product metal revenues |  | (58) |  | (63) |  |
| Total cash costs per ounce of gold produced (by-product basis)(ii) |  |  |  |  |  |  |  |
| $ | 573 | $ | 588 |  |
|  |  |  |  |  |  |  |  |  |  |
| Adjustments: |  |  |  |  |  |  |  |
| Sustaining capital expenditures (including capitalized exploration) |  | 161 |  | 150 |  |
| General and administrative expenses (including stock options) |  | 60 |  | 63 |  |
| Non-cash reclamation provision and other |  | 3 |  | 3 |  |
|  |  |  |  |  |  |  |  |  |  |
| All-in sustaining costs per ounce of gold produced (by-product basis) | $ | 797 | $ | 804 |  |
| By-product metal revenues |  |  |  |  |  |  |  |
|  |  |  |  |  |
|  | 58 |  |  | 63 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| All-in sustaining costs per ounce of gold produced (co-product basis) | $ | 855 | $ | 867 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

Notes:

1. Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. As total cash costs per ounce of gold produced are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production not yet recognized as revenue.
2. 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 (before 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 and comprehensive income for by-product metal revenues, unsold concentrate inventory production costs, smelting, refining and marketing charges and other adjustments, and then dividing by the number of ounces of gold produced. Total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as total cash costs per ounce of gold produced on a by-product basis except that no adjustment for by-product metal revenues is made. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. 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 analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

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**AGNICO EAGLE MINES LIMITED**

**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**

**(thousands of United States dollars, except where noted)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended** |  |
|  |  |  |  | **March 31,** |  |  |  |  |
|  |  |  |  | **2016** |  |  | **2015** |  |  |  |
|  | **Operating margin(i) by mine:** |  |  |  |  |  |  |  |  |  |
|  | Northern Business |  |  |  |  |  |  |  |  |  |
|  | LaRonde mine | $ | 48,055 | $ | 30,015 |  |  |
|  | Lapa mine |  |  | 10,806 |  | 14,687 |  |  |
|  | Goldex mine |  |  | 22,184 |  | 19,253 |  |  |
|  | Meadowbank mine |  |  | 33,329 |  | 46,577 |  |  |
|  | Canadian Malartic mine(ii) |  |  | 41,740 |  | 34,718 |  |  |
|  | Kittila mine |  |  | 24,086 |  | 27,415 |  |  |
|  | Southern Business |  |  |  |  |  |  |  |  |  |
|  | Pinos Altos mine |  |  | 35,820 |  | 34,652 |  |  |
|  | Creston Mascota deposit at Pinos Altos |  |  | 8,989 |  | 8,409 |  |  |
|  | La India mine |  |  | 21,549 |  | 20,590 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | Total operating margin(i) |  |  | 246,558 |  | 236,316 |  |  |
|  | Amortization of property, plant and mine development |  |  | 145,631 |  | 135,897 |  |  |
|  | Exploration, corporate and other |  |  | 73,730 |  | 43,706 |  |  |
|  | Income before income and mining taxes |  |  |  |  |  |  |  |
|  |  |  | 27,197 |  |  | 56,713 |  |  |  |
|  | Income and mining taxes (recovery) expense |  |  | (591) |  | 27,970 |  |  |
|  | Net income for the period |  |  |  |  |  |  |
|  |  | $ | 27,788 |  | $ | 28,743 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | Net income per share — basic (US$) | $ | 0.13 | $ | 0.13 |  |  |
|  | Net income per share — diluted (US$) | $ | 0.13 | $ | 0.13 |  |  |
|  | **Cash flows:** |  |  |  |  |  |  |  |  |  |
|  | Cash provided by operating activities | $ | 145,704 | $ | 143,455 |  |  |
|  | Cash used in investing activities | $ | (107,595) | $ | (53,892) |  |  |
|  | Cash used in financing activities | $ | (1,588) | $ | (123,182) |  |  |
|  | **Realized prices (US$):** |  |  |  |  |  |  |  |  |  |
|  | Gold (per ounce) | $ | 1,192 | $ | 1,202 |  |  |
|  | Silver (per ounce) | $ | 15.09 | $ | 17.02 |  |  |
|  | Zinc (per tonne) | $ | 1,540 | $ | 2,072 |  |  |
|  | Copper (per tonne) | $ | 4,297 | $ | 5,056 |  |  |
|  | **Payable production(iii):** |  |  |  |  |  |  |  |  |  |
|  | Gold (ounces): |  |  |  |  |  |  |  |  |  |
|  | Northern Business |  |  |  |  |  |  |  |  |  |
|  | LaRonde mine |  |  | 75,337 |  | 58,893 |  |  |
|  | Lapa mine |  |  | 21,709 |  | 25,920 |  |  |
|  | Goldex mine |  |  | 32,340 |  | 29,250 |  |  |
|  | Meadowbank mine |  |  | 72,311 |  | 88,523 |  |  |
|  | Canadian Malartic mine(ii) |  |  | 73,613 |  | 67,893 |  |  |
|  | Kittila mine |  |  | 48,127 |  | 44,654 |  |  |
|  | Southern Business |  |  |  |  |  |  |  |  |  |
|  | Pinos Altos mine |  |  | 48,117 |  | 50,106 |  |  |
|  | Creston Mascota deposit at Pinos Altos |  |  | 11,551 |  | 12,448 |  |  |
|  | La India mine |  |  | 28,231 |  | 26,523 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | Total gold (ounces) |  |  | 411,336 |  | 404,210 |  |  |
|  |  | 21 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |



