THE

NEW GOLD STANDARD

ANNUAL REPORT 2021

AGNICO EAGLE

Agnico Eagle is a senior Canadian gold mining company, producing precious metals since 1957. Our operating mines are located in Canada, Australia, Finland and Mexico, with a pipeline of high-quality exploration and development projects in each of these regions, as well as in the United States and Colombia. Agnico Eagle is a partner of choice within the mining industry, recognized globally for its leading environmental, social and governance practices. We have declared a cash dividend every year since 1983.

2.09M

Record annual gold production (in ounces)

15,600 Employees*

*Post completion of the Merger with Kirkland Lake Gold on February 8, 2022

Contents

47%

Annual increase in dividends from 2020–2021

The New Gold Standard

Our merger with Kirkland Lake Gold makes the new Agnico Eagle the largest gold producer in Canada, one of the largest gold producers in Australia, and the **third largest gold producer in the world.** But even as we grow and expand around the globe, our goals and values haven't changed. We **believe** in generating superior long-term returns for our shareholders, creating a great place to work for our employees and contributing positively to the communities and countries in which we operate.

Message from the President and CEO

Agnico Eagle has been in business for nearly 65 years. That's over six decades of experience mining in different countries and jurisdictions, different deposits and climates, and in partnership with different shareholders, stakeholders and rightsholders.

Ammar Al-Joundi
President and Chief Executive Officer

What is the secret to our track record of success? We trust in three things: our people, our strategy, and our ability to surface value and deliver per share growth over decades.

As I begin my work as President and CEO, I want to assure all Agnico Eagle stakeholders that I am committed to continuing the company's business strategy – a strategy founded on technical skills, focused on geological regions with strong gold endowment in safe jurisdictions, and a commitment to being both a good employer and a good neighbour.

While our merger with Kirkland Lake Gold is new and exciting, it is not a divergence from this strategy but a reinforcement of it.

We have a combined presence and expertise in the Abitibi-Kirkland Lake greenstone belt that spans decades. We operate in the most stable global jurisdictions, and we have earned a reputation as partners of choice within our industry for our sustainable mining practices and for sharing opportunity with all stakeholders.

Our newly merged company will benefit from billions of dollars in synergies *and* from opportunities for decades to come. We have the potential to operate multiple mines in multiple jurisdictions over multiple decades, further reinforcing Agnico Eagle as a candidate for long-term investment.

Record Performance

I am pleased to report that our people remained focused on safely delivering strong results throughout the merger period. Both companies achieved record performance in 2021 including record production and production per share, along with record earnings.

At Agnico Eagle, our success in 2021 positioned us to increase our dividend to shareholders, announce a share buyback, report record reserves and deliver the best safety performance in our company's history.

We continued to integrate ESG best practices into our business in 2021. On climate change, we have set a net-zero by 2050 target and advanced our decarbonization and climate resilience plans.

$1,316M
Record cashflow from operations

$770[1]
Total cash costs per ounce

Our 2022 Priorities

Our commitment to growing our production per share will continue as we strengthen our operating platforms and expand our project pipeline. We will continue to differentiate Agnico Eagle by making significant investments in our future – including $324 million in exploration and $710 million in development capital.

We are delighted to welcome Kirkland Lake Gold employees, communities and shareholders to the Agnico Eagle family. I know we will all benefit from our shared roots and similar corporate values and cultures.

On behalf of everyone, I want to thank Jim Nasso, our retired Board Chair, for helping to build Agnico Eagle into the respected global mining leader it is today. I also want to pay tribute to Sean Boyd, who has taken on the role of Executive Chair after 24 years of stellar leadership at our company and within our industry. He will continue to provide strategic oversight and ensure Agnico Eagle's culture of collaboration remains our guiding force.

I want to thank the directors of both companies who are stepping down this year, and the employees who are moving on from the merged organization. Our success has been enhanced by your dedication to Agnico Eagle and Kirkland Lake Gold.

To the employees of the new Agnico Eagle, I believe we have the ability to create tremendous new opportunities and value for our stakeholders, while remaining a high-quality business run by caring, committed and talented people. Thank you all.

Ammar Al-Joundi
President and Chief Executive Officer

1. Excludes production from mines and projects that occur prior to the achievement of commercial production from such mine or project.

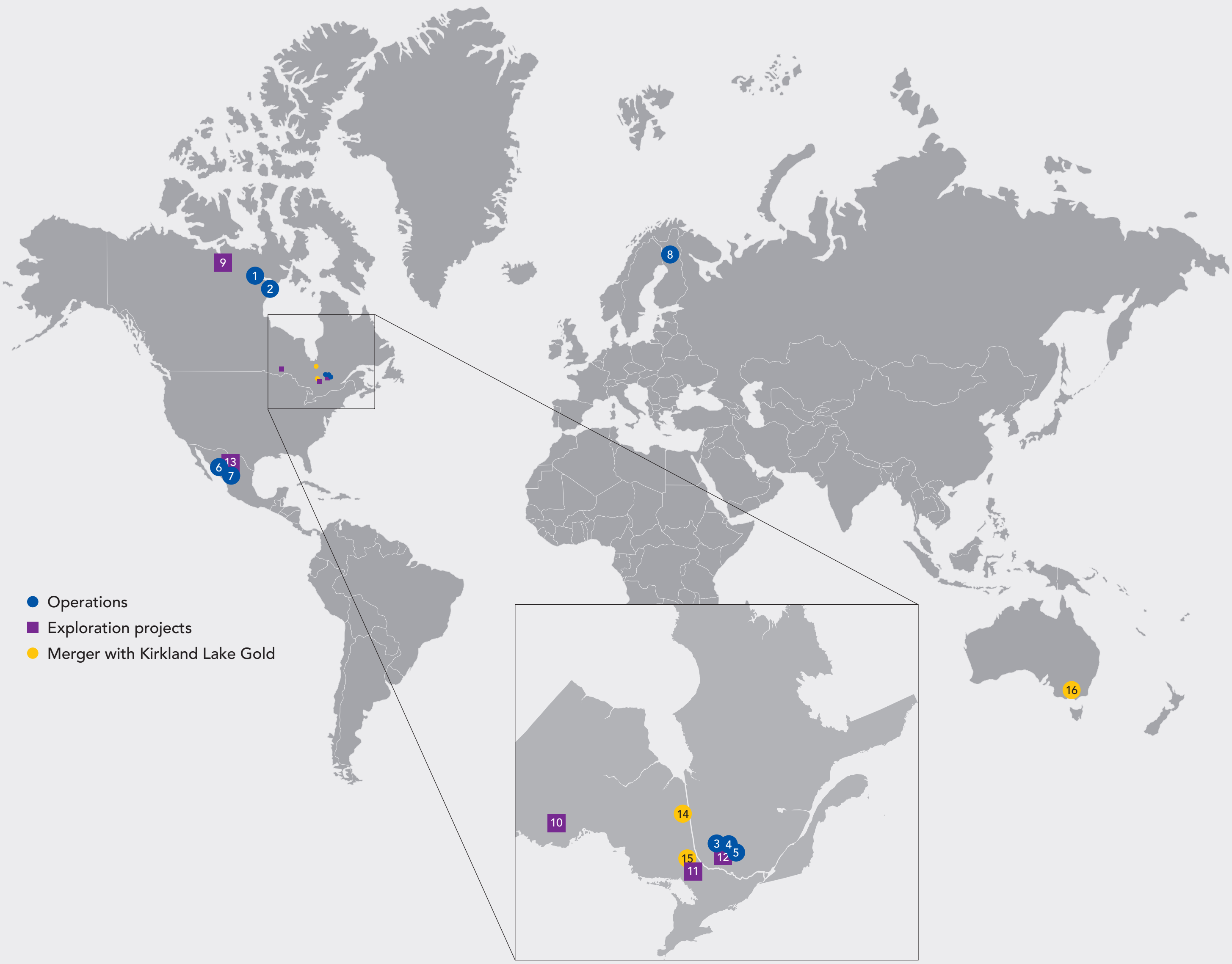
ESG Honors

In 2021, our ESG progress was recognized externally:

- Corporate Knights placed us as the top-ranked mining company on its list of the 2021 Global 100 Most Sustainable Corporations.
- For the second year in a row, the Mining Association of Canada presented our Pinos Altos Complex with the Towards Sustainable Mining® Excellence Award for Community Engagement, honoring innovative community development work that helped 300 families in Mexico gain access to clean, sustainable drinking water.
- For the fifth consecutive year, Agnico Eagle was honored for maintaining a strong level of excellence for shareholder communications in Canada, with the Best in Sector: Materials (Large Cap) Award at the prestigious *IR Magazine* Awards.

Operations At-a-Glance

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



2021 PRODUCTION

2.09M[1]	2.61M	8.84k	2.96k
Gold (in ounces)	Silver (in ounces)	Zinc (in tonnes)	Copper (in tonnes)

1. Includes pre-commercial gold production of 24,057 ounces at the Meliadine mine; and 1,956 ounces at the Meadowbank Complex.

Mining Operations

1. Meadowbank Complex (100%)
Nunavut, Canada
Open pit mine

2021 payable production:
324,808 ounces of gold

2. Meliadine Mine (100%)
Nunavut, Canada
Underground and open pit mine

2021 payable production:
391,687 ounces of gold

3. LaRonde Complex (100%)
Quebec, Canada
Underground mines in Abitibi region

2021 payable production:
379,734 ounces of gold

4. Goldex Mine (100%)
Quebec, Canada
Underground mine in Abitibi region

2021 payable production:
134,053 ounces of gold

5. Canadian Malartic Mine (50%)
Quebec, Canada
Open pit mine in Abitibi region, in which Agnico Eagle has 50% ownership

2021 payable production:
357,392 ounces of gold

6. Pinos Altos Complex (100%)
Chihuahua State, northern Mexico
Open pit and underground mine with milling and heap leach operation (gold, silver by-product)

2021 payable production:

Pinos Altos Mine	Creston Mascota Mine
126,932 ounces of gold	12,801 ounces of gold

7. La India Mine (100%)
Sonora State, northern Mexico
Open pit mine with heap leach operation in Mulatos Gold Belt

2021 payable production:
63,529 ounces of gold

8. Kittila Mine (100%)
Lapland, northern Finland
Underground mine

2021 payable production:
239,240 ounces of gold

Exploration Projects

9. Hope Bay (100%)
Nunavut, Canada
Underground mine

2021 payable production:
56,229 ounces of gold

Production activities have been suspended and the primary focus will be on accelerating exploration and the evaluation of larger production scenarios.

10. Hammond Reef (100%)
Northwestern Ontario, Canada

A gold exploration project with significant open pit measured and indicated mineral resources.

11. Kirkland Lake (100%)
Northeastern Ontario, Canada

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

12. Canadian Malartic – Odyssey project (50%)
Quebec, Canada

The Odyssey project hosts three main underground deposits: East Gouldie, East Malartic, and Odyssey. Following the completion of an internal technical study in late 2020, the Partnership has started the construction of a new underground mining complex at the Odyssey project, with initial production expected in 2023.

13. Santa Gertrudis (100%)
Sonora, Mexico

Significant new shallow mineral resources at the site of a historical heap leach operation that produced approximately 565,000 ounces of gold at a grade of 2.1 g/t gold from 1991 to 1994.

Merger with Kirkland Lake Gold Announced on September 28, 2021 and closed on February 8, 2022

Agnico Eagle Mines and Kirkland Lake Gold completed a merger on February 8, 2022, with the combined company to continue under the name "Agnico Eagle Mines Limited". Post completion of the Merger, Agnico Eagle owns three additional operating mines.

14. Detour Lake (100%)
Ontario, Canada
Open pit mine in northeastern Ontario

The Detour Lake Mine has become the largest gold producing mine in Canada with the largest gold reserves and substantial growth potential. The Detour Lake operation is located in northeastern Ontario, approximately 300 kilometres northeast of Timmins and 185 kilometres by road northeast of Cochrane, within the northernmost Abitibi Greenstone Belt. It has a mine life of approximately 22 years.

2021 payable production:
712,824 ounces of gold

15. Macassa (100%)
Ontario, Canada
Underground mine in northeastern Ontario

The Macassa Mine, located in the Town of Kirkland Lake, Ontario is one of the highest gold grade mines in the world. Since its initial discovery in 1911, gold has been a staple in the history of Kirkland Lake. Between 1905 and 1935, several mines opened in the area and collectively these mines have produced more than 23 million ounces of gold in the 20th century.

2021 payable production:
210,192 ounces of gold

16. Fosterville (100%)
Victoria, Australia
Underground mine in southeastern Australia

The Fosterville Mine is a high-grade, low-cost underground gold mine, located 20 kilometres from the city of Bendigo. The Fosterville Mine features highly profitable gold production, as well as extensive in-mine and district scale exploration potential.

2021 payable production:
509,601 ounces of gold

Environmental, Social and Governance Summary Performance

2021 ESG STATISTICS

680k	0.4	9M	0.81	$12M
Estimated Total Tonnes of CO_2 equivalent[1]	Average GHG emissions intensity (Tonnes of CO_2 equivalent per oz of gold produced)[1]	Cubic metres fresh water withdrawn for use[1]	Combined Lost-time accidents and Restricted Work frequency[2] achieved	Community investments[1]

Our 2021 Sustainability Performance

In 2021, we continued to integrate environmental, social, and governance best practices in our business. On climate change, we set a target of Net-Zero Scope 1 and 2 emissions by 2050, formally supported the Task Force on Climate-related Financial Disclosures (TCFD), strengthened our climate change governance, and progressed our decarbonization and climate resilience plans. We implemented our new Corporate Standard for managing Environmental Incidents and updated our Corporate Standard for Water Stewardship. We continued to contribute to the quality of life in our host communities, worked on our Toward-Zero accident initiative, and broadened our diversity, equity, and inclusion approach.

Topic	2021 Priorities	2021 Progress
Environmental Incidents	Achieve 0 major or critical/extreme environmental incidents	0 major or critical/extreme environmental incidents
Water Management	Ensure that all our operating sites have a water management strategy captured by a water management plan and supported by robust water balances	Implemented Corporate Standard for Water Stewardship and achieved site water management targets across the Company
Climate Change	Finalize first Climate Action Plan Strategy and initiate risk assessment in line with TCFD	Formal support of TCFD, set net-zero by 2050 target, initiated risk assessments, and progressed decarbonization plan
Tailings Management	Ensure operations have functioning and sustainable critical infrastructure governance oversight. Develop a communication plan for our operations to make sure the process is understood	Solid tailings governance in place throughout the company. Operational Independent Review Boards in place at all operating sites. Release of an updated Tailings Summary Report
Community Relations	Continue to negotiate relevant agreements with Indigenous groups for projects in Ontario and Quebec	Ongoing negotiations for relevant agreements and continued consultations with Indigenous groups in Nunavut, Quebec and Ontario
	Enhance our process in order to align expectations between Indigenous groups, government, and Agnico Eagle	Launched Kivalliq Elder's Advisory Committee. Worked on developing updated Negotiation Guidelines with Indigenous Peoples
Workplace	0 Fatalities	1 Fatality
	Achieve a combined Global Combined Lost-time Accident and Restricted Work Frequency 1.00	0.81 combined Global Accident Frequency
People	Achieve the 2021 Diversity and Inclusion Action Plan	Progressed action plan items including beginning collection of baseline data, improved access to resources, updated leadership training, launching new programs, and partnering with key organizations

1. Excludes Canadian Malartic Mine.
2. Per 200,000 hours worked by employees and contractors.

Message from the Executive Chair of the Board

Agnico Eagle has a well-earned reputation for doing right by our shareholders, employees, and stakeholder communities. And, while 2022 is poised to bring much change, we hold steadfast to this vision for our company.

The new Agnico Eagle reflects the values that have propelled our company into a position of leadership in the global business community – a leader that brings together the best people, high-quality reserves and industry-leading best practices in corporate responsibility to grow our business for the future.

Our leadership team will continue to deliver on our mission to build a high-quality, easy to understand and sustainable business – one that generates superior long-term returns for our shareholders, creates a great place to work for our employees and contributes positively to the communities in which we operate.

Our company will benefit from the combined exploration and technical expertise of the Agnico Eagle and Kirkland Lake Gold teams and our strong regional focus in some of the most politically stable jurisdictions in the world. Over the next 10 years, we expect these benefits to surface over $2 billion in synergies, strengthening our operating platforms and underlying business, as well as our share price.

ESG Leadership: We will also benefit from our leadership in environmental, social and governance (ESG) matters.

We are recognized leaders in environmental performance, with some of the lowest energy intensity and GHG emissions in the mining industry. We are committed to achieving net-zero carbon by 2050 or sooner and we have adopted a governance structure for achieving our carbon neutrality goals.