**AGNICO EAGLE MINES LIMITED**

**SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS**

**(thousands of United States dollars, except where noted)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** |  |
|  |  |  | **March 31,** |  |  |  |  |
|  |  |  | **2016** |  |  | **2015** |  |  |  |
|  | Silver (thousands of ounces): |  |  |  |  |  |  |  |  |
|  | Northern Business |  |  |  |  |  |  |  |  |
|  | LaRonde mine | 247 |  | 198 |  |  |
|  | Lapa mine | 3 |  | 1 |  |  |
|  | Meadowbank mine | 43 |  | 96 |  |  |
|  | Canadian Malartic mine(ii) | 77 |  | 72 |  |  |
|  | Kittila mine | 3 |  | 2 |  |  |
|  | Southern Business |  |  |  |  |  |  |  |  |
|  | Pinos Altos mine | 587 |  | 562 |  |  |
|  | Creston Mascota deposit at Pinos Altos | 48 |  | 32 |  |  |
|  | La India mine | 117 |  | 69 |  |  |
|  | Total silver (thousands of ounces) |  |  |  |  |  |
|  |  | 1,125 |  |  | 1,032 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Zinc (tonnes) | 614 |  | 936 |  |  |
|  | Copper (tonnes) | 1,154 |  | 1,167 |  |  |
|  | **Payable metal sold:** |  |  |  |  |  |  |  |  |
|  | Gold (ounces): |  |  |  |  |  |  |  |  |
|  | Northern Business |  |  |  |  |  |  |  |  |
|  | LaRonde mine | 75,257 |  | 60,943 |  |  |
|  | Lapa mine | 19,836 |  | 23,497 |  |  |
|  | Goldex mine | 31,955 |  | 27,907 |  |  |
|  | Meadowbank mine | 71,589 |  | 84,780 |  |  |
|  | Canadian Malartic mine(ii)(iv) | 65,085 |  | 59,261 |  |  |
|  | Kittila mine | 50,725 |  | 48,982 |  |  |
|  | Southern Business |  |  |  |  |  |  |  |  |
|  | Pinos Altos mine | 43,224 |  | 41,433 |  |  |
|  | Creston Mascota deposit at Pinos Altos | 11,845 |  | 11,399 |  |  |
|  | La India mine | 26,165 |  | 26,898 |  |  |
|  | Total gold (ounces) |  |  |  |  |  |
|  |  | 395,681 |  |  | 385,100 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Silver (thousands of ounces): |  |  |  |  |  |  |  |  |
|  | Northern Business |  |  |  |  |  |  |  |  |
|  | LaRonde mine | 232 |  | 205 |  |  |
|  | Lapa mine | 1 |  | — |  |  |
|  | Meadowbank mine | 43 |  | 98 |  |  |
|  | Canadian Malartic mine(ii)(iv) | 73 |  | 54 |  |  |
|  | Kittila mine | 3 |  | 2 |  |  |
|  | Southern Business |  |  |  |  |  |  |  |  |
|  | Pinos Altos mine | 530 |  | 446 |  |  |
|  | Creston Mascota deposit at Pinos Altos | 48 |  | 20 |  |  |
|  | La India mine | 86 |  | 63 |  |  |
|  | Total silver (thousands of ounces): |  |  |  |  |  |
|  |  | 1,016 |  |  | 888 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Zinc (tonnes) | 605 |  | 1,264 |  |  |
|  | Copper (tonnes) | 1,156 |  | 1,160 |  |  |
|  |  | 22 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |



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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** |  |  |  |
|  |  |  | **March 31,** |  |  |  |
|  |  | **2016** |  |  |  | **2015** |  |  |  |
| **Total cash costs per ounce of gold produced — co-product basis (US$)(v):** |  |  |  |  |  |  |  |  |
| Northern Business |  |  |  |  |  |  |  |  |
| LaRonde mine | $ | 670 |  | $ | 892 |  |
| Lapa mine |  | 668 |  |  | 568 |  |
| Goldex mine |  | 506 |  |  | 542 |  |
| Meadowbank mine |  | 797 |  |  | 674 |  |
| Canadian Malartic mine(ii) |  | 572 |  |  | 649 |  |
| Kittila mine |  | 727 |  |  | 682 |  |
| Southern Business |  |  |  |  |  |  |  |  |
| Pinos Altos mine |  | 530 |  |  | 548 |  |
| Creston Mascota deposit at Pinos Altos |  | 527 |  |  | 488 |  |
| La India mine |  | 424 |  |  | 461 |  |
|  |  |  |  |  |  |  |  |  |  |
| Weighted average total cash costs per ounce of gold produced | $ | 631 |  | $ | 651 |  |
| **Total cash costs per ounce of gold produced — by-product basis (US$)(v):** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Northern Business |  |  |  |  |  |  |  |  |
| LaRonde mine | $ | 529 |  | $ | 703 |  |
| Lapa mine |  | 668 |  |  | 568 |  |
| Goldex mine |  | 506 |  |  | 541 |  |
| Meadowbank mine |  | 788 |  |  | 655 |  |
| Canadian Malartic mine(ii) |  | 557 |  |  | 632 |  |
| Kittila mine |  | 726 |  |  | 681 |  |
| Southern Business |  |  |  |  |  |  |  |  |
| Pinos Altos mine |  | 343 |  |  | 357 |  |
| Creston Mascota deposit at Pinos Altos |  | 460 |  |  | 444 |  |
| La India mine |  | 360 |  |  | 418 |  |
| Weighted average total cash costs per ounce of gold produced |  |  |  |  |  |  |
| $ | 573 |  |  | $ | 588 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

Notes:

1. Operating margin is calculated as revenues from mining operations less production costs.
2. On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of CMC and the Partnership, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine.
3. Payable production (a non-GAAP non-financial performance measure) is the quantity of mineral produced during a period contained in products that are or will be sold by the Company, whether such products are sold during the period or held as inventories at the end of the period.
4. The Canadian Malartic mine's payable metal sold excludes the 5.0% net smelter royalty transferred to Osisko Gold Royalties Ltd., pursuant to the Arrangement.
5. 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 (before 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 and comprehensive income for by-product metal revenues, unsold concentrate 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

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

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

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**AGNICO EAGLE MINES LIMITED**

**SUMMARIZED QUARTERLY DATA**

**(thousands of United States dollars, except where noted)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  | **Three Months Ended** |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **June 30,** |  | **September 30,** |  | **December 31,** | **March 31,** |  | **June 30,** |  | **September 30,** |  | **December 31,** | **March 31,** |  |  |
|  |  |  | **2014** |  |  | **2014** |  |  | **2014** |  |  | **2015** |  |  | **2015** |  |  | **2015** |  |  | **2015** |  |  | **2016** |  |  |
| **Operating margin(i):** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from mining |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| operations | $ | 438,521 | $ | 463,388 | $ | 503,090 | $ | 483,596 | $ | 510,109 | $ | 508,795 | $ | 482,932 | $ | 490,531 |  |
| Production costs |  | 229,383 |  | 269,793 |  | 287,317 |  | 247,280 |  | 263,612 |  | 254,584 |  | 229,819 |  | 243,973 |  |
| Total operating |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| margin(i) |  | 209,138 |  | 193,595 |  | 215,773 |  | 236,316 |  | 246,497 |  | 254,211 |  | 253,113 |  | 246,558 |  |
| **Operating margin(i)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **by mine:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Northern Business |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| LaRonde mine |  | 26,402 |  | 14,696 |  | 33,535 |  | 30,015 |  | 32,799 |  | 32,443 |  | 50,667 |  | 48,055 |  |
| Lapa mine |  | 9,050 |  | 13,748 |  | 16,060 |  | 14,687 |  | 11,351 |  | 13,813 |  | 12,363 |  | 10,806 |  |
| Goldex mine |  | 13,283 |  | 17,237 |  | 20,693 |  | 19,253 |  | 15,525 |  | 20,681 |  | 17,108 |  | 22,184 |  |
| Meadowbank mine |  | 88,728 |  | 52,504 |  | 39,839 |  | 46,577 |  | 49,600 |  | 55,493 |  | 64,664 |  | 33,329 |  |
| Canadian Malartic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| mine(ii) |  | 3,668 |  | 33,224 |  | 39,092 |  | 34,718 |  | 44,737 |  | 44,293 |  | 38,059 |  | 41,740 |  |
| Kittila mine |  | 14,184 |  | 12,128 |  | 14,312 |  | 27,415 |  | 16,145 |  | 21,528 |  | 15,174 |  | 24,086 |  |
| Southern Business |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pinos Altos mine |  | 33,417 |  | 28,837 |  | 27,123 |  | 34,652 |  | 44,538 |  | 37,217 |  | 29,327 |  | 35,820 |  |
| Creston Mascota |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| deposit at Pinos |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Altos |  | 7,428 |  | 8,032 |  | 8,392 |  | 8,409 |  | 12,968 |  | 8,898 |  | 9,919 |  | 8,989 |  |
| La India mine |  | 12,978 |  | 13,189 |  | 16,727 |  | 20,590 |  | 18,834 |  | 19,845 |  | 15,832 |  | 21,549 |  |
| Total operating |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| margin(i) |  | 209,138 |  | 193,595 |  | 215,773 |  | 236,316 |  | 246,497 |  | 254,211 |  | 253,113 |  | 246,558 |  |
| Amortization of |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| property, plant and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| mine development |  | 93,656 |  | 117,396 |  | 139,095 |  | 135,897 |  | 157,615 |  | 157,968 |  | 157,129 |  | 145,631 |  |
| Exploration, corporate |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| and other |  | 81,665 |  | 69,884 |  | 74,390 |  | 43,706 |  | 67,973 |  | 110,258 |  | 76,963 |  | 73,730 |  |
| Income (loss) before |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| income and mining |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| taxes |  | 33,817 |  | 6,315 |  | 2,288 |  | 56,713 |  | 20,909 |  | (14,015) |  | 19,021 |  | 27,197 |  |
| Income and mining |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| taxes expense |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (recovery) |  | 11,659 |  | 21,365 |  | 23,571 |  | 27,970 |  | 10,826 |  | (15,309) |  | 34,558 |  | (591) |  |
| Net income (loss) for |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| the period | $ | 22,158 | $ | (15,050) | $ | (21,283) | $ | 28,743 | $ | 10,083 | $ | 1,294 | $ | (15,537) | $ | 27,788 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) per |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| share — basic (US$) | $ | 0.12 | $ | (0.07) | $ | (0.10) | $ | 0.13 | $ | 0.05 | $ | 0.01 | $ | (0.07) | $ | 0.13 |  |
| Net income (loss) per |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| share — diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (US$) | $ | 0.12 | $ | (0.10) | $ | (0.12) | $ | 0.13 | $ | 0.05 | $ | 0.01 | $ | (0.07) | $ | 0.13 |  |
| **Cash flows:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash provided by |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| operating activities | $ | 182,728 | $ | 71,244 | $ | 163,956 | $ | 143,455 | $ | 188,349 | $ | 143,687 | $ | 140,747 | $ | 145,704 |  |
| Cash used in investing |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| activities | $ | (488,543) | $ | (131,662) | $ | (123,126) | $ | (53,892) | $ | (104,476) | $ | (100,365) | $ | (115,786) | $ | (107,595) |  |
| Cash provided by (used |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| in) financing |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| activities | $ | 381,951 | $ | (35,943) | $ | (18,685) | $ | (123,182) | $ | (64,514) | $ | 7,396 | $ | (100,460) | $ | (1,588) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Notes:

1. Operating margin is calculated as revenues from mining operations less production costs.
2. On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of CMC and the Partnership, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine since the date of acquisition.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **As at** |  | **As at** |  |
|  |  | **March 31,** |  | **December 31,** |  |
|  |  | **2016** |  |  | **2015** |  |  |
| **ASSETS** |  |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |  |
| Cash and cash equivalents | **$** | **162,746** | $ | 124,150 |  |
| Short-term investments |  | **5,209** |  | 7,444 |  |
| Restricted cash |  | **675** |  | 685 |  |
| Trade receivables (note 5) |  | **5,641** |  | 7,714 |  |
| Inventories (note 6) |  | **435,447** |  | 461,976 |  |
| Income taxes recoverable |  | **4,878** |  | 817 |  |
| Available-for-sale securities (notes 5 and 7) |  | **66,350** |  | 31,863 |  |
| Fair value of derivative financial instruments (notes 5 and 12) |  | **4,520** |  | 87 |  |
| Other current assets |  | **186,850** |  | 194,689 |  |
| Total current assets |  |  |  |  |  |
|  | **872,316** |  |  | 829,425 |  |  |
| Non-current assets: |  |  |  |  |  |  |  |
| Restricted cash |  | **791** |  | 741 |  |
| Goodwill |  | **696,809** |  | 696,809 |  |
| Property, plant and mine development (note 8) |  | **5,069,152** |  | 5,088,967 |  |
| Other assets |  | **77,496** |  | 67,238 |  |
| Total assets |  |  |  |  |  |
| **$** | **6,716,564** |  | $ | 6,683,180 |  |  |
|  |  |  |  |  |  |  |  |
| **LIABILITIES AND EQUITY** |  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |  |
| Accounts payable and accrued liabilities | **$** | **202,158** | $ | 243,786 |  |
| Reclamation provision |  | **6,795** |  | 6,245 |  |
| Interest payable |  | **22,107** |  | 14,526 |  |
| Income taxes payable |  | **5,189** |  | 14,852 |  |
| Finance lease obligations |  | **8,567** |  | 9,589 |  |
| Current portion of long-term debt (note 9) |  | **15,419** |  | 14,451 |  |
| Fair value of derivative financial instruments (notes 5 and 12) |  | **1,709** |  | 8,073 |  |
| Total current liabilities |  |  |  |  |  |
|  | **261,944** |  |  | 311,522 |  |  |
| Non-current liabilities: |  |  |  |  |  |  |  |
| Long-term debt (note 9) |  | **1,064,750** |  | 1,118,187 |  |
| Reclamation provision |  | **311,069** |  | 276,299 |  |
| Deferred income and mining tax liabilities |  | **789,437** |  | 802,114 |  |
| Other liabilities |  | **34,250** |  | 34,038 |  |
| Total liabilities |  |  |  |  |  |
|  | **2,461,450** |  |  | 2,542,160 |  |  |
| **EQUITY** |  |  |  |  |  |  |  |
| Common shares (note 10): |  |  |  |  |  |  |  |
| Outstanding — 221,281,167 common shares issued, less 802,915 shares held in trust |  | **4,799,138** |  | 4,707,940 |  |
| Stock options (notes 10 and 11) |  | **203,582** |  | 216,232 |  |
| Contributed surplus |  | **37,254** |  | 37,254 |  |
| Deficit |  | **(813,517)** |  | (823,734) |  |
| Accumulated other comprehensive income |  | **28,657** |  | 3,328 |  |
| Total equity |  |  |  |  |  |
|  | **4,255,114** |  |  | 4,141,020 |  |  |
| Total liabilities and equity | **$** | **6,716,564** | $ | 6,683,180 |  |
| Commitments and contingencies (note 14) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

*See accompanying notes*

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**AGNICO EAGLE MINES LIMITED**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND**