Our commitment to building strong, mutually beneficial relationships with our many stakeholders remains sacrosanct, as does our focus on supporting local and Indigenous businesses, and maximizing local employment.

In light of the ongoing challenge presented by COVID-19, we have expanded our investments in the health and well-being of communities, and increased our support for mental health, addiction, homelessness, senior care and youth training and development initiatives. In Nunavut, we continued to work with authorities to protect local communities against the Omicron variant, updating our health protocols and establishing a plan to safely reintegrate the local workforce.

At the Board level, we continued to strengthen our governance practices and structures, benefiting from the diverse perspectives provided by our newly reconstituted Board of Directors, which we believe will enhance shareholder value. The Board is pleased Agnico Eagle has committed to aligning its annual sustainability report with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The New Gold Standard: As I step into my new role as Executive Chair, after 24 years as CEO, I want to reflect on all that we have achieved.

In 14 short years, we have grown from one mine in Quebec to the largest gold producer in Canada and the third largest gold producer in the world – with 11 world-class operations in Ontario, Quebec, Nunavut, Australia, Finland and Mexico.

We have paid 39 consecutive years of dividends to our shareholders, increased our share price ten-fold, increased our gold mineral reserves by forty-five-fold and our annual gold production twenty-fold.

By any measure of success, we have enhanced the value of our company while staying true to our corporate values of trust, respect, equality, family and responsibility. I am very mindful of the importance of culture and in my new role, I will work to ensure these values remain central to our culture and a guiding element of our success.

As I look forward, I am very confident that we have the team, experience and energy to be the new gold standard in our industry. We have the ability to create tremendous new wealth and value for our stakeholders, while remaining a high-quality business run by caring, committed and talented people.

Thank you to all of our employees, new and old, for your commitment to excellence, your hard work, and your trust and faith in each other.

Sean Boyd
Executive Chair of the Board

Corporate Governance

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

Our Board of Directors consists of 12 directors, of which all but two are independent from management. The Board of Directors is ultimately responsible for overseeing the management of the business and affairs of the Company and, in doing so, is required to act in the best interests of the Company. It discharges its responsibilities either directly or through five committees – the Corporate Governance Committee, the Audit Committee, the Compensation Committee, the Health, Safety, Environment and Sustainable Development Committee and the Technical Committee.

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

The Board of Directors does not set any fixed percentages for any specific selection criteria as it believes all factors should be considered when assessing and determining the merits of an individual director and the composition of a high-functioning Board of Directors. The proportion of women is currently 40% (4 of 10) of the non-executive directors, the proportion of Aboriginal directors is 10% (1 of 10) of the non-executive directors, the proportion of women on the entire Board of Directors is 33% (4 of 12), the proportion of Aboriginal directors on the entire Board of Directors is 8% (1 of 12) and the proportion of visible minorities on the entire Board of Directors is 8% (1 of 12). The Board of Directors believes that the diversity represented by the directors seeking election at the 2022 annual general and special meeting supports an efficient and effective Board of Directors.

Board Committees

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

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

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

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

The **Technical Committee** advises and makes recommendations to the Board of Directors on the Company's operational practices and processes, monitors and reviews the risks associated with the Company's operations and provides guidance to management of the Company with respect to operational practices and processes.

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

Board of Directors

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

Sean Boyd, FCPA, FCA
Executive Chair of the Board
Director since 1998

Jeffrey Parr[1,3]
Vice Chair of the Board
Director since 2022

Jamie Sokalsky CPA, CA[1,3]
Lead Director
Director since 2015

The Hon. Leona Aglukkaq P.C.[4]
Director since 2021

Ammar Al-Joundi
President and
Chief Executive Officer
Director since 2022

Martine A. Celej[2]
Director since 2011

Robert J. Gemmell[2,3]
Director since 2011

Jonathan Gill[4,5]
Director since 2022

Peter Grosskopf[2,3]
Director since 2022

Elizabeth Lewis-Gray FAusIMM FTSE GAICD[4,5]
Director since 2022

Deborah McCombe, P.Geo[4,5]
Director since 2014

J. Merfyn Roberts CA[2,5]
Director since 2008

Officers

Ammar Al-Joundi
President and
Chief Executive Officer

David Smith
Chief Financial Officer

Jean Robitaille
Chief Strategy &
Technology Officer

Dominique Girard
Chief Operating Officer –
Nunavut, Quebec & Europe

Natasha Vaz
Chief Operating Officer –
Ontario, Australia & Mexico

Guy Gosselin
Executive Vice President,
Exploration

Eric Kallio
Executive Vice President,
Exploration Strategy & Growth

Carol Plummer
Executive Vice President,
Operational Excellence

Chris Vollmershausen
Executive Vice President, Legal,
General Counsel & Corporate
Secretary

Detailed Mineral Reserves and Mineral Resources

Mineral Reserves

Gold reserves rise 7% to a record 25.7 million ounces

The Company's proven and probable mineral reserve estimate (net of 2021 gold production and excluding Kirkland Lake Gold assets) totaled 337 million tonnes of ore grading 2.37 g/t gold, containing approximately 25.7 million ounces of gold, as of December 31, 2021. This is an increase of approximately 1.6 million ounces of gold (7%) and a 10% increase in grade compared with the prior year, largely due to the inclusion of the first mineral reserve estimate for Hope Bay since the Company acquired the project. The ore extracted from mines in 2021 contained 2.3 million ounces of gold *in-situ* (32.4 million tonnes grading 2.18 g/t gold), excluding production from Creston Mascota.

Highlights from 2021 include: a declaration at Hope Bay of underground proven and probable mineral reserves of 3.3 million ounces of gold (16.0 million tonnes grading 6.50 g/t gold) in the first mineral reserve estimate since the Company acquired the project in February 2021 (Hope Bay was not included in Agnico Eagle's mineral reserves and mineral resources estimate at year-end 2020); and a combination of successful conversion drilling and economic studies at the LaRonde Complex, more than offset the 399,000 ounces of gold mined *in situ*, resulting in a net increase of approximately 30,000 ounces of gold in mineral reserves.

The Canadian Malartic mine saw a decrease of approximately 446,000 ounces of gold in proven and probable mineral reserves (reflecting Agnico Eagle's 50% interest) as 396,000 ounces of gold were mined *in situ* as the Canadian Malartic open pit entered its final years of operation. Continued exploration success at the Odyssey, East Gouldie and East Malartic underground deposits, collectively known as the Odyssey Mine project, suggest that a significant portion of the underground Odyssey Mine project may be converted into mineral reserves in the future, to replace the ore currently being mined at the adjacent Canadian Malartic and Barnat pits.

The Company's current mineral reserve and mineral resource estimates, including the Canadian Malartic mine, are based on a gold price of $1,250 per ounce, except for Hope Bay, Hammond Reef and Upper Beaver. At a gold price 10% higher than the assumed gold price (leaving other assumptions unchanged), the Company estimates there would be an approximate 7.7% increase in the gold contained in proven and probable mineral reserves. Conversely, at a gold price 10% lower than the assumed gold price (leaving other assumptions unchanged), the Company estimates there would be an approximate 8.5% decrease in the gold contained in proven and probable mineral reserves.

OPERATION / PROJECT			MINERAL RESERVES AS OF DECEMBER 31, 2021								
			PROVEN			PROBABLE			PROVEN & PROBABLE		
GOLD	**Mining Method**	**Ownership**	**000 Tonnes**	**g/t**	**000 Oz Au**	**000 Tonnes**	**g/t**	**000 Oz Au**	**000 Tonnes**	**g/t**	**000 Oz Au**
LaRonde	Underground	100%	3,684	4.95	586	11,616	6.33	2,364	15,301	6.00	2,950
LaRonde Zone 5	Underground	100%	5,333	2.08	357	7,451	2.07	495	12,784	2.07	852
LaRonde Complex Total			**9,018**	**3.25**	**943**	**19,067**	**4.66**	**2,859**	**28,085**	**4.21**	**3,802**
Canadian Malartic	Open Pit	50%	21,466	0.84	580	28,758	1.28	1,188	50,225	1.09	1,767
Goldex	Underground	100%	668	3.53	76	18,701	1.53	922	19,369	1.60	998
Akasaba West	Open Pit	100%	–	–	–	5,419	0.84	147	5,419	0.84	147
Amaruq	Open Pit	100%	1,325	1.63	70	15,992	3.85	1,981	17,317	3.68	2,051
Amaruq	Underground	100%	2	4.53	0	3,236	5.21	542	3,238	5.20	542
Amaruq Total			**1,327**	**1.63**	**70**	**19,228**	**4.08**	**2,523**	**20,555**	**3.92**	**2,593**
Meadowbank	Open Pit	100%	34	2.34	3	–	–	–	34	2.34	3
Meadowbank Complex Total			**1,361**	**1.65**	**72**	**19,228**	**4.08**	**2,523**	**20,589**	**3.92**	**2,595**
Meliadine	Open Pit	100%	437	3.56	50	5,085	4.79	782	5,522	4.69	832
Meliadine	Underground	100%	1,145	7.28	268	12,495	6.35	2,553	13,640	6.43	2,821
Meliadine Total			**1,582**	**6.25**	**318**	**17,580**	**5.90**	**3,335**	**19,162**	**5.93**	**3,653**
Hope Bay	Underground	100%	78	6.03	15	15,874	6.50	3,319	15,952	6.50	3,334
Upper Beaver	Underground	100%	–	–	–	7,992	5.43	1,395	7,992	5.43	1,395
Hammond Reef	Open Pit	100%	–	–	–	123,473	0.84	3,323	123,473	0.84	3,323
Kittila	Underground	100%	1,080	3.85	133	26,754	4.26	3,661	27,833	4.24	3,794
Pinos Altos	Open Pit	100%	–	–	–	3,066	1.24	122	3,066	1.24	122
Pinos Altos	Underground	100%	3,236	2.35	245	5,205	2.33	390	8,441	2.34	635
Pinos Altos Total			**3,236**	**2.35**	**245**	**8,271**	**1.93**	**512**	**11,507**	**2.05**	**757**
La India	Open Pit	100%	212	0.36	2	7,133	0.67	155	7,345	0.67	157
Total			**38,700**	**1.92**	**2,385**	**298,250**	**2.43**	**23,339**	**336,950**	**2.37**	**25,724**
SILVER	**Mining Method**	**Ownership**	**000 Tonnes**	**g/t**	**000 Oz Ag**	**000 Tonnes**	**g/t**	**000 Oz Ag**	**000 Tonnes**	**g/t**	**000 Oz Ag**
LaRonde	Underground	100%	3,684	16.45	1,948	11,616	20.81	7,773	15,301	19.76	9,721
Pinos Altos	Open Pit	100%	–	–	–	3,066	35.42	3,491	3,066	35.42	3,491
Pinos Altos	Underground	100%	3,236	50.96	5,301	5,205	51.09	8,549	8,441	51.04	13,850
Pinos Altos Total			**3,236**	**50.96**	**5,301**	**8,271**	**45.28**	**12,040**	**11,507**	**46.87**	**17,341**
La India	Open Pit	100%	212	0.69	5	7,133	3.31	760	7,345	3.24	765
Total			**7,132**	**31.64**	**7,254**	**27,020**	**23.68**	**20,573**	**34,152**	**25.34**	**27,827**
COPPER	**Mining Method**	**Ownership**	**000 Tonnes**	**%**	**tonnes Cu**	**000 Tonnes**	**%**	**tonnes Cu**	**000 Tonnes**	**%**	**tonnes Cu**
LaRonde	Underground	100%	3,684	0.21	7,677	11,616	0.27	31,597	15,301	0.26	39,274
Akasaba West	Open Pit	100%	–	–	–	5,419	0.48	25,895	5,419	0.48	25,895
Upper Beaver	Underground	100%	–	–	–	7,992	0.25	19,980	7,992	0.25	19,980
Total			**3,684**	**0.21**	**7,677**	**25,028**	**0.31**	**77,471**	**28,712**	**0.30**	**85,148**
ZINC	**Mining Method**	**Ownership**	**000 Tonnes**	**%**	**tonnes Zn**	**000 Tonnes**	**%**	**tonnes Zn**	**000 Tonnes**	**%**	**tonnes Zn**
LaRonde	Underground	100%	3,684	0.67	24,861	11,616	1.24	144,400	15,301	1.11	169,262
Total			**3,684**	**0.67**	**24,861**	**11,616**	**1.24**	**144,400**	**15,301**	**1.11**	**169,262**

Mineral Resources

Measured and indicated mineral resources rise by 12% and inferred mineral resources increase by 2%

At December 31, 2021, the Company's measured and indicated mineral resources totaled 17.3 million ounces of gold (353 million tonnes grading 1.52 g/t gold). This represents a 12% (1.9 million ounce) increase in ounces of gold, and a 9% increase in grade (from 1.40 g/t gold) compared to a year earlier.

Highlights from 2021 include: the declaration of initial underground indicated mineral resources at the Odyssey project's East Gouldie deposit of 745,000 ounces of gold (6.0 million tonnes grading 3.88 g/t gold) (reflecting Agnico Eagle's 50% interest); the addition of indicated mineral resources totaling 967,000 ounces of gold (8.8 million tonnes grading 3.43 g/t gold) at Hope Bay as a result of the acquisition of the project and the subsequent incorporation of the most recent drilling since the last estimate as well as the application of the Company's mineral resources classification criteria; and successful conversion drilling at the open-pittable Chipriona polymetallic sulphide deposit and the addition of the sulphide mineral resources of the La India property resulted in an increase in indicated mineral resources to 260,000 ounces of gold plus 18.0 million ounces of silver and 34,100 tonnes of zinc (6.4 million tonnes grading 1.26 g/t gold, 87.3 g/t silver and 0.53% zinc) at year-end 2021.

At December 31, 2021, the Company's inferred mineral resources totaled 272 million tonnes grading 2.72 g/t gold, or approximately 23.7 million ounces of gold. This represents an approximate 2% (359,000 ounces) increase in ounces of gold and a 6% increase in grade compared to a year earlier. Notably, the acquisition of Hope Bay in 2021 and exploration program added inferred mineral resources of 1.7 million ounces of gold (10.2 million tonnes grading 5.09 g/t gold).

Notes: Mineral reserves are not a subset of mineral resources. Tonnage amounts and contained metal amounts set out in these tables have been rounded to the nearest thousand, so aggregate amounts may differ from column totals. Please refer to the Company's news release dated February 23, 2022 and the Company's Annual Information Form for the year ended December 31, 2021 for further details on mineral reserves and mineral resources. The scientific and technical information relating to Agnico Eagle's mineral reserves and mineral resources contained herein (other than the Canadian Malartic mine) has been approved by Dyane Duquette, P.Geo., Corporate Director, Reserves Development of the Company; relating to mineral reserves and mineral resources at the Canadian Malartic mine and other Partnership projects such as the Odyssey Project, has been approved for open pit by Guy Gagnon, Eng., Principal Engineer and for underground by Sylvie Lampron, Eng., Senior Project Mine Engineer at Canadian Malartic Corporation (for engineering) and Pascal Lehouiller, P.Geo., Senior Resource Geologist at Canadian Malartic Corporation (for geology), each of whom is a "qualified person" for the purposes of National Instrument 43-101.

The scientific and technical information related to mines and properties that were held by Kirkland Lake Gold prior to the Merger contained herein have been reviewed and approved by Natasha Vaz, P.Eng., Chief Operating Officer and Eric Kallio, P.Geo, Senior Vice-President, Exploration. Ms. Vaz and Mr. Kallio are "qualified persons" as defined in National Instrument 43-101 and have reviewed and approved disclosure of the technical information and data in this annual report.

The assumptions used for the December 31, 2021 mineral reserves estimate at all mines and advanced projects reported by the Company were as follows:

	METAL PRICES				**EXCHANGE RATES**		
	Gold (US$/oz)	**Silver (US$/oz)**	**Copper (US$/lb)**	**Zinc (US$/lb)**	**C$ per US$1.00**	**Mexican peso per US$1.00**	**US$ per €1.00**
Operations and projects	$1,250	$18	$3.00	$1.00	C$1.30	18.00	$1.15
Hope Bay and Hammond Reef	$1,350	Not applicable	Not applicable	Not applicable	C$1.30	Not applicable	Not applicable
Upper Beaver	$1,200	Not applicable	$2.75	Not applicable	C$1.25	Not applicable	Not applicable

MINERAL RESOURCES AS OF DECEMBER 31, 2021

OPERATION / PROJECT			MEASURED			INDICATED			MEASURED & INDICATED			INFERRED		
GOLD	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au
LaRonde	Underground	100%	–	–	–	7,072	2.58	587	7,072	2.58	587	5,271	3.86	654
LaRonde Zone 5	Underground	100%	–	–	–	10,535	1.95	660	10,535	1.95	660	12,846	2.97	1,227
LaRonde Complex Total			**–**	**–**	**–**	**17,607**	**2.20**	**1,248**	**17,607**	**2.20**	**1,248**	**18,117**	**3.23**	**1,881**
Canadian Malartic	Open Pit	50%	130	0.72	3	425	0.60	8	556	0.63	11	2,647	0.77	65
Canadian Malartic	Underground	50%	–	–	–	1,749	1.49	84	1,749	1.49	84	144	1.50	7
Canadian Malartic Total			**130**	**0.72**	**3**	**2,174**	**1.31**	**92**	**2,304**	**1.28**	**95**	**2,790**	**0.80**	**72**
Odyssey	Underground	50%	–	–	–	1,075	1.92	66	1,075	1.92	66	13,382	2.07	891
East Malartic	Underground	50%	–	–	–	5,539	2.04	364	5,539	2.04	364	42,635	1.92	2,639
East Gouldie	Underground	50%	–	–	–	5,974	3.88	745	5,974	3.88	745	30,825	3.07	3,046
Goldex	Underground	100%	12,360	1.86	739	24,224	1.41	1,097	36,584	1.56	1,836	24,513	1.56	1,227
Akasaba West	Open Pit	100%	–	–	–	4,209	0.64	86	4,209	0.64	86	–	–	–
Zulapa	Open Pit	100%	–	–	–	–	–	–	–	–	–	391	3.14	39
Meadowbank	Open Pit	100%	–	–	–	1,145	2.46	90	1,145	2.46	90	4	2.06	0
Amaruq	Open Pit	100%	–	–	–	6,737	2.23	483	6,737	2.23	483	292	2.30	22
Amaruq	Underground	100%	–	–	–	6,426	4.45	920	6,426	4.45	920	8,239	4.49	1,188
Amaruq Total			**–**	**–**	**–**	**13,164**	**3.32**	**1,403**	**13,164**	**3.32**	**1,403**	**8,532**	**4.41**	**1,210**
Meadowbank Complex Total			**–**	**–**	**–**	**14,309**	**3.25**	**1,494**	**14,309**	**3.25**	**1,494**	**8,535**	**4.41**	**1,210**
Meliadine	Open Pit	100%	–	–	–	4,636	3.31	493	4,636	3.31	493	567	4.69	86
Meliadine	Underground	100%	250	4.23	34	13,133	4.07	1,720	13,383	4.08	1,754	11,141	6.16	2,207
Meliadine Total			**250**	**4.23**	**34**	**17,769**	**3.87**	**2,213**	**18,019**	**3.88**	**2,247**	**11,709**	**6.09**	**2,293**
Hammond Reef	Open Pit	100%	47,063	0.54	819	86,304	0.53	1,478	133,367	0.54	2,298	–	–	–
Hope Bay	Underground	100%	–	–	–	8,779	3.43	967	8,779	3.43	967	10,247	5.09	1,678
Upper Beaver	Underground	100%	–	–	–	3,636	3.45	403	3,636	3.45	403	8,688	5.07	1,416
AK Project	Underground	100%	–	–	–	1,268	6.51	265	1,268	6.51	265	2,373	5.32	406
Anoki-McBean	Underground	100%	–	–	–	1,868	5.33	320	1,868	5.33	320	2,526	4.70	382
Upper Canada	Open Pit	100%	–	–	–	2,006	1.62	104	2,006	1.62	104	1,020	1.44	47
Upper Canada	Underground	100%	–	–	–	8,433	2.28	618	8,433	2.28	618	17,588	3.21	1,816
Upper Canada Total			**–**	**–**	**–**	**10,439**	**2.15**	**722**	**10,439**	**2.15**	**722**	**18,608**	**3.11**	**1,863**
Kittila	Open Pit	100%	–	–	–	229	3.41	25	229	3.41	25	373	3.89	47
Kittila	Underground	100%	4,447	2.59	370	18,843	2.60	1,576	23,290	2.60	1,946	6,921	4.89	1,088
Kittila Total			**4,447**	**2.59**	**370**	**19,072**	**2.61**	**1,601**	**23,519**	**2.61**	**1,971**	**7,294**	**4.84**	**1,135**
Kuotko	Open Pit	100%	–	–	–	–	–	–	–	–	–	284	3.18	29
Barsele	Open Pit	55%	–	–	–	3,178	1.08	111	3,178	1.08	111	2,260	1.25	91
Barsele	Underground	55%	–	–	–	1,158	1.77	66	1,158	1.77	66	13,552	2.10	914
Barsele Total			**–**	**–**	**–**	**4,335**	**1.27**	**176**	**4,335**	**1.27**	**176**	**15,811**	**1.98**	**1,005**
Pinos Altos	Open Pit	100%	–	–	–	1,816	0.90	52	1,816	0.90	52	365	1.05	12
Pinos Altos	Underground	100%	–	–	–	13,682	1.69	744	13,682	1.69	744	4,642	2.14	319
Pinos Altos Total			**–**	**–**	**–**	**15,498**	**1.60**	**797**	**15,498**	**1.60**	**797**	**5,008**	**2.06**	**332**
La India	Open Pit	100%	4,798	0.48	75	994	0.83	27	5,792	0.54	101	230	0.45	3
Tarachi	Open Pit	100%	–	–	–	19,290	0.58	361	19,290	0.58	361	242	0.52	4
Chipriona	Open Pit	100%	–	–	–	6,403	1.26	260	6,403	1.26	260	6,831	0.59	130
El Barqueño Gold	Open Pit	100%	–	–	–	8,834	1.16	331	8,834	1.16	331	9,628	1.13	351
Santa Gertrudis	Open Pit	100%	–	–	–	4,826	0.64	99	4,826	0.64	99	23,494	1.14	858
Santa Gertrudis	Underground	100%	–	–	–	–	–	–	–	–	–	7,343	3.48	821
Santa Gertrudis Total			**–**	**–**	**–**	**4,826**	**0.64**	**99**	**4,826**	**0.64**	**99**	**30,837**	**1.69**	**1,679**
Total			**69,049**	**0.92**	**2,040**	**284,426**	**1.66**	**15,213**	**353,475**	**1.52**	**17,253**	**271,504**	**2.72**	**23,709**

Mineral Resources (continued)

Agnico Eagle Mines Limited

			MINERAL RESOURCES AS OF DECEMBER 31, 2021											
OPERATION / PROJECT			**MEASURED**			**INDICATED**			**MEASURED & INDICATED**			**INFERRED**		
SILVER	**Mining Method**	**Ownership**	**000 Tonnes**	**g/t**	**000 Oz Ag**	**000 Tonnes**	**g/t**	**000 Oz Ag**	**000 Tonnes**	**g/t**	**000 Oz Ag**	**000 Tonnes**	**g/t**	**000 Oz Ag**
LaRonde	Underground	100%	–	–	–	7,072	15.14	3,443	7,072	15.14	3,443	5,271	21.45	3,635
Pinos Altos	Open Pit	100%	–	–	–	1,816	19.12	1,116	1,816	19.12	1,116	365	27.92	328
Pinos Altos	Underground	100%	–	–	–	13,682	43.68	19,213	13,682	43.68	19,213	4,642	41.88	6,251
Pinos Altos Total			–	–	–	15,498	40.80	20,329	15,498	40.80	20,329	5,008	40.86	6,579
La India	Open Pit	100%	4,798	2.72	419	994	3.49	111	5,792	2.85	531	230	1.76	13
Chipriona	Open Pit	100%	–	–	–	6,403	87.30	17,970	6,403	87.30	17,970	6,831	87.76	19,272
El Barqueño Silver	Open Pit	100%	–	–	–	–	–	–	–	–	–	4,393	124.06	17,523
El Barqueño Gold	Open Pit	100%	–	–	–	8,834	4.73	1,343	8,834	4.73	1,343	9,628	16.86	5,218
Santa Gertrudis	Open Pit	100%	–	–	–	4,826	4.77	739	4,826	4.77	739	23,494	2.12	1,600
Santa Gertrudis	Underground	100%	–	–	–	–	–	–	–	–	–	7,343	18.32	4,324
Total			**4,798**	**2.72**	**419**	**43,627**	**31.32**	**43,936**	**48,425**	**28.49**	**44,355**	**62,197**	**29.09**	**58,165**
COPPER	**Mining Method**	**Ownership**	**000 Tonnes**	**%**	**Tonnes Cu**	**000 Tonnes**	**%**	**Tonnes Cu**	**000 Tonnes**	**%**	**Tonnes Cu**	**000 Tonnes**	**%**	**Tonnes Cu**
LaRonde	Underground	100%	–	–	–	7,072	0.11	7,957	7,072	0.11	7,957	5,271	0.31	16,303
Akasaba West	Open Pit	100%	–	–	–	4,209	0.38	16,075	4,209	0.38	16,075	–	–	–
Upper Beaver	Underground	100%	–	–	–	3,636	0.14	5,135	3,636	0.14	5,135	8,688	0.20	17,284
Chipriona	Open Pit	100%	–	–	–	6,403	0.14	8,672	6,403	0.14	8,672	6,831	0.14	9,781
El Barqueño Silver	Open Pit	100%	–	–	–	–	–	–	–	–	–	4,393	0.04	1,854
El Barqueño Gold	Open Pit	100%	–	–	–	8,834	0.19	16,400	8,834	0.19	16,400	9,628	0.22	21,152
Total			**–**	**–**	**–**	**30,154**	**0.18**	**54,239**	**30,154**	**0.18**	**54,239**	**34,810**	**0.19**	**66,375**
ZINC	**Mining Method**	**Ownership**	**000 Tonnes**	**%**	**Tonnes Zn**	**000 Tonnes**	**%**	**Tonnes Zn**	**000 Tonnes**	**%**	**Tonnes Zn**	**000 Tonnes**	**%**	**Tonnes Zn**
LaRonde	Underground	100%	–	–	–	7,072	0.74	52,043	7,072	0.74	52,043	5,271	1.13	59,489
Chipriona	Open Pit	100%	–	–	–	6,403	0.80	51,031	6,403	0.80	51,031	6,831	0.79	53,667
Total			**–**	**–**	**–**	**13,475**	**0.76**	**103,074**	**13,475**	**0.76**	**103,074**	**12,102**	**0.94**	**113,156**

Detailed Mineral Reserve and Mineral Resource Data (as at December 31, 2021) for the Properties Held by Kirkland Lake Gold Prior to the Merger

Agnico Eagle Mines Limited (Kirkland Lake Gold assets)

OPERATION / PROJECT			MINERAL RESERVES AS OF DECEMBER 31, 2021								
			PROVEN			PROBABLE			PROVEN & PROBABLE		
GOLD	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au
Detour Main Pit (above 0.5 g/t)	Open Pit	100%	72,829	1.19	2,783	289,584	0.90	8,366	362,413	0.96	11,149
Detour Main Pit (below 0.5 g/t)	Open Pit	100%	4,425	0.42	60	107,754	0.41	1,422	112,179	0.41	1,482
Detour North Pit (above 0.5 g/t)	Open Pit	100%	–	–	–	5,877	0.95	180	5,877	0.95	180
Detour North Pit (below 0.5 g/t)	Open Pit	100%	–	–	–	2,192	0.41	29	2,192	0.41	29
West Detour (above 0.5 g/t)	Open Pit	100%	1,972	0.96	61	56,558	0.94	1,717	58,530	0.95	1,779
West Detour (below 0.5 g/t)	Open Pit	100%	1,043	0.40	14	31,079	0.40	402	32,121	0.40	416
Detour Lake (>0.5 g/t) Total			**74,801**	**1.18**	**2,844**	**352,019**	**0.91**	**10,264**	**426,820**	**0.96**	**13,108**
Detour Lake (<0.5 g/t) Total			**5,468**	**0.42**	**73**	**141,025**	**0.41**	**1,853**	**146,493**	**0.41**	**1,926**
Detour Lake Total			**80,269**	**1.13**	**2,917**	**493,044**	**0.76**	**12,117**	**573,313**	**0.82**	**15,034**
Macassa	Underground	100%	237	15.30	116	3,315	16.32	1,740	3,551	16.26	1,856
Fosterville	Underground	100%	1,221	17.31	679	4,383	8.39	1,182	5,604	10.33	1,861
Robbin's Hill	Underground	100%	–	–	–	1,047	4.67	157	1,047	4.67	157
Fosterville Total			**1,221**	**17.31**	**679**	**5,430**	**7.67**	**1,339**	**6,651**	**9.44**	**2,018**
Total			**81,726**	**1.41**	**3,713**	**501,789**	**0.94**	**15,196**	**583,515**	**1.01**	**18,909**

Agnico Eagle Mines Limited (Kirkland Lake Gold assets)

OPERATION / PROJECT			MINERAL RESOURCES AS OF DECEMBER 31, 2021											
			MEASURED			INDICATED			MEASURED & INDICATED			INFERRED		
GOLD	Mining Method	Ownership	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au	000 Tonnes	g/t	000 Oz Au
Detour Main Pit	Open Pit	100%	25,837	1.53	1,272	251,626	0.84	6,803	277,463	0.91	8,075	24,843	0.68	545
West Detour	Open Pit	100%	–	–	–	294,574	0.70	6,643	294,574	0.70	6,643	27,527	0.74	651
Detour Zone 58N	Underground	100%	–	–	–	2,868	5.80	534	2,868	5.80	534	973	4.35	136
Detour Lake Total			**25,837**	**1.53**	**1,272**	**549,067**	**0.79**	**13,981**	**574,904**	**0.83**	**15,253**	**53,343**	**0.78**	**1,332**
Macassa	Underground	100%	252	16.15	131	1,591	12.05	617	1,843	12.61	748	2,149	15.23	1,052
Macassa Near Surface	Underground	100%	–	–	–	57	12.40	23	57	12.40	23	230	10.54	78
Macassa Total			**252**	**16.15**	**131**	**1,649**	**12.07**	**640**	**1,901**	**12.61**	**770**	**2,379**	**14.77**	**1,130**
Aquarius	Open Pit	100%	–	–	–	23,112	1.49	1,106	23,112	1.49	1,106	502	0.87	14
Holt Complex	Underground	100%	5,806	4.29	800	5,884	4.75	898	11,690	4.52	1,699	9,097	4.48	1,310
Fosterville	Open Pit	100%	707	2.84	64	783	3.54	89	1,490	3.21	154	213	2.23	15
Fosterville	Underground	100%	391	7.31	92	7,052	5.59	1,266	7,443	5.68	1,358	4,745	5.63	859
Fosterville Total			**1,097**	**4.43**	**156**	**7,835**	**5.38**	**1,356**	**8,933**	**5.26**	**1,512**	**4,958**	**5.48**	**874**
Robbin's Hill	Open Pit	100%	–	–	–	476	3.10	47	476	3.10	47	13	5.52	2
Robbin's Hill	Underground	100%	–	–	–	1,875	5.09	307	1,875	5.09	307	4,301	5.98	828
Robbin's Hill Total			**–**	**–**	**–**	**2,351**	**4.69**	**355**	**2,351**	**4.69**	**355**	**4,314**	**5.98**	**830**
Fosterville Complex Total			**1,097**	**4.43**	**156**	**10,187**	**5.22**	**1,710**	**11,284**	**5.14**	**1,866**	**9,271**	**5.72**	**1,704**
Northern Territory	Open Pit	100%	1,067	5.59	192	16,402	1.29	678	17,469	1.55	870	14,067	1.74	787
Northern Territory	Underground	100%	–	–	–	6,904	3.87	860	6,904	3.87	860	5,094	3.70	606
Northern Territory Total			**1,067**	**5.59**	**192**	**23,306**	**2.05**	**1,537**	**24,373**	**2.21**	**1,729**	**19,161**	**2.26**	**1,393**
Total			**34,059**	**2.33**	**2,551**	**613,204**	**1.01**	**19,872**	**647,263**	**1.08**	**22,423**	**93,754**	**2.28**	**6,882**

Mineral Reserves

Kirkland Lake Gold's mineral reserves totaled 18.9 million ounces of gold at year-end 2021

At December 31, 2021, Kirkland Lake Gold's proven and probable mineral reserves (net of 2021 gold production) totaled 583.5 million tonnes grading 1.01 g/t gold, containing approximately 18.9 million ounces of gold, compared with 604.6 million tonnes grading 1.03 g/t gold, containing approximately 20.1 million ounces of gold, a year earlier. The 6% decrease in Kirkland Lake Gold's total proven and probable mineral reserve ounces of gold at year-end 2021 compared to the previous year largely reflected total mine production of 1.5 million ounces of gold *in situ* (25.1 million tonnes grading 1.87 g/t gold).