**COMPREHENSIVE INCOME**

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

**(Unaudited)**

**Three Months Ended**

**March 31,**



|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **2016** |  |  |  | **2015** |  |  |
| **REVENUES** |  |  |  |  |  |  |  |  |
| Revenues from mining operations | **$** | **490,531** |  | $ | 483,596 |  |
| **COSTS, EXPENSES AND OTHER INCOME** |  |  |  |  |  |  |  |  |
| Production(i) |  | **243,973** |  |  | 247,280 |  |
| Exploration and corporate development |  | **28,385** |  |  | 16,651 |  |
| Amortization of property, plant and mine development |  | **145,631** |  |  | 135,897 |  |
| General and administrative |  | **24,823** |  |  | 25,221 |  |
| Impairment loss on available-for-sale securities (note 7) |  | **—** |  | 685 |  |
| Finance costs |  | **17,801** |  |  | 19,712 |  |
| (Gain) loss on derivative financial instruments (note 12) |  | **(9,621)** |  | 8,576 |  |
| Gain on sale of available-for-sale securities (note 7) |  | **(119)** |  | (21,049) |  |
| Environmental remediation |  | **5,093** |  |  | 429 |  |
| Foreign currency translation loss (gain) |  | **6,770** |  |  | (11,690) |  |
| Other expenses |  | **598** |  |  |  | 5,171 |  |  |
| Income before income and mining taxes |  | **27,197** |  |  | 56,713 |  |
| Income and mining taxes (recovery) expense |  | **(591)** |  | 27,970 |  |
| Net income for the period | **$** | **27,788** |  |  | $ | 28,743 |  |  |
| Net income per share — basic (note 10) |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |
| **$** | **0.13** |  |  | $ | 0.13 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Net income per share — diluted (note 10) | **$** | **0.13** |  | $ | 0.13 |  |
| Cash dividends declared per common share |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |
| **$** | **0.08** |  |  | $ | 0.08 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **COMPREHENSIVE INCOME** |  |  |  |  |  |  |  |  |
| Net income for the period | **$** | **27,788** |  | $ | 28,743 |  |
| Other comprehensive income (loss): |  |  |  |  |  |  |  |  |
| Items that may be subsequently reclassified to net income: |  |  |  |  |  |  |  |  |
| Available-for-sale securities and other investments: |  |  |  |  |  |  |  |  |
| Unrealized change in fair value of available-for-sale securities |  | **29,348** |  |  | 10,987 |  |
| Reclassification to impairment loss on available-for-sale securities (note 7) |  | **—** |  | 685 |  |
| Reclassification to gain on sale of available-for-sale securities (note 7) |  | **(119)** |  | (21,049) |  |
| Income tax impact of reclassification items |  | **16** |  |  | 2,713 |  |
| Income tax impact of other comprehensive income (loss) items |  | **(3,916)** |  | (1,463) |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  | **25,329** |  |  |  | (8,127) |  |
| Items that will not be subsequently reclassified to net income: |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Pension benefit obligations: |  |  |  |  |  |  |  |  |
| Remeasurement losses of pension benefit obligations |  | **(32)** |  | (206) |  |
| Income tax impact |  | **8** |  |  | 55 |  |
|  |  |  |  |  |  |  |  |
|  |  |  | **(24)** |  |  |  | (151) |  |  |
| Other comprehensive income (loss) for the period |  | **25,305** |  |  | (8,278) |  |
| Comprehensive income for the period |  |  |  |  |  |  |
| **$** | **53,093** |  |  | $ | 20,465 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

Note:

1. Exclusive of amortization, which is shown separately.

*See accompanying notes*

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**AGNICO EAGLE MINES LIMITED**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY**

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

**(Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Common Shares** |  |  |  |  |  |  |  |  |  |  | **Accumulated** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | **Other** |  |  |  |  |
|  | **Oustanding** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Stock** | **Contributed** |  |  |  | **Comprehensive** |  | **Total** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Shares** |  |  | **Amount** |  |  | **Options** |  |  | **Surplus** |  |  | **Deficit** |  |  | **Income** |  |  | **Equity** |  |  |
| **Balance December 31, 2014** | 214,236,234 |  | $ | 4,599,788 | $ | 200,830 | $ | 37,254 | $ | (779,382) | $ | 10,000 | $ | 4,068,490 |  |
| Net income |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| — |  |  |  | — |  |  | — |  |  | — |  |  | 28,743 |  |  | — |  |  | 28,743 |  |  |
| Other comprehensive loss | — |  | — |  | — |  | — |  | (151) |  | (8,127) |  | (8,278) |  |
| Total comprehensive income (loss) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| — |  |  |  | — |  |  | — |  |  | — |  |  | 28,592 |  |  | (8,127) |  |  | 20,465 |  |  |
| Transactions with owners: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Shares issued under employee stock option |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| plan (notes 10 and 11) | 338,603 |  |  | 10,454 |  | (2,231) |  | — |  | — |  | — |  | 8,223 |  |
| Stock options (notes 10 and 11) | — |  | — |  | 8,012 |  | — |  | — |  | — |  | 8,012 |  |
| Shares issued under incentive share purchase |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| plan (note 11) | 124,791 |  |  | 3,607 |  | — |  | — |  | — |  | — |  | 3,607 |  |
| Shares issued under dividend reinvestment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| plan | 85,225 |  |  | 2,459 |  | — |  | — |  | — |  | — |  | 2,459 |  |
| Shares issued for joint acquisition of Malartic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| CHL property | 459,197 |  |  | 13,441 |  | — |  | — |  | — |  | — |  | 13,441 |  |
| Dividends declared ($0.08 per share) | — |  | — |  | — |  | — |  | (17,221) |  | — |  | (17,221) |  |
| Restricted Share Unit plan and Long Term |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Incentive Plan ("LTIP") (note 11) | (302,232) |  | (7,734) |  | — |  | — |  | — |  | — |  | (7,734) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance March 31, 2015** | 214,941,818 |  |  | $ | 4,622,015 |  | $ | 206,611 | $ | 37,254 | $ | (768,011) | $ | 1,873 | $ | 4,099,742 |  |
| **Balance December 31, 2015** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 217,650,795 |  |  | $ | 4,707,940 |  | $ | 216,232 |  | $ | 37,254 |  | $ | (823,734) |  | $ | 3,328 |  | $ | 4,141,020 |  |  |
| Net income | — |  | — |  | — |  | — |  | 27,788 |  | — |  | 27,788 |  |
| Other comprehensive income (loss) | — |  | — |  | — |  | — |  | (24) |  | 25,329 |  | 25,305 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income | — |  | — |  | — |  | — |  | 27,764 |  | 25,329 |  | 53,093 |  |
| Transactions with owners: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Shares issued under employee stock option |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| plan (notes 10 and 11) | 2,691,968 |  |  | 83,106 |  | (18,683) |  | — |  | — |  | — |  | 64,423 |  |
| Stock options (notes 10 and 11) | — |  | — |  | 6,033 |  | — |  | — |  | — |  | 6,033 |  |
| Shares issued under incentive share purchase |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| plan (note 11) | 103,906 |  |  | 3,808 |  | — |  | — |  | — |  | — |  | 3,808 |  |
| Shares issued under dividend reinvestment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| plan | 82,056 |  |  | 2,710 |  | — |  | — |  | — |  | — |  | 2,710 |  |
| Shares issued under flow-through share |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| private placement (note 10) | 374,869 |  |  | 13,593 |  | — |  | — |  | — |  | — |  | 13,593 |  |
| Dividends declared ($0.08 per share) | — |  | — |  | — |  | — |  | (17,547) |  | — |  | (17,547) |  |
| Restricted Share Unit plan, Performance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Share Unit plan, and Long Term Incentive |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Plan ("LTIP") (note 11) | (425,342) |  | (12,019) |  | — |  | — |  | — |  | — |  | (12,019) |  |
| **Balance March 31, 2016** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 220,478,252 |  |  | $ | 4,799,138 |  | $ | 203,582 |  | $ | 37,254 |  | $ | (813,517) |  | $ | 28,657 |  | $ | 4,255,114 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