The mineral reserves for Detour Lake at year-end 2021 are the mineral reserves that were estimated at December 31, 2020 reduced by depletion of approximately 741,000 ounces from mine production during 2021. A new mineral reserve estimate for Detour Lake, reflecting the impact of a 10.1-million-ounce increase in open-pit measured and indicated mineral resources announced as part of a mineral resource estimate update on September 2, 2021, as well as the full impact of exploration success achieved throughout all of 2021, is expected to be released in 2022.

Mineral Resources

Kirkland Lake Gold's measured and indicated mineral resources rise by 79% to 22.4 million ounces and inferred mineral resources largely unchanged at 6.9 million ounces

At December 31, 2021, Kirkland Lake Gold's total measured and indicated mineral resources were estimated at 22.4 million ounces of gold (647.3 million tonnes grading 1.08 g/t gold), which is a 79% increase in ounces (9.9 million ounces) compared to the 12.5 million ounces (207.1 million tonnes grading 1.88 g/t gold) estimated at December 31, 2020.

Highlights for Kirkland Lake Gold in 2021 include: the addition of 10.1 million ounces of new measured and indicated mineral resources at the Detour Lake mine reflecting significant new drilling and exploration success at the Future West Pit and Saddle zones; and the addition of 150,000 ounces of new measured and indicated mineral resources at the Fosterville mine due to exploration success at the Lower Phoenix and Robbin's Hill Deposits.

At December 31, 2021, Kirkland Lake Gold's inferred mineral resources were estimated at 6.9 million ounces of gold (93.8 million tonnes grading 2.28 g/t gold), largely unchanged from the 6.9 million ounces of gold (92.9 million tonnes grading 2.32 g/t) as at December 31, 2020.

The assumptions used for the December 31, 2021 mineral reserves estimate at all Kirkland Lake Gold mines and advanced projects were as follows:

	Gold (US$/oz)	**C$ per US$1.00**	**AUS$ per US$1.00**
Mineral Reserves	$1,300	C$1.31	A$1.36

Operating and Financial Highlights

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

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

Operating Highlights	**2021**	2020	2019
Payable gold production (ounces)[1]	**2,086,405**	1,736,568	1,782,147
Total cash costs per ounce[2]	**$ 770**	$ 775	$ 673
Average realized gold price per ounce	**$ 1,794**	$ 1,788	$ 1,406

Financial Highlights (millions, except per share amounts)	**2021**	2020	2019
Revenue from mining operations	**$ 3,824**	$ 3,138	$ 2,495
Net income for the year[3]	**$ 543**	$ 512	$ 473
Net income per share – basic[3]	**$ 2.23**	$ 2.12	$ 2.00
Annualized dividend declared per share[4]	**$ 1.40**	$ 0.95	$ 0.55

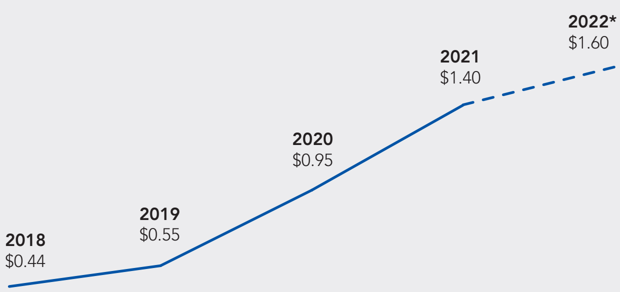
1. Payable production of a mineral means the quantity of mineral produced during a period contained in products that are sold by the Company, whether such products are shipped during the period or held as inventory at the end of the period.
2. Total cash costs per ounce is a Non-GAAP measure and unless otherwise specified is reported on a by-product basis. For further information see "Note to Investor Concerning Certain Measures of Performance".
3. Net income for the year ended December 31, 2019, includes impairment reversal gain of $346 million ($1.45 per share).
4. Agnico Eagle has now declared a cash dividend every year since 1983.

Annualized Dividend

(per share)

39*

consecutive years of dividends



* Assuming the Board of Directors continues to declare dividends of $0.40 per quarter.

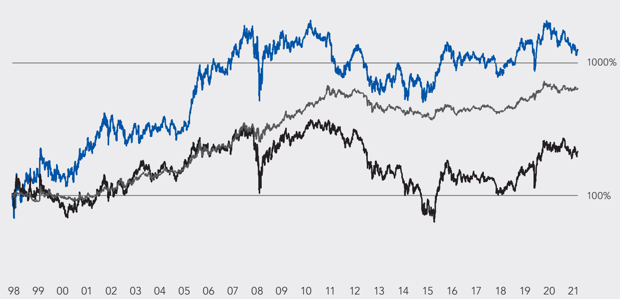
Superior Share Performance since 1998

AEM US Equity | XAU Index | Gold Spot

11.46% AEM US EQUITY CAGR

3.32% XAU INDEX CAGR

8.24% GOLD SPOT CAGR



Source: Bloomberg, CapIQ

Management's Discussion & Analysis

For the year ended December 31, 2021
(Prepared in accordance with International Financial Reporting Standards)

Forward-Looking Statements

The information in this annual report has been prepared as at March 24, 2022. Certain statements contained in this annual report constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under the provisions of Canadian provincial securities laws and are referred to herein as "forward-looking statements". When used in this annual report, the words "anticipate", "estimate", "expect", "forecast", "future", "plan", "potential", "will" and similar expressions are intended to identify forward-looking statements. Such statements include, without limitation: the Company's outlook for 2022 and future periods; statements regarding expected synergies resulting from the merger with Kirkland Lake Gold; statements regarding future earnings and the sensitivity of earnings to gold and other metal prices; anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company; estimates of future mineral production and sales; estimates of future costs, including mining costs, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne and other costs; estimates of future capital expenditures, exploration expenditures, development expenditures and other cash needs, and expectations as to the funding thereof; statements regarding the projected exploration, development and exploitation of ore deposits, including estimates of the timing of such exploration, development and production or decisions with respect thereto; estimates of mineral reserves and mineral resources and their sensitivities to gold prices and other factors, ore grades and mineral recoveries and statements regarding anticipated future exploration results; estimates of cash flow; estimates of mine life; anticipated timing of events at the Company's mines, mine development projects and exploration projects; estimates of future costs and other liabilities for environmental remediation; statements regarding anticipated legislation and regulations and estimates of the impact thereof on the Company; other anticipated trends with respect to the Company's capital resources and results of operations; and statements regarding the impact of the COVID-19 pandemic and measures taken to reduce the spread of COVID-19 on the Company's operations and business. Such statements reflect the Company's views as at the date of this annual report and are subject to certain risks, uncertainties and assumptions, and undue reliance should not be placed on such statements. Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The material factors and assumptions used in the preparation of the forward looking statements contained herein, which may prove to be incorrect, include, but are not limited to, the assumptions set forth herein and in management's discussion and analysis ("MD&A") and the Company's Annual Information Form ("AIF") for the year ended December 31, 2021 filed with Canadian securities regulators and that are included in its Annual Report on Form 40-F for the year ended December 31, 2021 ("Form 40-F") filed with the U.S. Securities and Exchange Commission (the "SEC") as well as: that governments, the Company or others do not take other measures in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company's ability to operate its business; that cautionary measures taken in connection with the COVID-19 pandemic do not affect productivity; that measures taken relating to, or other effects of, the COVID-19 pandemic do not affect the Company's ability to obtain necessary supplies and deliver them to its mine sites; that there are no significant disruptions affecting operations; that production, permitting, development, expansion and the ramp up of operations at each of Agnico Eagle's properties proceeds on a basis consistent with current expectations and plans; that the relevant metal prices, foreign exchange rates and prices for key mining and construction supplies will be consistent with Agnico Eagle's expectations; that Agnico Eagle's current estimates of mineral reserves, mineral resources, mineral grades and metal recovery are accurate; that there are no material delays in the timing for completion of ongoing growth projects; that seismic activity at the Company's operations at LaRonde and other properties is as expected by the Company; that the Company's current plans to optimize production are successful; and that there are no material variations in the current tax and regulatory environment. Many factors, known and unknown, could cause the actual results to be materially different from those expressed or implied by such forward looking statements. Such risks include, but are not limited to: risks associated with the COVID-19 pandemic; the volatility of prices of gold and other metals; uncertainty of mineral reserves, mineral resources, mineral grades and mineral recovery estimates; uncertainty of future production, project development, capital expenditures and other costs; foreign exchange rate fluctuations; financing of additional capital requirements; cost of exploration and development programs; seismic activity at the Company's operations, including the LaRonde mine; mining risks; community protests, including by First Nations groups; risks associated with foreign operations; governmental and environmental regulation; the volatility of the Company's stock price; and risks associated with the Company's currency, fuel and by-product metal derivative strategies. For a more detailed discussion of such risks and other factors that may affect the Company's ability to achieve the expectations set forth in the forward-looking statements contained in this annual report, see the AIF and MD&A filed on SEDAR at www.sedar.com and included in the Form 40-F filed on EDGAR at www.sec.gov, as well as the Company's other filings with the Canadian securities regulators and the SEC. Other than as required by law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Notes to Investors Regarding the Use of Mineral Resources

The mineral reserve and mineral resource estimates contained in this annual report have been prepared in accordance with the Canadian securities regulatory authorities' (the "CSA") National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

For United States reporting purposes, the SEC has adopted amendments to its disclosure rules (the "SEC Modernization Rules") to modernize the mining property disclosure requirements for issuers whose securities are registered with the SEC under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), which became effective February 25, 2019. The SEC Modernization Rules more closely align the SEC's disclosure requirements and policies for mining properties with current industry and global regulatory practices and standards, including NI 43-101, and replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7. Issuers were required to comply with the SEC Modernization Rules in their first fiscal year beginning on or after January 1, 2021, though Canadian issuers that report in the United States using the Multijurisdictional Disclosure System ("MJDS") may still use NI 43-101 rather than the SEC Modernization Rules when using the SEC's MJDS registration statement and annual report forms. Accordingly, mineral reserve and mineral resource information contained in this annual report may not be comparable to similar information disclosed by United States companies.

As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources." In addition, the SEC has amended the definitions of "proven mineral reserves" and "probable mineral reserves" in the SEC Modernization Rules, with definitions that are substantially similar to those used in NI 43-101.

United States investors are cautioned that while the SEC now recognizes "measured mineral resources", "indicated mineral resources" and "inferred mineral resources", investors should not assume that any part or all of the mineral deposits in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. These terms have a great amount of uncertainty as to their economic and legal feasibility. Under Canadian regulations, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in limited circumstances. Investors are cautioned not to assume that any "measured mineral resources", "indicated mineral resources", or "inferred mineral resources" that the Company reports in this annual report are or will be economically or legally mineable. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that any part or all of an inferred mineral resource will ever be upgraded to a higher category.

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

Note Regarding Certain Measures of Performance

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

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This Management's Discussion and Analysis ("MD&A") dated March 24, 2022 of Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") should be read in conjunction with the Company's consolidated annual financial statements for the year ended December 31, 2021 that were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") (the "Annual Financial Statements"). The Annual Financial Statements and this MD&A are presented in United States dollars ("US dollars", "$" or "US$") and all units of measurement are expressed using the metric system unless otherwise specified. Certain information in this MD&A is presented in Canadian dollars ("C$"), Mexican pesos, European Union euros ("Euros" or "€") or Australian dollars ("A$"). Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2021 (the "AIF"), is available on the Canadian Securities Administrators' (the "CSA") SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's (the "SEC") website at www.sec.gov.

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, referred to herein as “forward-looking statements”, constitute “forward-looking information” under the provisions of Canadian provincial securities laws and constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, the Company’s plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as “anticipate”, “believe”, “budget”, “could”, “estimate”, “expect”, “forecast”, “likely”, “may”, “plan”, “project”, “schedule”, “should”, “target”, “will”, “would” or other variations of these terms or similar words. Forward-looking statements in this MD&A include the following:

- the Company’s outlook for 2022 and future periods;
- statements regarding future earnings and the sensitivity of earnings to gold and other metal prices;
- anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised, revenue is generated or expenses are incurred by the Company;
- estimates of future mineral production and sales;
- estimates of future costs, including mining costs, total cash costs per ounce, all-in sustaining costs per ounce, minesite costs per tonne and other costs;
- estimates of future capital expenditures, exploration expenditures, development expenditures and other cash needs, and expectations as to the funding thereof;
- statements regarding the projected exploration, development and exploitation of ore deposits, including estimates of the timing of such exploration, development and production or decisions with respect thereto;
- estimates of mineral reserves and mineral resources and their sensitivities to gold prices and other factors, ore grades and mineral recoveries and statements regarding anticipated future exploration results;
- estimates of cash flow;
- estimates of mine life;
- anticipated timing of events at the Company’s mines, mine development projects and exploration projects;
- estimates of future costs and other liabilities for environmental remediation;
- statements regarding anticipated legislation and regulations, including with respect to climate change, and estimates of the impact thereof on the Company;
- other anticipated trends with respect to the Company’s capital resources and results of operations; and
- statements regarding the impact of the COVID-19 pandemic and measures taken to reduce the spread of COVID-19 on the Company’s operations and business.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico Eagle upon which the forward-looking statements in this MD&A are based, and which may prove to be incorrect, include the assumptions set out elsewhere in this MD&A as well as: that governments, the Company or others do not take measures in response to the COVID-19 pandemic or otherwise that, individually or in the aggregate, materially affect the Company’s ability to operate its business; that measures taken in connection with the COVID-19 pandemic do not affect productivity; that measures taken relating to, or other effects of, the COVID-19 pandemic do not affect the Company’s ability to obtain necessary supplies and deliver them to its mine sites; that there are no significant disruptions affecting Agnico Eagle’s operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural or man-made occurrences, pandemics, mining or milling issues, political changes, title issues, community protests, including by First Nations groups, or otherwise; that permitting, development, expansion and the ramp up of operations at each of Agnico Eagle’s mines, mine development projects and exploration projects proceed on a basis consistent with expectations and that Agnico Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Australian dollar, Euro, Mexican peso and the U.S. dollar will be approximately consistent with current levels or as set out in this MD&A; that prices for gold, silver, zinc and copper will be consistent with Agnico Eagle’s expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico Eagle's expectations; that production meets expectations; that Agnico Eagle's current estimates of mineral reserves, mineral resources, mineral grades and mineral recoveries are accurate; that there are no material delays in the timing for completion of development projects; that seismic activity at the Company's operations at LaRonde, Goldex and other properties is as expected by the Company; that the Company's current plans to optimize production are successful; and that there are no material variations in the current tax and regulatory environments that affect Agnico Eagle.

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

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

NOTE TO INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

The mineral reserve and mineral resource estimates contained in this MD&A have been prepared in accordance with the Canadian Security Administrators' ("CSA") National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

For United States reporting purposes, the SEC has adopted amendments to its disclosure rules (the "SEC Modernization Rules") to modernize the mining property disclosure requirements for issuers whose securities are registered with the SEC under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), which became effective February 25, 2019. The SEC Modernization Rules more closely align the SEC's disclosure requirements and policies for mining properties with current industry and global regulatory practices and standards, including NI 43-101, and replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7. Issuers were required to comply with the SEC Modernization Rules in their first fiscal year beginning on or after January 1, 2021, though Canadian issuers that report in the United States using the Multijurisdictional Disclosure System ("MJDS") may still use NI 43-101 rather than the SEC Modernization Rules when using the SEC's MJDS registration statement and annual report forms. Accordingly, mineral reserve and mineral resource information contained in this MD&A may not be comparable to similar information disclosed by United States companies.

As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of measured mineral resources", "indicated mineral resources" and "inferred mineral resources." In addition, the SEC has amended the definitions of "proven mineral reserves" and "probable mineral reserves" in the SEC Modernization Rules, with definitions that are substantially similar to those used in NI 43-101.

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

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

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

NOTE TO INVESTORS CONCERNING CERTAIN MEASURES OF PERFORMANCE

This MD&A discloses certain financial performance measures, including “total cash costs per ounce”, “all-in sustaining costs per ounce”, “minesite costs per tonne”, “adjusted net income”, “adjusted net income per share”, “realized prices”, “sustaining capital expenditures”, “development capital expenditures” and “operating margin” that are not standardized measures under IFRS. These measures may not be comparable to similar measures reported by other gold producers. For a reconciliation of these measures to the most directly comparable financial information presented in the Annual Financial Statements prepared in accordance with IFRS, see Non-GAAP Financial Performance Measures in this MD&A.

The total cash costs per ounce of gold produced (also referred to as total cash costs per ounce) is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company’s mining operations. Total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for by-product revenues, inventory production costs, realized gains and losses on hedges of production costs, operational care and maintenance costs due to COVID-19 and other adjustments, which include smelting, refining and marketing charges and then dividing by the number of ounces of gold produced excluding production prior to the achievement of commercial production. Certain line items such as operational care and maintenance costs due to COVID-19 and realized gains and losses on hedges of production costs were previously classified as “other adjustments” and have now been disclosed separately to provide additional detail about these reconciling items, allowing investors to better understand the impacts of such events on the cash operating costs per ounce and minesite cost per tonne. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. Management uses this measure to, and believes it is helpful to investors so they can, understand and monitor the performance of the Company’s mining operations. The Company believes that total cash costs per ounce is useful to help investors understand the costs associated with gold production and the economics of gold mining. 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 and investors to assess a mine’s cash-generating capabilities at various gold prices. Management is aware, and investors should note, 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, and investors should also consider, these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates. Investors should note that total cash costs per ounce are not reflective of all cash expenditures as they do not include income tax payments, interest costs or dividend payments. This measure also does not include depreciation or amortization.

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.

In this MD&A, unless otherwise indicated, total cash costs per ounce of gold produced is reported on a by-product basis. 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 from gold (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 produce (iv) it is a method used by management and the Board to monitor operations, and (v) many other gold producers disclose similar measures on a by-product rather than a co-product basis. Investors should also consider these measures in conjunction with other data prepared in accordance with IFRS.

All-in sustaining costs (“AISC”) per ounce of gold produced (also referred to as all-in sustaining cost per ounce) on a by-product basis is used to reflect the Company’s total sustaining expenditures of producing and selling an ounce of gold while maintaining the Company’s current operations. AISC per ounce is calculated as the aggregate of total cash costs on a by-product basis, sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock options), lease payments related to sustaining assets and reclamation expenses, and then dividing by the number of ounces of gold produced (excluding production prior to the achievement of commercial production). These additional costs reflect the additional expenditures that are required to be made to maintain current production levels. AISC per ounce of gold produced on a co-product basis is calculated in the same manner as the AISC per ounce of gold produced on a by-product basis, except that the total cash costs on a co-product basis are used, meaning no adjustment is made for by-product metal revenues. Management is aware, and investors should note, that these per ounce measures of performance can be affected by fluctuations in foreign exchange rates and, in the case of AISC of gold produced on a by-product basis, by-product metal prices. Management compensates for this inherent limitations by using these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Investors should note that AISC per ounce is not reflective of all cash expenditures as it does not include income tax payments, interest costs or dividend payments. This measure also does not include depreciation or amortization. In this MD&A, unless otherwise indicated, AISC per ounce of gold produced is reported on a by-product basis.

The World Gold Council ("WGC") is a non-regulatory market development organization for the gold industry. Although the WGC is not a mining industry regulatory organization, it has worked closely with its member companies to develop relevant non-GAAP measures. The Company follows the guidance on all-in sustaining costs released by the WGC in November 2018. Adoption of the all-in sustaining costs metric is voluntary and, notwithstanding the Company's adoption of the WGC's guidance, all-in sustaining costs per ounce of gold produced reported by the Company may not be comparable to data reported by other gold producers. The Company believes that this measure provides helpful information about operating performance. However, this non-GAAP measure should be considered together with other data prepared in accordance with IFRS as it is not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income (loss) for inventory production costs, operational care and maintenance costs due to COVID-19, and other adjustments, and then dividing by tonnage of ore processed (excluding the tonnage processed prior to the achievement of commercial production). As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne is useful measure for investors as it 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, and investors should note, that this per tonne measure of performance can be affected by fluctuations in processing levels. This inherent limitation may be partially mitigated by using this measure in conjunction with production costs prepared in accordance with IFRS.

Adjusted net income and adjusted net income per share are calculated by adjusting the net income as recorded in the consolidated statements of income (loss) for the effects of certain non-recurring, unusual and other items that the Company believes are not reflective of the Company's underlying performance for the reporting period. Adjusted net income is calculated by adjusting net income for foreign currency translation gains or losses, realized and unrealized gains or losses on derivative financial instruments, impairment loss charges and reversals, environmental remediation, income and mining taxes adjustments as well as other items (which includes changes in estimates of asset retirement obligations at closed sites and gains and losses on the disposal of assets). Adjusted net income per share is calculated by dividing adjusted net income by the number of shares outstanding on a basic and diluted basis. The Company believes that these generally accepted industry measures are useful in that they allow for the evaluation of the results of continuing operations and in making comparisons between periods. Adjusted net income and adjusted net income per share are intended to provide investors with information about the Company's continuing income generating capabilities. Management uses this measure to, and believes it is helpful to investors so they can, understand and monitor for the operating performance of the Company in conjunction with other data prepared in accordance with IFRS.

Operating margin is not a recognized measure under IFRS and this data may not be comparable to data presented by other gold producers. The Company believes that operating margin is a useful measure that reflects the operating performance of its individual mines associated with the ongoing production and sale of gold and by-product metals without allocating company-wide overhead (including exploration and corporate development expenses, amortization of property, plant and mine development, general and administrative expenses, finance costs, gain and losses on derivative financial instruments, environmental remediation costs, foreign currency translation gains and losses, other expenses and income and mining tax expenses). This measure is calculated by deducting production costs from revenue from mining operations. In order to reconcile operating margin to net income as recorded in the consolidated financial statements, the company adds the following items to the operating margin: Income and mining taxes expense; other expenses (income); foreign currency translation (gain) loss; gain (loss) on derivative financial instruments; finance costs; general and administrative expenses; amortization of property, plant and mine development; exploration and corporate development expenses; and impairment losses (reversals). Management uses this measure internally for planning purposes and to forecast future operating results. This measure is intended to provide investors with additional information about the Company's underlying operating results and should be evaluated in conjunction with other data prepared in accordance with IFRS.

Realized prices are calculated as revenue from mining operations by metal divided by the volume of metal sold. Management uses realized prices to, and believes is helpful to investors so they can, evaluate the impact of changing metals prices on the Company's revenue in each reporting period. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and foreign exchange rates.

Capital expenditures are classified into sustaining capital expenditures and development capital expenditures. Sustaining capital expenditures are expenditures incurred during the production phase to sustain and maintain the existing assets so they can achieve constant expected levels of production. This measure includes expenditures on assets so that they retain their existing productive capacity as well as expenditures that enhance performance and reliability of the operations. Development capital expenditures are expenditures incurred at new projects and expenditures at existing operations that are undertaken with the intention to increase net present value through higher production levels or extensions of mine life above the current plans. Management uses these measures in the capital allocation process and to assess the effectiveness of its investments, management believes these measures are useful so investors can assess the purpose and effectiveness of the capital expenditures split between sustaining and development in each reporting period. While the Company follows the World Gold Council guidance in its classification of capital expenditures into sustaining or development, the classification between sustaining and development capital expenditures does not have a standardized definition in accordance with IFRS and other companies may classify expenditures in a different manner.

This MD&A also contains information as to estimated future total cash costs per ounce, AISC per ounce and minesite costs per tonne. The estimates are based upon the total cash costs per ounce, AISC per ounce and minesite costs per tonne that the Company expects to incur to mine gold at its mines and projects and, consistent with the reconciliation of these actual costs referred to above, do not include production costs attributable to accretion expense and other asset retirement costs, which will vary over time as each project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-GAAP financial measures to the most comparable IFRS measure.

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

Executive Summary

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

Agnico Eagle earns a significant proportion of its revenue and cash flow from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals, primarily silver, zinc and copper. In 2021, Agnico Eagle recorded production costs per ounce of gold of $853[(i)] and total cash costs per ounce of gold produced of $770[(i)] on a by-product basis and $829[(i)] on a co-product basis on payable production of 2,086,405 ounces of gold. The average realized price[(ii)] of gold increased by 0.3% from $1,788 per ounce in 2020 to $1,794 per ounce in 2021.

Agnico Eagle's operating mines and development projects are located in what the Company believes to be politically stable countries that are supportive of the mining industry. The political stability of the regions in which Agnico Eagle operates helps to provide confidence in its current and future prospects and profitability. This is important for Agnico Eagle as it believes that many of its new mines and recently acquired mining projects have long-term mining potential. On February 8, 2022, the Company completed the merger of equals (the "Merger") with Kirkland Lake Gold Ltd. ("Kirkland"). Results from Kirkland are not included in the Company's 2021 consolidated results.

Highlights

- The Company announced on September 28, 2021 that they had entered into an agreement with Kirkland to combine in a merger of equals and continue under the name "Agnico Eagle Mines Limited". Agnico Eagle and Kirkland closed the transaction on February 8, 2022, with Agnico acquiring 100% of the issued and outstanding Kirkland shares. Each Kirkland shareholder received 0.7935 common shares of Agnico for each Kirkland share, which resulted in the issuance of 209,274,263 Agnico common shares. Agnico began consolidating the operating results, cash flows and net assets of Kirkland from February 8, 2022. Kirkland is now a subsidiary of Agnico Eagle. Kirkland was a publicly traded mining company with ownership interests in the Detour Lake and Macassa mines in Ontario, Canada and the Fosterville mine in Australia.
- The Company completed the purchase of all the issued and outstanding common shares and equity instruments exchangeable for common shares of TMAC Resources Inc. ("TMAC") on February 2, 2021. TMAC owned and operated the Hope Bay mine and also owned exploration properties in the Kitikmeot region of Nunavut.
- Strong operational performance with payable production of 2,086,405 ounces of gold and production costs per ounce of gold of $853[(i)] during 2021.
- Total cash costs per ounce of gold produced[(iii)] of $770[(i)] on a by-product basis and $829[(i)] on a co-product basis in 2021.
- All-in sustaining costs per ounce of gold produced[(iv)] of $1,059[(i)] on a by-product basis and $1,118[(i)] on a co-product basis in 2021.
- Proven and probable gold reserves totaled 25.7 million ounces at December 31, 2021, an 6.6% increase compared with 24.1 million ounces at December 31, 2020 with an increase in the gold reserve grade of 10.2%.
- As at December 31, 2021, Agnico Eagle had strong liquidity with $191.1 million in cash and cash equivalents and short-term investments along with approximately $1.2 billion in undrawn credit lines.
- The Company's operations are located in mining-friendly regions that the Company believes have low political risk and long-term mining potential.

Notes:

(i) Excludes production from mines and projects that occurs prior to the achievement of commercial production from such mine or project. See "Note to Investors Concerning Certain Measures of Performance".

(ii) Realized price is a non-GAAP measure that is not a standardized financial measure under the financial reporting framework used to prepare the Company's financial statements. See "Note to Investors Concerning Certain Measures of Performance".

(iii) Total cash costs per ounce of gold produced is a non-GAAP measure that is not a standardized financial measure under the financial reporting framework used to prepare the Company's financial statements. For a reconciliation to production costs see "Non-GAAP Financial Performance Measures" below. See also "Note to Investors Concerning Certain Measures of Performance".

(iv) All-in sustaining costs per ounce of gold produced is a non-GAAP measure that is not a standardized financial measure under the financial reporting framework used to prepare the Company's financial statements. For a reconciliation to production costs see "Non-GAAP Financial Performance Measures" below. See also "Note to Investors Concerning Certain Measures of Performance".

- The Company continues to maintain its investment grade credit rating and has adequate financial flexibility to finance capital requirements at its mines and development projects from operating cash flow, cash and cash equivalents, short-term investments and undrawn credit lines.
- In February 2022, the Company declared a quarterly cash dividend of $0.40 per common share. The quarterly dividend was increased by $0.05 per share, or approximately 14%, for the dividend to be paid in the first quarter of 2022. Agnico Eagle has declared a cash dividend every year since 1983.

Strategy

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

The Company's goals are to:

- Deliver on *performance* and growth expectations: Ensure our existing portfolio delivers on expectations, lowers operational risk and generates free cash flow;
- Build and maintain a high-quality project *pipeline*: Ensure we develop a best-in-class project pipeline to replenish reserves and production, while maintaining the quality, manageability and fit of our future portfolio;
- Develop our *people*: Develop and provide growth opportunities for our people and provide the skills infrastructure to support the development of our operations and projects;
- Operate in a *socially responsible* manner: Create value for our shareholders while operating in a safe, and socially and environmentally responsible manner, as we contribute to the prosperity of our people, their families and the communities in which we operate.

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

Portfolio Overview

The overview below discloses the Company's mines as at December 31, 2021. For information on the mines that the Company acquired as a result of the Merger, see "Outlook – Operations Outlook".

Northern Business

Canada – LaRonde Complex

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

LaRonde Mine

The LaRonde mine extension, the portion of the mine below level 245, achieved commercial production in December 2011, and under current mine plans is expected to be in production through 2032.

The LaRonde mine has been successful at incrementally implementing automation for its production activities and is increasingly relying on this technology. In 2021, at the LaRonde mine, 27% of the production mucking was done in automated mode with operators based on surface, compared to the Company's initial objective of 17%. In 2022, the Company is targeting 30% of the production mucking to be done in automated mode. In addition, the Company is also testing remote production drilling.

A delay in the mining sequence resulted in lower production than expected from the West mine area (15% of gold produced) and overall lower gold grades in the fourth quarter of 2021. In the first quarter of 2022, approximately 20-25% of the gold is expected to be sourced from the West mine area.

At Zone LR11-3 (which is at the past producing Bousquet 2 mine), the dewatering of the old workings and the development continued according to plan in the fourth quarter of 2021. Production from LR11-3 is expected to begin in late 2022.

The LaRonde mine's proven and probable mineral reserves were approximately 3.0 million ounces at December 31, 2021.

LaRonde Zone 5 Mine

In 2003, the Company acquired the Bousquet property, which adjoins the LaRonde mine to the west and hosts the Bousquet Zone 5 deposit. Commercial production at LZ5 was achieved in June 2018 and under current mine plans, is expected to be in production through 2032.

In the fourth quarter of 2021, the mining rate at the LZ5 mine averaged approximately 3,264 tonnes per day ("tpd"). With a production rate above 3,200 tpd for a second consecutive quarter, the site has demonstrated the benefits from automated equipment and is now targeting to maintain this mining rate of 3,200 tpd in 2022.

The LZ5 mine has also been successful at incrementally implementing automation for its production activities and is increasingly relying on this technology. In 2021, at the LZ5 mine, 23% of the production mucking was done in automated mode with operators based on surface, compared to the Company's initial objective of 20%. In 2022, the Company has targeted 23% of the production mucking and hauling to be done in automated mode. In addition, the Company is also testing remote production drilling.

The LZ5 mine's proven and probable mineral reserves were approximately 0.9 million ounces at December 31, 2021.

Canada – Goldex Mine

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

During the third quarter of 2021, throughput levels were affected by changes in mining sequence to manage a blockage in the pastefill network. Work on the pastefill network was completed in November 2021, returning it to normal operating levels. Production in the higher grade South Zone and Deep 1 Zone resumed as per the adjusted mining sequence.

Ore production from the South Zone was 776 tpd in the fourth quarter of 2021 and reached 1,319 tpd in December 2021. The increased ore production from the South Zone contributed to the higher gold grade processed in the fourth quarter of 2021.

In the fourth quarter of 2021, the Rail-Veyor system, which is composed of a light rail train propelled by stationary drive stations to transport material, operated at 7,143 tpd, above its design capacity of 7,000 tpd.

The Goldex mine's proven and probable mineral reserves were approximately 1.0 million ounces at December 31, 2021.

Canada – Meadowbank Complex

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

The 100% owned Amaruq satellite deposit is located approximately 50 kilometres northwest of the Meadowbank mine and its mining potential was identified by the Company in 2013. In 2016, the Company approved the project for development. Commercial production was achieved at the Amaruq satellite deposit in September 2019 and, under current mine plans, is expected to be in production through 2027.

In 2021, the Amaruq open pit continued to show consistent improvement in production and set a yearly record of tonnes mined of approximately 38.5 million tonnes. In addition, the long haul truck fleet demonstrated consistent performance and hauled a record 3.8 million ore tonnes between Amaruq and Meadowbank during 2021.

Due to the COVID-19 Omicron variant outbreak in December 2021, activities at the Meadowbank Complex were reduced to essential services as of December 22, 2021. In the fourth quarter of 2021, gold grades at the mill were lower than forecast as a result of higher than expected dilution and the changes in the mining sequence commencing in the second quarter of 2021. With the combination of the lower gold grades and the 11-day suspension of activities, the gold production in the fourth quarter of 2021 was lower than anticipated. Production activities were restarted in mid-January 2022 and gradually ramped-up to normal operating levels into February 2022.

As a result of the suspension of production activities in December 2021, and the gradual ramp-up of activities in January 2022, gold production at Meadowbank in the first quarter of 2022 is expected to be approximately 60,000 ounces.