*See accompanying notes*

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**AGNICO EAGLE MINES LIMITED**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(thousands of United States dollars)**

**(Unaudited)**

**Three Months Ended**

**March 31,**



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2016** |  |  | **2015** |  |  |
| **OPERATING ACTIVITIES** |  |  |  |  |  |  |  |
| Net income for the period | **$** | **27,788** | $ | 28,743 |  |
| Add (deduct) items not affecting cash: |  |  |  |  |  |  |  |
| Amortization of property, plant and mine development |  | **145,631** |  | 135,897 |  |
| Deferred income and mining taxes |  | **(16,986)** |  | 19,300 |  |
| Gain on sale of available-for-sale securities (note 7) |  | **(119)** |  | (21,049) |  |
| Stock-based compensation (note 11) |  | **9,786** |  | 11,718 |  |
| Impairment loss on available-for-sale securities (note 7) |  | **—** |  | 685 |  |
| Foreign currency translation loss (gain) |  | **6,770** |  | (11,690) |  |
| Other |  | **(4,159)** |  | 13,536 |  |
| Adjustment for settlement of reclamation provision |  | **(1,232)** |  | (302) |  |
| Changes in non-cash working capital balances: |  |  |  |  |  |  |  |
| Trade receivables |  | **2,073** |  | (1,484) |  |
| Income taxes |  | **(13,724)** |  | (24,063) |  |
| Inventories |  | **24,611** |  | 10,412 |  |
| Other current assets |  | **4,020** |  | (4,837) |  |
| Accounts payable and accrued liabilities |  | **(46,336)** |  | (20,582) |  |
| Interest payable |  | **7,581** |  | 7,171 |  |
|  |  |  |  |  |  |  |  |
| Cash provided by operating activities |  | **145,704** |  | 143,455 |  |
| **INVESTING ACTIVITIES** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Additions to property, plant and mine development (note 8) |  | **(100,694)** |  | (82,887) |  |
| Acquisitions, net of cash and cash equivalents acquired |  | **—** |  | (7,000) |  |
| Net sales (purchases) of short-term investments |  | **2,235** |  | (101) |  |
| Net proceeds from sale of available-for-sale securities and other investments (note 7) |  | **299** |  | 37,668 |  |
| Purchase of available-for-sale securities and other investments (note 7) |  | **(9,445)** |  | (5,275) |  |
| Decrease in restricted cash |  | **10** |  | 3,703 |  |
|  |  |  |  |  |  |  |  |
| Cash used in investing activities |  | **(107,595)** |  | (53,892) |  |
| **FINANCING ACTIVITIES** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Dividends paid |  | **(14,846)** |  | (14,775) |  |
| Repayment of finance lease obligations |  | **(2,514)** |  | (8,405) |  |
| Proceeds from long-term debt (note 9) |  | **75,000** |  | — |  |
| Repayment of long-term debt (note 9) |  | **(130,000)** |  | (100,000) |  |
| Repurchase of common shares for stock-based compensation plans (note 11) |  | **(14,895)** |  | (10,642) |  |
| Proceeds on exercise of stock options (note 11) |  | **64,424** |  | 8,223 |  |
| Common shares issued (note 10) |  | **21,243** |  | 2,417 |  |
| Cash used in financing activities |  |  |  |  |  |
|  | **(1,588)** |  |  | (123,182) |  |  |
| **Effect of exchange rate changes on cash and cash equivalents** |  | **2,075** |  | (5,912) |  |
| **Net increase (decrease) in cash and cash equivalents during the period** |  |  |  |  |  |
|  | **38,596** |  |  | (39,531) |  |  |
| **Cash and cash equivalents, beginning of period** |  | **124,150** |  | 177,537 |  |
| **Cash and cash equivalents, end of period** |  |  |  |  |  |
| **$** | **162,746** |  | $ | 138,006 |  |  |
|  |  |  |  |  |  |  |  |
| **SUPPLEMENTAL CASH FLOW INFORMATION** |  |  |  |  |  |  |  |
| Interest paid | **$** | **8,880** | $ | 11,081 |  |
|  |  |  |  |  |  |  |  |
| Income and mining taxes paid | **$** | **53,317** | $ | 37,947 |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

*See accompanying notes*

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**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)**

**March 31, 2016**

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 is 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 April 29, 2016.

1. **BASIS OF PRESENTATION**
	1. ***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 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.

These condensed interim consolidated financial statements should be read in conjunction with the Company's 2015 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, 2015, 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 March 31, 2016 and December 31, 2015 and the results of operations and cash flows for the three months ended March 31, 2016 and March 31, 2015.

Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2016.

* 1. ***Basis of Presentation*** *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 Canadian Malartic Corporation and Canadian Malartic GP, the general partnership that holds the Canadian Malartic mine located in Quebec, has been accounted for as a joint operation.

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**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)**

**March 31, 2016**

1. **ACCOUNTING POLICIES**

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2015 annual audited consolidated financial statements.

Management has evaluated all accounting policy pronouncements coming into effect during the three months ended March 31, 2016 and determined that none were applicable to the Company.

1. **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, 2015.

1. **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.

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 months ended March 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

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

Long-term debt is recorded on the condensed interim consolidated balance sheets at March 31, 2016 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating, to future related cash flows which is categorized within Level 2 of the fair value hierarchy. As at March 31, 2016, the Company's long-term debt had a fair value of $1,199.7 million (December 31, 2015 — $1,226.5 million).

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**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)**

**March 31, 2016**

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

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2016 using the fair value hierarchy:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Level 1** |  | **Level 2** | **Level 3** |  | **Total** |  |
| **Financial assets:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Trade receivables | $ | — | $ | 5,641 | $ | — | $ | 5,641 |  |
| Available-for-sale securities |  | 61,430 |  |  | 4,920 |  | — |  | 66,350 |  |
| Fair value of derivative financial instruments |  | — |  | 4,520 |  | — |  | 4,520 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total financial assets | $ | 61,430 |  |  | $ | 15,081 | $ | — | $ | 76,511 |  |
| **Financial liabilities:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fair value of derivative financial instruments | $ | — | $ | 1,709 | $ | — | $ | 1,709 |  |
| Total financial liabilities |  |  |  |  |  |  |  |  |  |  |
| $ | — |  |  | $ | 1,709 |  | $ | — |  | $ | 1,709 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2015 using the fair value hierarchy:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Level 1** |  | **Level 2** | **Level 3** |  | **Total** |  |
| **Financial assets:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Trade receivables | $ | — | $ | 7,714 | $ | — | $ | 7,714 |  |
| Available-for-sale securities |  | 27,630 |  |  | 4,233 |  | — |  | 31,863 |  |
| Fair value of derivative financial instruments |  | — |  | 87 |  | — |  | 87 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total financial assets | $ | 27,630 |  |  | $ | 12,034 | $ | — | $ | 39,664 |  |
| **Financial liabilities:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fair value of derivative financial instruments | $ | — | $ | 8,073 | $ | — | $ | 8,073 |  |
| Total financial liabilities |  |  |  |  |  |  |  |  |  |  |
| $ | — |  |  | $ | 8,073 |  | $ | — |  | $ | 8,073 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**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).