In the fourth quarter of 2021, the Company completed a seven-day mill shutdown which included preparation work to tie-in the High Pressure Grinding Rolls ("HPGR") that will be used for reducing the size of the ore and increase throughput. The HPGR commissioning is expected to be completed in the second quarter of 2022.

In the fourth quarter of 2021, the underground development was above target with 942 metres completed.

In the first half of 2022, the Company is focusing on the Amaruq underground project's operational readiness. The extraction of a test stope is planned for the second quarter of 2022 and commercial production is expected to be achieved in the second half of 2022.

The Meadowbank Complex's proven and probable mineral reserves were approximately 2.6 million ounces at December 31, 2021.

Canada – Meliadine Mine

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

In 2021, the Meliadine mine achieved and exceeded the ramp-up of the processing facilities, achieving an average yearly processing rate of 4,698 tpd. In the fourth quarter of 2021, the average processing rate increased to 5,022 tpd. The increased mill throughput drove record yearly gold production of 391,687 ounces (including pre-commercial production from the Tiriganiaq open pit). Open pit activities in Tiriganiaq were completed as planned in 2021 and a second phase is expected to start in 2022.

Due to the COVID-19 Omicron variant outbreak in December 2021, the mine focused on production and reduced the level of some supporting activities, including underground development, which is expected to slightly affect the mining sequence in early 2022. As of mid-January 2022, the mine had returned to normal operating levels.

The saline water discharge to sea season started on August 14, 2021 and was completed in the fourth quarter of 2021. The inflow of saline water underground remains below predicted levels. The surface saline water storage facilities are expected to provide sufficient capacity to manage water levels at site until the construction of the discharge waterline.

The permit for the construction of a discharge waterline to the sea was received on January 31, 2022. By replacing the discharge saline water to sea currently performed by truck, the waterline, which will be used on a seasonal basis, is expected to reduce costs and the environmental impact. The construction of the waterline is expected to start in the second quarter of 2022 and to be completed in time for the 2024 discharge season.

The Meliadine mine's proven and probable mineral reserves were approximately 3.7 million ounces at December 31, 2021.

Canada – Hope Bay Mine

On February 2, 2021, Agnico Eagle completed the acquisition of TMAC for consideration of approximately $226.0 million, consisting primarily of cash used to purchase all outstanding shares of TMAC. Immediately prior to the closing of the transaction and in accordance with its terms, TMAC retired its $134.0 million long-term debt using its own cash resources and the proceeds of an advance of $105.0 million from the Company. The acquisition also triggered a one-time option for TMAC to buy-back a 1.5% net smelter return royalty on the Hope Bay property from Maverix Metals Inc. which was exercised prior to closing for $50.0 million and the payment made shortly after the acquisition date.

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

In late September 2021 and again in mid-October 2021, there were a significant number of COVID-19 cases identified at site. As a precautionary measure, the Company decided to suspend mining and milling operations as it investigated opportunities to improve screening and testing at the Edmonton and Yellowknife facilities and health protocols at site. The Company started to ramp-up exploration and underground activities in mid-November 2021. However, with increasing cases of COVID-19 in December, the Company again reduced all activities at site to essential services only.

The Company announced in February 2022 that production activities at the Hope Bay mine will be suspended for the remainder of 2022 and 2023 and the Company's primary focus during this time will be accelerating exploration and the evaluation of larger production scenarios.

The Hope Bay mine's proven and probable mineral reserves were approximately 3.3 million ounces at December 31, 2021.

Canada – Canadian Malartic Mine

In 2014, Agnico Eagle and Yamana Gold Inc. ("Yamana") jointly acquired Osisko Mining Corporation, now Canadian Malartic Corporation ("CMC"). As a result, Agnico Eagle and Yamana each own 50% of CMC and Canadian Malartic General Partnership (the "Partnership"), a general partnership which now holds the Canadian Malartic mine in northwestern Quebec.

In 2021, record operational performances and high gold grades contributed to record annual gold production of 714,784 ounces (on a 100% basis).

In the fourth quarter of 2021, the Canadian Malartic mine poured its six millionth ounce of gold (on a 100% basis) since the beginning of the operation in 2011. The fourth quarter of 2021 was the third consecutive quarter with over 18 million tonnes extracted from the pits. Open pit production was above plan at the Canadian Malartic pit. After the open pit is mined out, the Partnership plans to use it for tailings disposal starting in 2024.

In mid-2020, the Partnership approved the start of construction of surface infrastructure and an underground exploration ramp into the East Gouldie, Odyssey and East Malartic zones, collectively known as the Odyssey project. At the Odyssey project, underground development in 2021 was in line with expectations with 1,487 linear metres of ramp completed and 2,081 equivalent metres of lateral development achieved. An exploration drift has been installed on Level 16 and ramp access is now down to Level 26, which is approximately half way down the known extent of the Odyssey South deposit. Development is expected to ramp-up from the current level of 425 metres per month to approximately 860 metres per month in the second half of 2022. To facilitate the increased development rate, the Partnership will be adding its own development crews and additional underground equipment (both diesel and electric) in the second quarter of 2022.

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

Surface construction activities are progressing well with the maintenance garage and warehouse erected and fully enclosed at the end of 2021. The garage is expected to be completed by April 2022. Work on the foundations for the first phase of the paste plant started in February 2022 and the plant is expected to be completed in the first quarter of 2023.

In 2021, twelve surface drills completed 123,680 metres of drilling and two underground drills completed 9,722 metres of drilling. The focus of the surface drilling was to infill and extend the East Gouldie Zone and test the Odyssey internal zones. The underground drilling was primarily focused on conversion of mineral resources at the Odyssey South deposit.

Agnico Eagle's attributable share of proven and probable mineral reserves at the Canadian Malartic mine were approximately 1.8 million ounces at December 31, 2021.

Canada – Kirkland Lake Assets

On March 28, 2018, the Company acquired the 50% of the Canadian exploration assets (the "CMC Exploration Assets") of CMC that it did not previously own, including the Kirkland Lake and Hammond Reef gold projects, resulting in Agnico Eagle's 100% ownership of the assets. The transaction did not affect the ownership of the Canadian Malartic mine and related assets including Odyssey, East Malartic, Midway and East Amphi properties, which will continue to be jointly owned and operated by the Company and Yamana through CMC and the Partnership.

Kirkland Lake Project

In 2021 at Upper Beaver, 163 holes totaling 58,691 metres were drilled in both the shallow conversion program between surface and 500 metres depth and the conversion and expansion drilling at depths between 800 and 1,500 metres below surface that targeted the Porphyry, Footwall and Gap zones. The conversion and expansion drilling continued to intersect significant high-grade mineralization, further expanding the Footwall and Porphyry zones at depth. Recent results include a highlight intercept grading 8.7 g/t gold and 0.81% copper over 18.2 metres at 1,435 metres depth in the East Porphyry Zone.

The 2021 exploration results are expected to have a positive impact on an internal technical evaluation of the Upper Beaver deposit expected to be completed in 2022. The Company believes that with ongoing exploration, there is strong potential to delineate additional mineral resources at depth and proximate to the known deposit areas.

The Upper Canada deposit lies approximately 6.0 km southwest of the Upper Beaver property, and 1.6 km north of the main Lake-cadillac Deformation Zone, within a 300 to 400 metres wide strongly altered deformation corridor. Host rocks are primarily volcanic (trachyte) tuffs and sediments that have been intruded by syenite bodies. Gold mineralization is associated with intensely altered shear zones with fine pyrite and ancillary sulphide mineralization. En-echelon higher-grade lenses are present within a broader envelope of lower grade mineralization. Upper Canada was in production from the 1930s to the 1970s and produced 1.5 million ounces. Drilling by various owners over the last few decades has defined a wider zone around the old narrow workings hosting the current mineral resources.

The Upper Beaver deposit's proven and probable mineral reserves were approximately 1.4 million ounces at December 31, 2021. No proven and probable mineral reserves have been declared at the Upper Canada project.

Hammond Reef Project

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

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

A positive internal technical evaluation at Hammond Reef was completed by the Company in 2020, which resulted in the declaration of the first mineral reserves for the project on December 31, 2020.

The Hammond Reef deposit's proven and probable mineral reserves were approximately 3.3 million ounces at December 31, 2021.

Finland – Kittila Mine

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

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

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

The mine achieved record annual gold production of 239,240 ounces in 2021. This performance was driven by successful operation of the mill at its expanded run-rate of 2.0 mtpa and strong performance from the underground mine which extracted a record 2,089,535 tonnes in 2021.

In the fourth quarter of 2021, the mine started installing a private 5G wifi network to support the underground and surface operations. The network is an integral step in the digital transformation of the mine site (which is expected to unlock opportunities for further automation advancements such as autonomous vehicles). The installation will continue through 2022 with completion expected in the fourth quarter of 2022.

The Kittila shaft sinking rate improved in the fourth quarter of 2021 and the shaft sinking is approximately 70% complete. Shaft sinking is expected to be completed in the third quarter of 2022. Commissioning of the production hoist is expected in late 2022 or early 2023. The overall total expansion project costs are expected to remain within the previously disclosed estimated range of €190 to €200 million, however the global COVID-19 pandemic may affect costs and timing.

As part of the expansion project at the mine, the construction of a nitrogen removal plant is progressing on schedule and is expected to be commissioned in the second half of 2022.

Proven and probable mineral reserves at the Kittila mine were approximately 3.8 million ounces at December 31, 2021.

Southern Business

Mexico – Pinos Altos Mine

In 2006, the Company completed the acquisition of the Pinos Altos property in northern Mexico, which was then an advanced stage exploration property. Commercial production was achieved at the Pinos Altos mine in November 2009 and, under current mine plans, the mine is expected to be in production through 2027. A shaft sinking project was completed in June 2016 at the Pinos Altos mine and during 2018, the site transitioned into being a predominantly underground mining operation.

Gold production in the full year 2021 increased when compared to the prior year primarily due to higher throughput as the minesite operated at planned levels through the period while, in the prior year, the operations were suspended from

April 2, 2020 to May 18, 2020 as the Government of Mexico mandated the suspension of all non-essential businesses in response to the COVID-19 pandemic.

At the Cubiro deposit, underground development advanced by 322 metres in the fourth quarter of 2021 and by 2,743 metres for the full year of 2021. Work remains ahead of forecast. Construction of the powerline was completed in the fourth quarter of 2021. Pre-production activities will continue through 2022 into 2023. Initial production is expected in the second half of 2023. Once completed, Cubiro is expected to provide additional production flexibility to the Pinos Altos operations.

At Sinter, a trench was mined at the bottom of the depleted pit, contributing 32,000 tonnes in the fourth quarter of 2021. Production from the Sinter deposit is now from underground operations. The pastefill plant and the ventilation system are approximately 90% complete and are expected to be commissioned in the first quarter of 2022. Sinter underground is expected to ramp-up to its full production capacity in the first half of 2022.

At Reyna de Plata, site preparation activities were complete at the end of the fourth quarter of 2021. Open pit pre-stripping activities are ongoing and production is expected in the first half of 2022.

In 2022, approximately 90% of the ore will be produced from the underground deposits (Santo Nino, Cerro Colorado, Oberon de Weber and Sinter), with the remaining 10% coming from the Reyna de Plata open pit.

The Pinos Altos mine's proven and probable mineral reserves (including satellite deposits) were approximately 0.8 million ounces at December 31, 2021.

Mexico – Creston Mascota Mine

The 100% owned Creston Mascota mine is located approximately seven kilometres northwest of the Pinos Altos mine. First mining activity commenced at the Creston Mascota deposit in 2010 and commercial production was achieved at the mine in March 2011. Creston Mascota open pit mineral reserves were depleted in the third quarter of 2020. Closure activities progressed on schedule and the Company continues to benefit from residual leaching production. Minor residual leaching is expected to continue under the progressive closure plan.

Mexico – La India Mine

Agnico Eagle acquired 100% of Grayd Resource Corporation ("Grayd") in January 2012. Grayd owned the La India project, which is located approximately 70 kilometres northwest of the Pinos Altos mine in northern Mexico. Commercial production was achieved in February 2014 and, under current mine plans, the La India mine is expected to be in production through 2024.

In the fourth quarter of 2021, the heap leach kinetics improved significantly through the period and resulted in gold production above forecast. Costs were affected by a higher stripping ratio than anticipated at the Main Zone and an increase in cement consumption for the agglomeration process.

The La India heap leach pad construction phase III (occupying the now depleted North Zone pit) was completed in the fourth quarter of 2021. The heap leach pad phase III provides sufficient capacity to stack the remaining ore in mineral reserves.

The El Realito haulage road construction was completed in the fourth quarter of 2021. Pre-stripping of the El Realito pit is underway and is expected to be completed early in the third quarter of 2022.

In regional exploration at La India during 2021, the Company continued its program of infill and step-out drilling of the gold and silver-rich Chipriona polymetallic sulphide deposit and associated mineralized veins within the 3.2-kilometre-long Chipriona structural corridor as well as other sulphide targets near the La India oxide gold operations. The Chipriona deposit is located approximately one kilometre north of the La India mine.

The La India mine's proven and probable mineral reserves (including satellite deposits) were approximately 0.2 million ounces at December 31, 2021.

Mexico – Santa Gertrudis Project

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

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

The exploration program at Santa Gertrudis in 2021 totaled 52,974 metres in 115 holes, with work focused on expanding the oxide mineral resources, testing new targets and continuing metallurgical studies. An infill drilling program to convert the oxide mineral resources into mineral reserves in the Cristina and Central Trends was also initiated during the year.

Key Performance Drivers

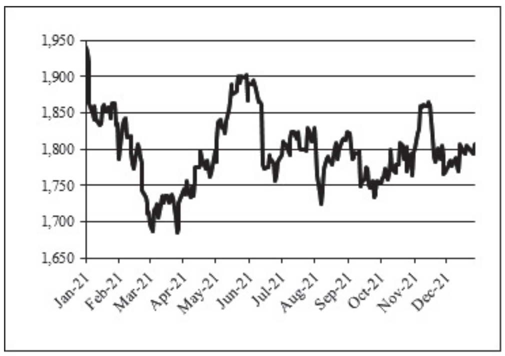
The key drivers of financial performance for Agnico Eagle until the year-ended December 31, 2021 include:

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

The completion of the merger with Kirkland will have an impact on the above measures and, with the addition of the Fosterville mine in Australia, the Company is now exposed to US dollar/Australian dollar exchange rates. Details on future drivers of financial performance are discussed in the Outlook section of this MD&A.

Spot Price of Gold, Silver, Zinc and Copper

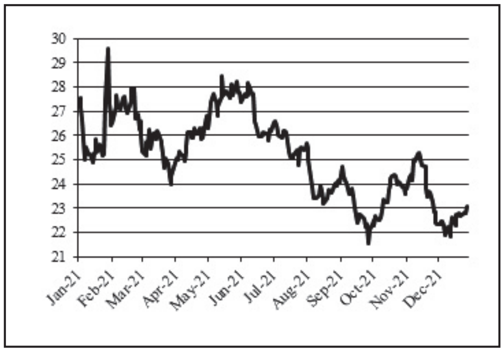
GOLD ($ per ounce)



	2021	2020	% Change
High price	$1,943	$2,075	(6.4)%
Low price	$1,684	$1,452	16.0%
Average market price	$1,799	$1,770	1.6%
Average realized price	$1,794	$1,788	0.3%

In 2021, the average market price per ounce of gold was 1.6% higher than in 2020. The Company's average realized price per ounce of gold in 2021 was 0.3% higher than in 2020.

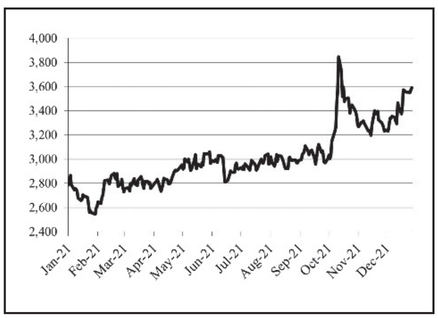
SILVER ($ per ounce)



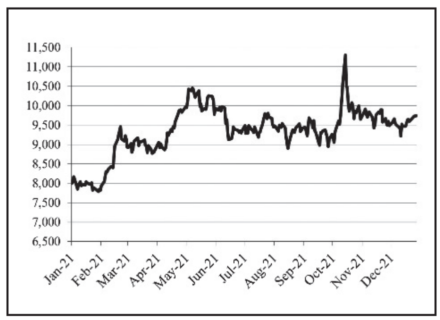
	2021	2020	% Change
High price	$29.59	$29.86	(0.9)%
Low price	$21.53	$11.64	85.0%
Average market price	$25.14	$20.51	22.6%
Average realized price	$25.07	$20.44	22.7%

In 2021, the average market price per ounce of silver was 22.6% higher than in 2020. The Company's average realized price per ounce of silver in 2021 was 22.7% higher than in 2020.

ZINC ($ per tonne)



COPPER ($ per tonne)



Agnico Eagle's average realized price year-over-year for zinc increased by 24.0% and the average realized price year-over-year for copper increased by 54.4%. Significant quantities of by-product metals are produced by the LaRonde mine (silver, zinc and copper) and the Pinos Altos mine (silver).

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

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

Production Volumes and Costs

Changes in production volumes have a direct impact on the Company's financial results. Total payable production of gold was 2,086,405 ounces in 2021, an increase of 20.1% compared with 1,736,568 ounces in 2020. The increase was primarily due to a return to normal operations at all of the Company's mine sites (except the Creston Mascota and La India mines), the ramp-up of production at the Meliadine mine and Amaruq satellite deposit and the production from the Hope Bay minesite. Partially offsetting the overall increase in gold production was a decrease in gold production at the Creston Mascota mine following the cessation of mining activities at the Bravo pit, the impact of the COVID-19 Omicron variant cases at the Nunavut operations and a decrease in gold grade processed at the La India mine.

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

Foreign Exchange Rates (Ratio to US$)

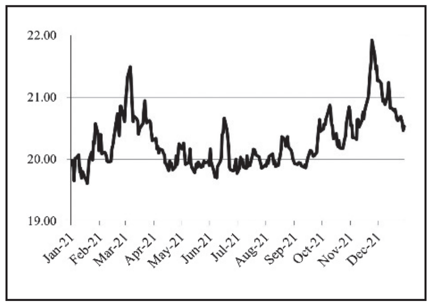
The exchange rate of the Canadian dollar, Mexican peso and Euro relative to the US dollar is an important financial driver for the Company for the following reasons:

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

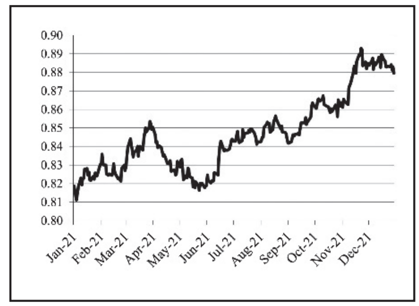
The Company mitigates part of its foreign currency exposure by using currency hedging strategies.

CANADIAN DOLLAR

MEXICAN PESO



EURO



On average, the Canadian dollar, Mexican Peso and Euro strengthened relative to the US dollar in 2021 compared with 2020, increasing costs denominated in the local currency when translated into US dollars for reporting purposes.

Results of Operations

Agnico Eagle reported net income of $543.0 million, or $2.23 per share, in 2021 compared with net income of $511.6 million, or $2.12 per share, in 2020 and net income of $473.2 million, or $2.00 per share in 2019. Agnico Eagle reported adjusted net income[i] of $589.1 million, or $2.42 per share[i], in 2021 compared with adjusted net income of $451.6 million, or $1.87 per share, in 2020 and adjusted net income of $229.4 million, or $0.97 per share in 2019. In 2021, operating margin[ii] increased to $2,067.2 million from $1,714.0 million in 2020. In 2019, operating margin was $1,247.2 million.

Revenues from Mining Operations

Revenues from mining operations increased by $685.8 million, or 21.9%, to $3,823.9 million in 2021 from $3,138.1 million in 2020 primarily due to a 19.2%[iii] increase in the sales volume of gold. Revenues from mining operations were $2,494.9 million in 2019.

Revenues from the Northern Business increased by $750.0 million, or 28.1%, to $3,418.8 million in 2021 from $2,668.8 million in 2020 primarily due to an increase in the sales volume of gold. Revenues from the Southern Business decreased by $64.2 million, or 13.7%[iii], to $405.1 million in 2021 from $469.3 million in 2020, primarily due to a decrease in the sales volume of gold. Revenues from the Northern Business were $2,053.0 million and revenues from the Southern Business were $441.9 million in 2019.

Notes:

(i) Adjusted net income and adjusted net income per share are non-GAAP measures that are not standardized financial measures under the financial reporting framework used to prepare the Company's financial statements. For a reconciliation to net income and net income per share see "Non-GAAP Financial Performance Measures" below. See also "Note to Investors Concerning Certain Measures of Performance".

(ii) Operating margin is a non-GAAP measure. For a reconciliation to net income see "Non-GAAP Financial Performance Measures" below. See also "Note to Investors Concerning Certain Measures of Performance".

(iii) Excluding ounces from pre-commercial production.

Sales of precious metals (gold and silver) accounted for 99.0% of revenues from mining operations in 2021, a decrease from 99.5% in 2020. The slight decrease in the percentage of revenues from precious metals in 2021 compared with 2020 was primarily due to higher zinc and copper revenues caused by higher realized prices for these by-product metals. Sales of precious metals (gold and silver) accounted for 98.9% of revenues in 2019.

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

	2021	2020	2019
	(thousands of United States dollars)		
Revenues from mining operations:			
Gold	$3,715,074	$3,047,344	$2,393,869
Silver	69,694	74,025	73,312
Zinc	16,304	1,970	14,711
Copper	22,806	14,774	13,000
Total revenues from mining operations	$3,823,878	$3,138,113	$2,494,892
Payable production:			
Gold (ounces)	2,086,405	1,736,568	1,782,147
Silver (thousands of ounces)	2,607	3,365	4,310
Zinc (tonnes)	8,837	6,259	13,161
Copper (tonnes)	2,955	3,069	3,397
Payable metal sold:			
Gold (ounces)	2,080,631	1,724,538	1,755,334
Silver (thousands of ounces)	2,609	3,481	4,271
Zinc (tonnes)	10,803	5,010	12,292
Copper (tonnes)	2,973	3,062	3,390

Revenues from gold increased by $667.7 million or 21.9% in 2021 compared with 2020 primarily due to an 19.2%[(i)] increase in the sales volume of gold. The Company's average realized price of gold increased slightly to $1,794 in 2021 compared to $1,788 in 2020, and the sales volume of gold increased to 2,055,335[(i)] ounces in 2021 compared to 1,693,029[(i)] ounces in 2020.

Revenues from silver decreased by $4.3 million or 5.9% in 2021 compared with 2020 primarily due to a 25.1% decrease in the sales volume of silver, partially offset by a 22.7% increase in the average realized price of silver between periods. Revenues from zinc increased by $14.3 million or 727.6% to $16.3 million in 2021 compared with $2.0 million in 2020 primarily due to a 115.6% increase in the sales volume of zinc between periods. Revenues from copper increased by $8.0 million or 54.4% in 2021 compared with $14.8 million in 2020 primarily due to a 54.4% increase in the average realized price of copper, partially offset by a 2.9% decrease in the sales volume of copper between periods.

Note:

(i) Excluding ounces from pre-commercial production.

Production Costs

Production costs increased to $1,756.7 million in 2021 compared with $1,424.2 million in 2020 primarily due to the impact of COVID-19 precautionary measures in 2020 and the contribution of the Hope Bay production costs following the acquisition of TMAC. Partially offsetting the overall increase in production costs was a decrease in production costs at the Creston Mascota mine due to the cessation of mining operations at the open pit in the third quarter of 2020. Production costs were $1,247.7 million in 2019.

The table below sets out production costs by mine:

	2021	2020	2019
	(thousands of United States dollars)		
LaRonde mine	$ 232,392	$ 169,824	$ 215,012
LaRonde Zone 5 mine	56,380	47,899	41,212
LaRonde Complex	288,772	217,723	256,224
Lapa mine	–	–	2,844
Goldex mine	96,181	82,654	82,533
Meadowbank Complex	406,489	284,976	180,848
Meliadine mine	236,763	245,700	142,932
Hope Bay mine	83,118	–	–
Canadian Malartic mine (attributable 50%)	242,589	195,312	208,178
Kittila mine	192,742	169,884	142,517
Pinos Altos mine	141,488	124,678	130,190
Creston Mascota mine	8,165	35,088	35,801
La India mine	60,381	68,137	65,638
Total production costs	$1,756,688	$1,424,152	$1,247,705

Production costs at the LaRonde mine were $232.4 million in 2021, a 36.8% increase compared with 2020 production costs of $169.8 million. The increase was primarily due to the strengthening of the Canadian dollar relative to the US dollar between periods and higher underground mining and milling costs due to the impact of the temporary suspension of mining activities at the Company's Quebec mines to comply with the order of the Government of Quebec issued March 23, 2020, to close all non-essential business made in response to the COVID-19 pandemic (the "Quebec Operations Suspension") in the prior year. During 2021, the LaRonde mine processed an average of 5,033 tonnes of ore per day compared with 4,661 tonnes of ore per day during 2020. The increase in throughput was primarily due to the impact of the Quebec Operations Suspension in the prior year. Production costs per tonne increased to C$159 in 2021 compared with C$133 in 2020 primarily due to higher production costs as noted above and the timing of inventory sales. Minesite costs per tonne(i) increased to C$140 in 2021 compared with C$127 in 2020 primarily due to higher production costs noted above, partially offset by higher throughput.

Production costs at the LZ5 mine were $56.4 million in 2021, a 17.7% increase compared to $47.9 million in 2020 primarily due to higher underground mining costs and higher milling costs as the Quebec Operations Suspension affected the prior year and the strengthening of the Canadian dollar relative to the US dollar between periods. During 2021, the LZ5 mine processed an average of 3,079 tonnes of ore per day compared with 2,645 tonnes of ore per day during 2020. The increase in throughput was primarily due to the impact of the Quebec Operations Suspension in the prior year.

Note:

(i) Minesite costs per tonne is a non-GAAP measure that is not a standardized financial measure under the financial reporting framework used to prepare the Company's financial statements. For a reconciliation to production costs see "Non-GAAP Financial Performance Measures" below. See also "Note to Investors Concerning Certain Measures of Performance".

Production costs per tonne decreased to C$63 in 2021 compared with C$66 in 2020 due to higher throughput, partially offset by higher production costs as noted above. Minesite costs per tonne of C$65 in 2021 were the same compared with 2020.

Production costs at the Goldex mine were $96.2 million in 2021, a 16.4% increase compared with $82.7 million in 2020 primarily due to higher underground mining and milling costs as the Quebec Operations Suspension impacted the prior year and the strengthening of the Canadian dollar relative to the US dollar between periods. During 2021, the Goldex mine processed an average of 7,874 tonnes of ore per day compared with 7,254 tonnes of ore per day processed during 2020. The increase in throughput was primarily due to the impact of the Quebec Operations Suspension in the prior year. Production costs per tonne and minesite costs per tonne increased to C$42 in 2021 compared to C$41 in 2020, primarily due to higher production costs, partially offset by higher throughput.

Production costs at the Meadowbank Complex were $406.5 million in 2021, a 42.6% increase compared with 2020 production costs of $285.0 million, primarily due to a decrease in capitalized deferred stripping costs, the strengthening of the Canadian dollar relative to the US dollar between periods and higher mining and milling costs. Mining and milling costs in the prior year were affected by the reduction of mining activities as the Company decided to send home its Nunavut-based workforce as part of an effort to limit the spread of COVID-19 in Nunavut (the “Nunavut Workforce Reduction”). During 2021, the Meadowbank Complex processed an average of 9,782 tonnes of ore per day compared with 7,113 tonnes of ore per day during 2020. The increase in throughput was primarily due to the impact of the Nunavut Workforce Reduction in the prior year, partially offset by the impact of the COVID-19 Omicron variant outbreak in December 2021. Production costs per tonne decreased to C$144 in 2021 compared with C$154 in 2020, primarily due to an increase in throughput, partially offset by higher production costs as noted above. Minesite costs per tonne decreased to C$143 in 2021 compared with C$148 in 2020 primarily due to the factors noted above.

Production costs at the Meliadine mine were $236.8 million in 2021, a 3.6% decrease compared with 2020 production costs of $245.7 million primarily due to the capitalization of costs related to the Tiriganiaq open pit deposit and the timing of inventory, partially offset by the strengthening of the Canadian dollar relative to the US dollar between periods. During 2021, the Meliadine mine processed an average of 4,698 tonnes per day compared with 3,813 tonnes of ore per day during 2020. The increase in throughput was primarily due to the impact of the Nunavut Workforce Reduction in the prior year, partially offset by the impact of the COVID-19 Omicron variant outbreak in December 2021. Production costs per tonne decreased to C$199 in 2021 compared with C$244 in 2020, primarily due to an increase in throughput and lower production costs. Minesite costs per tonne decreased to C$206 in 2021 compared with C$240 in 2020 primarily due to the factors noted above.

The Company completed the acquisition of TMAC on February 2, 2021 and as a result, there is no comparable period. For the period from February 2, 2021 to December 31, 2021, production costs at the Hope Bay mine were $83.1 million. Production costs per tonne were C$457 and minesite costs per tonne were C$326 for the period from February 2, 2021 to December 31, 2021.

Attributable production costs at the Canadian Malartic mine were $242.6 million in 2021, a 24.2% increase compared with 2020 production costs of $195.3 million, primarily due to higher mining costs, as the Quebec Operations Suspension affected the prior year, higher royalty costs and the strengthening of the Canadian dollar relative to the US dollar between periods. During 2021, the Canadian Malartic mine processed an average of 60,986 tonnes of ore per day on a 100% basis compared with 56,832 tonnes of ore per day in 2020. The increase in throughput was primarily due to the impact of the Quebec Operations Suspension in the prior year. Production costs per tonne and minesite costs per tonne increased to C$28 in 2021 compared with C$27 in 2020, primarily due to higher open pit production costs, partially offset by higher throughput.

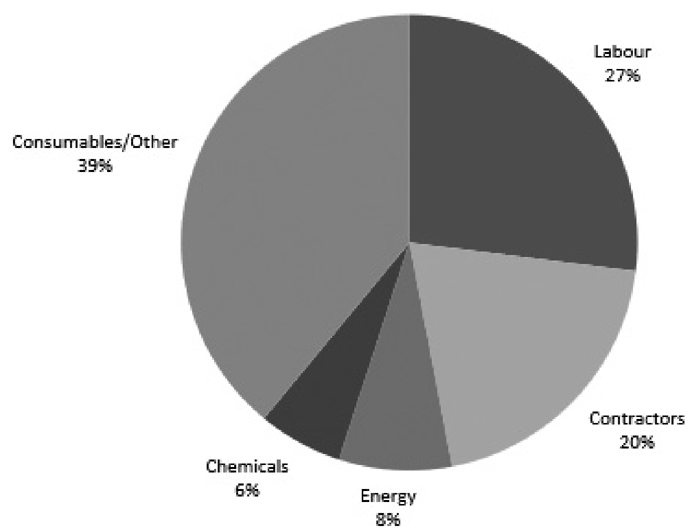
Production costs at the Kittila mine were $192.7 million in 2021, a 13.5% increase compared with 2020 production costs of $169.9 million, primarily due to higher mining and milling costs and the strengthening of the Euro relative to the US dollar between periods, partially offset by the timing of inventory sales. During 2021, the Kittila mine processed an average of 5,622 tonnes of ore per day compared with 4,650 tonnes of ore per day during 2020. The increase in throughput between periods is due to the ramp-up of the Kittila mill in 2021 to its expanded capacity of two million tonnes per year. Production costs per tonne decreased to €80 in 2021 compared with €87 in 2020 due to higher throughput between periods, partially offset by higher production costs. Minesite costs per tonne decreased to €82 in 2021 compared with €86 in 2020 due to the factors noted above.

Production costs at the Pinos Altos mine were $141.5 million in 2021, a 13.5% increase compared with 2020 production costs of $124.7 million, primarily due to the temporary suspension of mining activities (the “Mexican Operations Suspension”) in the prior year to comply with the order issued by the Government of Mexico on April 2, 2020 to suspend operations of all non-essential businesses in response to the COVID-19 pandemic. During 2021, the Pinos Altos mine processed an average of 5,205 tonnes of ore per day compared with 4,907 tonnes of ore per day during 2020. The increase in throughput is primarily due to the impact of the Mexican Operations Suspension in the prior year. Production costs per tonne increased to $75 in 2021 compared with $69 in 2020, primarily due to higher production costs, partially offset by higher throughput. Minesite costs per tonne increased to $75 in 2021 compared to $66 in 2020 due to the factors noted above.

Production costs at the Creston Mascota mine were $8.2 million in 2021, a 76.7% decrease compared with 2020 production costs of $35.1 million, primarily due to the cessation of mining operations at the open pit in the third quarter of 2020. During 2021, no ore was stacked on the heap leach and therefore no production costs per tonne or minesite costs per tonne are reported. In 2020, approximately 386,700 tonnes of ore was stacked on the heap leach. Production costs per tonne were $67 and minesite costs per tonne were $54 in 2020.