***Available-for-sale Securities***

Available-for-sale 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). Available-for-sale 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. Derivative financial instruments are classified as fair value through profit and loss.

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**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)**

**March 31, 2016**

1. **INVENTORIES**

During the three months ended March 31, 2016, impairment losses of $3.1 million (three months ended March 31, 2015 — nil) were recorded within production costs to reduce the carrying value of inventories to their net realizable value.

1. **AVAILABLE-FOR-SALE SECURITIES**

During the three months ended March 31, 2016, the Company purchased certain available-for-sale securities totaling $5.4 million (three months ended March 31, 2015 — $5.3 million).

During the three months ended March 31, 2016, the Company received net proceeds of $0.3 million (three months ended March 31, 2015 — $31.0 million) and recognized a gain before income taxes of $0.1 million (three months ended March 31, 2015 — $21.0 million) on the sale of certain available-for-sale securities.

During the three months ended March 31, 2016, the Company recorded an impairment loss of nil (three months ended March 31, 2015 — $0.7 million) on certain available-for-sale securities that were determined to have an impairment that was significant or prolonged.

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

During the three months ended March 31, 2016, $128.5 million of additions (year ended December 31, 2015 — $561.4 million) were capitalized to property, plant and mine development.

Total borrowing costs capitalized to property, plant and mine development during the three months ended March 31, 2016 were approximately $0.5 million (year ended December 31, 2015 — $1.7 million) at a capitalization rate of 1.21% (year ended December 31, 2015 — 1.25%).

Assets with a net book value of $1.3 million were disposed of by the Company during the three months ended March 31, 2016 (year ended December 31, 2015 — $8.1 million), resulting in a net loss on disposal of $1.1 million (year ended December 31, 2015 — $1.9 million).

See note 14 to these condensed interim consolidated financial statements for capital commitments.

1. **LONG-TERM DEBT**

On September 30, 2015, the Company amended its $1.2 billion Credit Facility, extending the maturity date from June 22, 2019 to June 22, 2020 and amending pricing terms. At March 31, 2016, the Credit Facility was drawn down by $210.0 million (December 31, 2015 — $265.0 million). Amounts drawn down, together with outstanding letters of credit under the Credit Facility, resulted in Credit Facility availability of $989.0 million at March 31, 2016. During the three months ended March 31, 2016, Credit Facility drawdowns totaled $75.0 million and repayments totaled $130.0 million. During the three months ended March 31, 2015, Credit Facility drawdowns totaled nil and repayments totaled $100.0 million.

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**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)**

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**March 31, 2016**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **10. 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** |  |  |  |
|  |  |  | **March 31,** |  |
|  |  |  | **2016** |  |  | **2015** |  |  |
|  | Net income for the period | $ | 27,788 | $ | 28,743 |  |
|  | Weighted average number of common shares outstanding — basic (in thousands) |  |  |  |  |  |
|  |  | 219,681 |  |  | 214,566 |  |  |
|  | Add: Dilutive impact of common shares related to the RSU plan, PSU plan and LTIP |  | 590 |  | 239 |  |
|  | Add: Dilutive impact of employee stock options |  | 1,635 |  | 887 |  |
|  |  |  |  |  |  |  |  |  |
|  | Weighted average number of common shares outstanding — diluted (in thousands) |  | 221,906 |  | 215,692 |  |
|  | Net income per share — basic |  |  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | $ | 0.13 |  | $ | 0.13 |  |  |
|  |  |  |  |  |  |  |  |  |
|  | Net income per share — diluted | $ | 0.13 | $ | 0.13 |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

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 March 31, 2016, 2,603,000 (three months ended March 31, 2015 — 4,893,755) employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive.

***Flow-through share private placement***

On March 10, 2016, the Company raised approximately C$25.0 million ($18.7 million) through the issuance of 374,869 flow-through common shares at a price of C$66.69 per common share. Flow-through shares are securities issued to investors whereby the deductions for tax purposes related to resource exploration and evaluation expenditures may be claimed by investors instead of the issuer, subject to a renouncement process. At the time the flow-through shares were issued, the sale of tax deductions were deferred and are presented in the accounts payable and accrued liabilities line item in the condensed interim consolidated balance sheets because the Company has not yet fulfilled its obligation to pass on the tax deductions to the investor. When the Company fulfills its obligation, the sale of tax deductions is recognized in the income statement as a reduction of deferred tax expense. The closing price of the Company's common shares on the March 10, 2016 issuance date was C$48.49, resulting in an increase to share capital of approximately C$18.2 million ($13.6 million). The related C$6.8 million ($5.1 million) liability will be drawn down as eligible expenditures are incurred because the Company has a positive intention to renounce those expenses. During the three months ended March 31, 2016, the liability was drawn down by C$0.4 million ($0.3 million) based on eligible expenditures incurred.

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**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)**

**March 31, 2016**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **11. STOCK-BASED COMPENSATION** |  |  |  |  |  |  |  |  |  |  |  |
| ***(a)*** | ***Employee Stock Option Plan ("ESOP")*** |  |  |  |  |  |  |  |  |  |  |  |
| The following table sets out activity with respect to Agnico Eagle's outstanding stock options: |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Three Months Ended** | **Three Months Ended** |  |
|  |  |  | **March 31, 2016** | **March 31, 2015** |  |
|  |  |  |  |  |  | **Weighted** |  |  |  |  | **Weighted** |  |  |
|  |  |  | **Number of** |  | **Average** | **Number of** |  | **Average** |  |
|  |  |  | **Stock** |  | **Exercise** | **Stock** |  | **Exercise** |  |
|  |  |  | **Options** |  |  | **Price** |  | **Options** |  |  | **Price** |  |  |
|  |  | Outstanding, beginning of period | 12,082,212 | C$ | 43.65 | 11,913,210 | C$ | 48.84 |  |
|  |  | Granted | 2,140,075 |  | 36.37 | 3,048,080 |  | 29.04 |  |
|  |  | Exercised | (2,691,968) |  | 32.98 | (338,603) |  | 29.87 |  |
|  |  | Forfeited | (78,781) |  | 42,27 | (36,514) |  | 43.19 |  |
|  |  | Expired | (2,113,505) |  | 76.56 | (2,013,581) |  | 56.94 |  |
|  |  | Outstanding, end of period |  |  |  |  |  |  |  |
|  |  | 9,338,033 |  | C$ | 37.63 |  | 12,572,592 |  | C$ | 43.27 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Options exercisable, end of period | 5,413,217 | C$ | 41.80 | 7,972,825 | C$ | 49.76 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

The average share price of Agnico Eagle's common shares during the three months ended March 31, 2016 was C$44.83 (three months ended March 31, 2015 — C$38.20)

Agnico Eagle estimated the fair value of stock options under the Black-Scholes option pricing model using the following weighted average assumptions:

|  |  |
| --- | --- |
|  | **Three Months Ended** |
|  | **March 31,** |  |  |
|  | **2016** |  |  | **2015** |  |
| Risk-free interest rate | 0.89% |  | 1.51% |
| Expected life of stock options (in years) | 2.5 |  | 2.7 |
| Expected volatility of Agnico Eagle's share price | 45.0% |  | 45.0% |
| Expected dividend yield | 1.33% |  | 1.70% |

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.

The total compensation expense for the ESOP recorded in the general and administrative line item of the condensed interim consolidated statements of income and comprehensive income during the three months ended March 31, 2016 was $6.0 million (three months ended March 31, 2015 — $8.0 million). Of the total compensation cost 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 March 31, 2016 (three months ended March 31, 2015 — $0.2 million).

1. ***Incentive Share Purchase Plan ("ISPP")***

During the three months ended March 31, 2016, 103,906 common shares were subscribed for under the ISPP (three months ended March 31, 2015 — 124,791) for a value of $3.8 million (three months ended March 31, 2015 — $3.6 million). The total compensation cost recognized during the three months ended March 31, 2016 related to the ISPP was $1.3 million (three months ended March 31, 2015 — $1.2 million).

1. ***Restricted Share Unit ("RSU") Plan***

During the three months ended March 31, 2016, 340,042 (three months ended March 31, 2015 — 382,358) RSUs were granted with a grant date fair value of $9.5 million (three months ended March 31, 2015 — $10.6 million). In the first quarter of 2016, the Company funded the RSU plan by transferring $9.5 million (first quarter of 2015 — $10.3 million) to an employee benefit trust that then purchased common shares of the Company in the open market.

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**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)**

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**March 31, 2016**

**11. STOCK-BASED COMPENSATION (Continued)**

Compensation expense related to the RSU plan was $2.4 million for the three months ended March 31, 2016 (three months ended March 31, 2015 — $2.8 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 and comprehensive income.

1. ***Performance Share Unit Plan***

Beginning in 2016, the Company adopted a Performance Share Unit ("PSU") Plan for Senior Executives. PSUs are subject to vesting requirements based on specific performance measurements established by the Company. The fair value for the portion of the PSUs related to market conditions is based on the application of pricing models at the grant date and the fair value for the portion related to non-market conditions is based on the market value of the shares at the grant date. Compensation expense is based on the current best estimate of the outcome for the specific performance measurement established by the Company and is recognized over the vesting period based on the number of units estimated to vest.

During the three months ended March 31, 2016, 183,000 (three months ended March 31, 2015 — nil) PSUs were granted. In the first quarter of 2016, the Company funded the PSU plan by transferring $5.3 million (first quarter of 2015 — nil) 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 $0.4 million for the three months ended March 31, 2016 (three months ended March 31, 2015 — nil). 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 and comprehensive income.

1. **DERIVATIVE FINANCIAL INSTRUMENTS *Currency Risk Management***

The Company utilizes 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 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. The economic hedges relate to a portion of the foreign currency denominated cash outflows arising from foreign currency denominated expenditures. The Company does not apply hedge accounting to these arrangements.

As at March 31, 2016, the Company had outstanding foreign exchange zero cost collars. The purchase of US dollar put options was financed through selling US dollar call options at a higher level such that the net premium payable to the different counterparties by the Company was nil. At March 31, 2016, the zero cost collars related to $208.0 million of 2016 expenditures and 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 and comprehensive income. 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 2016 and 2015 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. All of these derivative transactions expired prior to period end such that no derivatives were outstanding as at March 31, 2016 or December 31, 2015. The call option premiums were recognized in the (gain) loss on derivative financial instruments line item of the condensed interim consolidated statements of income and comprehensive 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 with the Meadowbank mine's diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding at March 31, 2016 relating to 7.0 million gallons of heating oil (December 31, 2015 — 7.0 million gallons). 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 and comprehensive income. The Company does 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.

As at March 31, 2016 and December 31, 2015, there were no metal derivative positions. The Company may from time to time utilize short-term financial instruments as part of its strategy to minimize risks and optimize returns on its by-product metal sales.

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**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)**

**March 31, 2016**

**12. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

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 and comprehensive income:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **Three Months** |  |
|  |  |  | **Ended** |  |  |  |
|  |  |  | **March 31,** |  |
|  |  |  | **2016** |  |  | **2015** |  |  |
| Premiums realized on written foreign exchange call options | $ | (494) | $ | (665) |  |
| Realized gain on warrants |  | — |  | (9,664) |  |
| Unrealized (gain) loss on warrants(i) |  | (608) |  | 2,559 |  |
| Realized loss on currency and commodity derivatives |  | 1,671 |  | 2,736 |  |
| Unrealized (gain) loss on currency and commodity derivatives(i) |  | (10,190) |  | 13,610 |  |
| Total (gain) loss on derivative financial instruments |  |  |  |  |  |
| $ | (9,621) |  | $ | 8,576 |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

Note:

1. 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 comprehensive income and through the other line item of the condensed interim consolidated statements of cash flows.

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**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)**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **13. SEGMENTED INFORMATION** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Revenues from** |  |  |  | **Exploration and** |  | **Segment** |  |
|  |  |  |  |  | **Mining** | **Production** |  | **Corporate** |  | **Income** |  |
|  |  | **Three Months Ended March 31, 2016:** |  |  | **Operations** |  |  | **Costs** |  |  | **Development** |  |  | **(Loss)** |  |  |
|  |  | **Northern Business:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | LaRonde mine | $ | 93,909 | $ | (45,854) | $ | — | $ | 48,055 |  |  |
|  |  | Lapa mine |  | 23,590 |  | (12,784) |  | — |  | 10,806 |  |  |
|  |  | Goldex mine |  | 37,916 |  | (15,732) |  | — |  | 22,184 |  |  |
|  |  | Meadowbank mine |  | 85,539 |  | (52,210) |  | (5,712) |  | 27,617 |  |  |
|  |  | Canadian Malartic mine |  | 82,554 |  | (40,814) |  | (1,258) |  | 40,482 |  |  |
|  |  | Kittila mine |  | 60,113 |  | (36,027) |  | — |  | 24,086 |  |  |
|  |  | **Total Northern Business** |  |  |  |  |  |  |  |  |  |  |
|  |  |  | 383,621 |  |  | (203,421) |  |  | (6,970) |  |  | 173,230 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Southern Business:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Pinos Altos mine |  | 59,676 |  | (23,856) |  | — |  | 35,820 |  |  |
|  |  | Creston Mascota deposit at Pinos Altos |  | 14,770 |  | (5,781) |  | — |  | 8,989 |  |  |
|  |  | La India mine |  | 32,464 |  | (10,915) |  | — |  | 21,549 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Total Southern Business** |  | 106,910 |  | (40,552) |  | — |  | 66,358 |  |  |
|  |  | **Exploration** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | — |  |  | — |  |  | (21,415) |  |  | (21,415) |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Segments totals** | $ | 490,531 | $ | (243,973) | $ | (28,385) | $ | 218,173 |  |  |
|  |  | Total segments income |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | $ | 218,173 |  |  |  |
|  |  | Corporate and other: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Amortization of property, plant and mine development |  |  |  |  |  |  |  |  |  |  | (145,631) |  |
|  |  | General and administrative |  |  |  |  |  |  |  |  |  |  | (24,823) |  |
|  |  | Finance costs |  |  |  |  |  |  |  |  |  |  | (17,801) |  |
|  |  | Gain on derivative financial instruments |  |  |  |  |  |  |  |  |  |  | 9,621 |  |  |
|  |  | Gain on sale of available-for-sale securities |  |  |  |  |  |  |  |  |  |  | 119 |  |  |
|  |  | Environmental remediation |  |  |  |  |  |  |  |  |  |  | (5,093) |  |
|  |  | Foreign currency translation loss |  |  |  |  |  |  |  |  |  |  | (6,770) |  |
|  |  | Other expenses |  |  |  |  |  |  |  |  |  |  | (598) |  |
|  |  | Income before income and mining taxes |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | $ | 27,197 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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**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)**

**March 31, 2016**

**13. SEGMENTED INFORMATION (Continued)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Revenues from** |  |  |  | **Exploration and** |  | **Segment** |  |
|  |  |  |  | **Mining** | **Production** |  | **Corporate** |  | **Income** |  |
|  | **Three Months Ended March 31, 2015:** |  |  | **Operations** |  |  | **Costs** |  |  | **Development** |  |  | **(Loss)** |  |  |
|  | **Northern Business:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | LaRonde mine | $ | 75,880 | $ | (45,865) | $ | — | $ | 30,015 |  |
|  | Lapa mine |  | 28,672 |  | (13,985) |  | — |  | 14,687 |  |
|  | Goldex mine |  | 34,119 |  | (14,866) |  | — |  | 19,253 |  |
|  | Meadowbank mine |  | 103,673 |  | (57,096) |  | — |  | 46,577 |  |
|  | Canadian Malartic mine |  | 75,904 |  | (41,186) |  | (1,081) |  | 33,637 |  |
|  | Kittila mine |  | 59,414 |  | (31,999) |  | — |  | 27,415 |  |
|  | **Total Northern Business** |  |  |  |  |  |  |  |  |  |
|  |  | 377,662 |  |  | (204,997) |  |  | (1,081) |  |  | 171,584 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Southern Business:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Pinos Altos mine |  | 58,864 |  | (24,212) |  | — |  | 34,652 |  |
|  | Creston Mascota deposit at Pinos Altos |  | 14,015 |  | (5,606) |  | — |  | 8,409 |  |
|  | La India mine |  | 33,055 |  | (12,465) |  | — |  | 20,590 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Total Southern Business** |  | 105,934 |  | (42,283) |  | — |  | 63,651 |  |
|  | **Exploration** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | — |  |  | — |  |  | (15,570) |  |  | (15,570) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Segments totals** | $ | 483,596 | $ | (247,280) | $ | (16,651) | $ | 219,665 |  |
|  | Total segments income |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | $ | 219,665 |  |  |
|  | Corporate and other: |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Amortization of property, plant and mine development |  |  |  |  |  |  |  |  |  |  | (135,897) |  |
|  | General and administrative |  |  |  |  |  |  |  |  |  |  | (25,221) |  |
|  | Impairment loss on available-for-sale securities |  |  |  |  |  |  |  |  |  |  | (685) |  |
|  | Finance costs |  |  |  |  |  |  |  |  |  |  | (19,712) |  |
|  | Loss on derivative financial instruments |  |  |  |  |  |  |  |  |  |  | (8,576) |  |
|  | Gain on sale of available-for-sale securities |  |  |  |  |  |  |  |  |  |  | 21,049 |  |
|  | Environmental remediation |  |  |  |  |  |  |  |  |  |  | (429) |  |
|  | Foreign currency translation gain |  |  |  |  |  |  |  |  |  |  | 11,690 |  |
|  | Other expenses |  |  |  |  |  |  |  |  |  |  | (5,171) |  |
|  | Income before income and mining taxes |  |  |  |  |  |  |  |  |  | $ | 56,713 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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**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)**

**March 31, 2016**

**13. SEGMENTED INFORMATION (Continued)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Total Assets as at** |  |
|  |  | **March 31,** |  | **December 31,** |  |  |
|  |  | **2016** |  |  | **2015** |  |  |
| **Northern Business:** |  |  |  |  |  |  |  |
| LaRonde mine | $ | 830,364 | $ | 834,881 |  |
| Lapa mine |  | 42,424 |  | 50,951 |  |
| Goldex mine |  | 215,628 |  | 201,257 |  |
| Meadowbank mine |  | 560,248 |  | 595,682 |  |
| Canadian Malartic joint operation |  | 2,000,802 |  | 2,012,648 |  |
| Meliadine project |  | 576,340 |  | 561,271 |  |
| Kittila mine |  | 947,804 |  | 933,362 |  |
|  |  |  |  |  |  |  |  |
| **Total Northern Business** |  | 5,173,610 |  | 5,190,052 |  |
| **Southern Business:** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Pinos Altos mine |  | 612,006 |  | 585,735 |  |
| Creston Mascota deposit at Pinos Altos |  | 69,565 |  | 70,670 |  |
| La India mine |  | 501,396 |  | 501,179 |  |
| **Total Southern Business** |  |  |  |  |  |
|  | 1,182,967 |  |  | 1,157,584 |  |  |
|  |  |  |  |  |  |  |  |
| **Exploration** |  | 198,071 |  | 199,606 |  |
| **Corporate and other** |  |  |  |  |  |  |  |
|  |  |  |  |  |
|  | 161,916 |  |  | 135,938 |  |  |
|  |  |  |  |  |  |  |  |
| **Total assets** | $ | 6,716,564 | $ | 6,683,180 |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

**14. 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 March 31, 2016, the total amount of these guarantees was $275.8 million.

As at March 31, 2016 the Company had $31.0 million of commitments related to capital expenditures.

1. **SUBSEQUENT EVENTS *Dividends Declared***

On April 28, 2016, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of $0.08 per common share (a total value of approximately $17.6 million), payable on June 15, 2016 to holders of record of the common shares of the Company on June 1, 2016.

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QuickLinks

[Exhibit 99.1](#page5)

[First Quarter Report 2016](#page5)

[AGNICO EAGLE MINES LIMITED MANAGEMENT'S DISCUSSION AND ANALYSIS (Prepared in accordance with International Financial Reporting](#page6) [Standards) For the Three Months Ended March 31, 2016](#page6)

[AGNICO EAGLE MINES LIMITED MANAGEMENT'S DISCUSSION AND ANALYSIS (Prepared in accordance with International Financial Reporting](#page19) [Standards) For the Three Months Ended March 31, 2016](#page19)

[AGNICO EAGLE MINES LIMITED SUMMARY OF OPERATIONS KEY PERFORMANCE INDICATORS (thousands of United States dollars, except where](#page25) [noted)](#page25)

[AGNICO EAGLE MINES LIMITED SUMMARIZED QUARTERLY DATA (thousands of United States dollars, except where noted)](#page29)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (thousands of United States dollars, except share amounts)](#page30)

[(Unaudited)](#page30)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (thousands of](#page31) [United States dollars, except per share amounts) (Unaudited)](#page31)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY (thousands of United States dollars, except share](#page32) [and per share amounts) (Unaudited)](#page32)

[AGNICO EAGLE MINES LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (thousands of United States dollars)](#page33)

[(Unaudited)](#page33)

[AGNICO EAGLE MINES LIMITED NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (thousands of United States dollars,](#page34) [except share and per share amounts, unless otherwise indicated) (Unaudited) March 31, 2016](#page34)