Production costs at the La India mine were $60.4 million in 2021, a 11.4% decrease compared with 2020 production costs of $68.1 million primarily due to the timing of inventory, partially offset by higher heap leach production costs and the strengthening of the Mexican peso relative to the US dollar between periods. During 2021, the La India mine stacked approximately 6,018,300 tonnes of ore on the leach pad compared with approximately 5,525,500 tonnes of ore stacked in 2020. The increase in tonnage of ore stacked was primarily due to the impact of the Mexican Operations Suspension in the prior year. Production costs per tonne and minesite costs per tonne decreased to $10 in 2021 compared with $12 in 2020 primarily due to an increase in tonnes of ore stacked on the heap leach.

Total Production Costs by Category 2021



Total production costs per ounce of gold produced, representing the weighted average of all of the Company's producing mines, increased to $853 in 2021 compared with $838 in 2020 and $735 in 2019. Total cash costs per ounce of gold produced on a by-product basis decreased to $770 in 2021 compared with $775 in 2020. Total cash costs per ounce of gold produced on a by-product basis was $673 in 2019. Total cash costs per ounce of gold produced on a co-product basis decreased to $829 in 2021 compared with $838 in 2020. Total cash costs per ounce of gold produced on a co-product basis was $745 in 2019. Set out below is an analysis of the change in production costs per ounce and total cash costs per ounce at each of the Company's mining operations.

- At the LaRonde mine, total production costs per ounce of gold produced increased to $752 in 2021 compared with $589 in 2020 primarily due to higher mining and milling costs, the timing of inventory sales and the strengthening of the Canadian dollar relative to the US dollar between periods, partially offset by a 7.2% increase in gold production. The increase in gold production is primarily due to the impact of the Quebec Operations Suspension in the prior year. Total cash costs per ounce of gold produced on a by-product basis increased to $476 in 2021 compared with $466 in 2020 primarily due to the factors noted above, partially offset by higher by-product revenues. Total cash costs per ounce of gold produced on a co-product basis increased to $717 in 2021 compared with $643 in 2020 primarily due to the factors noted above (other than higher by-product revenues).

- At the LZ5 mine, total production costs per ounce of gold produced increased to $796 in 2021 compared with $777 in 2020, primarily due to higher mining and milling costs and the timing of inventory sales and the strengthening of the Canadian dollar relative to the US dollar between periods, partially offset by a 14.8% increase in gold production. The increase in gold production is primarily due to the impact of the Quebec Operations

Suspension in the prior year. Total cash costs per ounce of gold produced on a by-product basis increased to $790 in 2021 compared with $755 in 2020 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to $794 in 2021 compared with $759 in 2020 due to the factors noted above.

- At the Goldex mine, total production costs per ounce of gold produced increased to $717 in 2021 compared with $648 in 2020, primarily due to higher underground production costs, higher maintenance costs and the strengthening of the Canadian dollar relative to the US dollar between periods, partially offset by a 5.1% increase in gold production. The increase in gold production is primarily due to the impact of the Quebec Operations Suspension in the prior year. Total cash costs per ounce of gold produced on a by-product basis increased to $684 in 2021 compared with $634 in 2020 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to $684 in 2021 compared with $634 in 2020 due to the factors noted above.

- At the Meadowbank Complex, total production costs per ounce of gold produced decreased to $1,259 in 2021 compared with $1,436 in 2020 primarily due to a 62.7% increase in gold production, partially offset by an increase in open pit mining costs and the strengthening of the Canadian dollar relative to the US dollar between periods. The increase in gold production is primarily due to the impact of the Nunavut Workforce Reduction in the prior year and higher gold grades. Total cash costs per ounce of gold produced on a by-product basis decreased to $1,201 in 2021 compared with $1,404 in 2020 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis decreased to $1,209 in 2021 compared with $1,411 in 2020 due to the factors noted above.

- At the Meliadine mine, total production costs per ounce of gold produced decreased to $644 in 2021 compared with $786 in 2020 primarily due to a 17.7% increase in gold production, the capitalization of costs related to the Tiriganiaq open pit deposit and the timing of inventory, partially offset by higher open pit mining costs and the strengthening of the Canadian dollar relative to the US dollar between periods. The increase in gold production is primarily due to the impact of the Nunavut Workforce Reduction in the prior year. Total cash costs per ounce of gold produced on a by-product basis decreased to $634 in 2021 compared with $774 in 2020 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis decreased to $637 in 2021 compared with $776 in 2020 due to the factors noted above.

- At the Hope Bay mine, total production costs per ounce of gold produced, for the period from February 2, 2021 to December 31, 2021, were $1,478. Total cash costs per ounce of gold produced on a by-product basis and co-product basis were $1,063 and $1,064, respectively. Production costs per ounce and total cash costs per ounce on a by-product and co-product basis were negatively affected by the suspension of mining and milling activities as a result of increased number of COVID-19 cases in late September and mid-October. The Company completed the acquisition of TMAC on February 2, 2021 and accordingly there is no comparable period information.

- At the Canadian Malartic mine, total production costs per ounce of gold produced decreased to $679 in 2021 compared with $736 in 2020 primarily due to a 34.7% increase in gold production, partially offset by higher open pit mining costs and the strengthening of the Canadian dollar relative to the US dollar between periods. The increase in gold production is primarily due to the impact of the Quebec Operations Suspension in the prior year and higher gold grades. Total cash costs per ounce of gold produced on a by-product basis decreased to $663 in 2021 compared with $723 in 2020 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis decreased to $684 in 2021 compared with $750 in 2020 due to the factors noted above.

- At the Kittila mine, total production costs per ounce of gold produced decreased to $806 in 2021 compared with $816 in 2020 primarily due to a 15.0% increase in gold production, partially offset by higher milling costs and the strengthening of the Euro relative to the US dollar between periods. The increase in gold production is primarily due to higher throughput as a result of the ramp-up of the Kittila mill in 2021 to its expanded capacity of two million tonnes per year. Total cash costs per ounce of gold produced on a by-product basis increased to $835 in 2021 compared with $805 in 2020 primarily due to the timing of inventory, partially offset by an increase in gold production. Total cash costs per ounce of gold produced on a co-product basis increased to $836 in 2021 compared with $806 in 2020 due to the factors noted above.

- At the Pinos Altos mine, total production costs per ounce of gold produced increased to $1,115 in 2021 compared with $1,086 in 2020 primarily due an increase in milling costs and the strengthening of the Mexican peso relative to the US dollar, partially offset by a 10.6% increase in gold production. The increase in gold production is primarily due to the impact of the Mexican Operations Suspension in the prior year. Total cash costs per ounce of gold produced on a by-product basis increased to $858 in 2021 compared with $749 in 2020 primarily due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to $1,110 in 2021 compared with $1,050 in 2020 due to the factors noted above.

- At the Creston Mascota mine, total production costs per ounce of gold produced decreased to $638 in 2021 compared to $909 in 2020 primarily due to lower overall costs as only residual heap leach and site administration costs remain. Total cash costs per ounce of gold produced on a by-product basis decreased to $408 in 2021 compared with $605 in 2020 due to the factor noted above. Total cash costs per ounce of gold produced on a co-product basis decreased to $636 in 2021 compared with $867 in 2020 due to the factor noted above.

- At the La India mine, total production costs per ounce of gold produced increased to $950 in 2021 compared with $802 in 2020 primarily due to a 25.2% decrease in gold production, higher heap leach costs and the strengthening of the Mexican peso relative to the US dollar, partially offset by the timing of inventory sales. The decrease in gold production is primarily due to reduced irrigation of the heap leach due to low local water levels and lower gold grades. Total cash costs per ounce of gold produced on a by-product basis increased to $939 in 2021 compared with $788 in 2020 due to the factors noted above. Total cash costs per ounce of gold produced on a co-product basis increased to $959 in 2021 compared with $803 in 2020 due to the factors noted above.

Exploration and Corporate Development Expense

Exploration and corporate development expense increased by 34.4% to $152.5 million in 2021 from $113.5 million in 2020. Exploration and corporate development expense was $104.8 million in 2019.

A summary of the Company's significant 2021 exploration and corporate development activities is set out below:

- Exploration expenses at various mine sites increased by 235.1% to $34.2 million in 2021 compared with 2020 primarily due to higher expensed exploration drilling at the LaRonde mine for various satellite projects and the Hope Bay mine.

- Exploration expenses in Canada increased by 7.2% to $49.8 million in 2021 compared with 2020 primarily due to higher expensed exploration drilling at the Upper Beaver and Hammond Reef projects and higher regional exploration around the proximity of the Meliadine mine.

- Exploration expenses in Latin America increased by 25.8% to $25.6 million in 2021 compared with 2020 primarily due to increased exploration at the Santa Gertrudis and Morelos Sur projects in Mexico.

- Exploration expenses in the United States increased by 46.2% to $7.5 million in 2021 compared with 2020 primarily due to increased exploration at the Helm Bay and Gryphon Gold projects.

- Exploration expenses in Europe increased by 33.2% to $7.8 million in 2021 compared with 2020 primarily due to increased regional exploration around the proximity of the Kittila mine.

- Corporate development and project evaluation expenses increased by 8.3% to $27.6 million in 2021 compared with 2020 primarily due to increased project evaluation expenses at the Gilt Edge project in South Dakota and the Santa Gertrudis project in Mexico.

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

	2021	2020	2019
	(thousands of United States dollars)		
Minesites	$ 34,188	$ 10,203	$ 12,018
Canada	49,819	46,475	25,458
Latin America	25,600	20,350	23,960
United States	7,518	5,142	8,317
Europe	7,801	5,855	6,238
Corporate development and project evaluation expenses	27,588	25,467	28,788
Total exploration and corporate development expense	$152,514	$113,492	$104,779

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense increased to $738.1 million in 2021 compared with $631.1 million in 2020 and $546.1 million in 2019. The increase in amortization of property, plant and mine development between 2021 and 2020 was primarily due to the higher throughput at all of the Company's mine sites (except the Creston Mascota mine) which returned to normal operations following measures being put in place in response to the COVID-19 pandemic and the ramp-up of production at the Meliadine mine and Amaruq satellite deposit.

General and Administrative Expense

General and administrative expenses increased to $142.0 million in 2021 compared with $116.3 million in 2020 and $121.0 million in 2019 primarily due to increased compensation and benefits expenses and donations between periods. General and administrative expenses were lower in 2020 due to decreased travel and investor relations expenses from reduced activity and scope of projects caused by the COVID-19 pandemic.

Finance Costs

Finance costs decreased to $92.0 million in 2021 compared with $95.1 million in 2020 and $105.1 million in 2019 primarily due to decreased interest expense on the Company's guaranteed senior unsecured notes (the "Notes") as $360.0 million of the 2010 Series B Notes were repaid in April 2020, partially offset by increased interest expense relating to the $200.0 million private placement of guaranteed senior unsecured notes that were issued in April 2020. Interest on the Credit Facility decreased in 2021 compared to 2020 due to a decrease in drawdowns of $480.0 million between periods. The drawdowns in 2020 on the Credit Facility were mostly a cautionary measure given the uncertainty with respect to the COVID-19 pandemic and the outstanding balance was repaid in full over the course of 2020. The aggregate outstanding principal of the Notes was $1,575.0 million at December 31, 2021 and December 31, 2020.

The table below sets out the components of finance costs:

	2021	2020	2019
	(thousands of United States dollars)		
Interest on Notes	$72,795	$77,739	$ 91,147
Stand-by fees on credit facilities	5,546	5,107	5,862
Amortization of credit facilities, financing and note issuance costs	3,778	3,594	2,800
Interest on Credit Facility	1,549	5,304	1,270
Accretion expense on reclamation provisions	6,554	3,502	5,715
Other interest and penalties, including interest on lease obligations	5,329	2,684	2,336
Interest capitalized to assets under construction	(3,509)	(2,796)	(4,048)
Total finance costs	$92,042	$95,134	$105,082

See Note 14 in the consolidated annual financial statements for details on the Company's $1.2 billion unsecured revolving bank Credit Facility and Notes referenced above.

Loss (gain) on Derivative Financial Instruments

Loss on derivative financial instruments was $11.1 million in 2021 compared to a gain of $107.9 million in 2020 and a gain of $17.1 million in 2019. The decrease was primarily due to an unrealized gain on warrants of $82.0 million in 2020, compared to an unrealized loss on warrants of $16.7 million in 2021. The Company holds warrants to acquire equity securities of certain issuers in the mining industry. In addition, the Company recognized a gain on currency and commodity derivatives of $3.4 million in 2021, compared to $24.1 million in 2020.

Foreign Currency Translation Loss

The Company's operating results and cash flow are significantly affected by changes in the exchange rate between the US dollar and each of the Canadian dollar, Mexican peso and Euro as all of the Company's revenues are earned in US dollars while a significant portion of its operating and capital costs are incurred in such other currencies. During the period from January 1, 2020 through December 31, 2021, the daily US dollar closing exchange rate per US$1.00 fluctuated between C$1.20 and C$1.45 as reported by the Bank of Canada, 18.57 and 25.12 Mexican pesos as reported by the Central Bank of Mexico, and €0.81 and €0.93 as reported by the European Central Bank.

A foreign currency translation loss of $5.7 million was recorded in 2021 compared with $22.5 million in 2020 and $4.9 million in 2019. On average, the US dollar weakened relative to the Canadian dollar, Mexican peso and the Euro in 2021 compared with 2020. As at December 31, 2021, the US dollar strengthened relative to the Mexican peso and Euro and weakened relative to the Canadian dollar, as compared to December 31, 2020. The net foreign currency translation loss in 2021 was primarily due to the translation impact of the Company's net monetary liabilities denominated in Canadian dollars and translation impact of the Company's net monetary assets denominated in Mexican pesos and Euros.

Other Expenses (Income)

Other expenses decreased to $21.7 million in the year ended December 31, 2021 compared with $48.2 million in the year ended December 31, 2020 primarily due to a decrease of $20.1 million associated with the temporary suspension of mining and exploration activities at the Company's mine sites and exploration properties due to the COVID-19 pandemic. These costs include primarily payroll and other incidental costs associated with maintaining the sites and payroll costs associated with employees who were not working during the period of suspended operations, and payroll costs for Nunavut-based and Mexican employees who were not able to work following the period of temporary suspension or reduced operations due to the Company's efforts to prevent or curtail community transmission of COVID-19. During 2021, the Company recognized a $10.0 million gain on the sale of certain non-strategic exploration properties and $12.9 million in costs related to the acquisition of TMAC and Kirkland. Other income of $13.2 million in the year ended December 31, 2019 related primarily to the gain on disposition of an investment.

Income and Mining Taxes Expense

In 2021, the Company recorded income and mining taxes expense of $360.4 million on income before income and mining taxes of $903.4 million at an effective tax rate of 39.9%. In 2020, the Company recorded income and mining taxes expense of $256.0 million on income before income and mining taxes of $767.6 million at an effective tax rate of 33.3%. The Company's 2020 and 2021 effective tax rate is higher than the applicable statutory tax rate of 26.0% due to the impact of mining taxes. In 2019, the Company recorded income and mining taxes expense of $265.6 million on income before income and mining taxes of $738.7 million at an effective tax rate of 36.0%.

Balance Sheet Review

Total assets at December 31, 2021 of $10,186.8 million increased compared to total assets of $9,614.8 million at December 31, 2020. The $572.0 million increase in total assets was primarily due to a $320.9 million increase in property, plant and mine development, a $248.5 million increase in inventories, a $133.6 million increase in deferred tax assets, and a $93.9 million increase in other assets, partially offset by a $216.7 million decrease in cash and cash equivalents between periods. Total assets of $8,789.9 million at December 31, 2019 were lower compared to total assets as at December 31, 2020 primarily due to a $321.8 million increase in property, plant and mine development and an $283.9 million increase in investments between periods.

Cash and cash equivalents were $185.8 million at December 31, 2021, a decrease of $216.7 million compared with December 31, 2020 primarily due to $867.7 million in capital expenditures, an aggregate of $340.9 million in payments related to the acquisition of TMAC (including funds advanced to TMAC to partially fund the repayment of its long-term debt and payment for the repurchase of the Hope Bay 1.5% net smelter return royalty) and $275.2 million in dividends paid, partially offset by cash provided by operating activities of $1,316.0 million.

Current inventory balances increased by $248.5 million from $630.5 million at December 31, 2020 to $878.9 million at December 31, 2021 primarily due to a $174.3 million increase in supplies inventories from the higher balance of fuel inventory and inventory parts on hand to mitigate the risk of possible supply chain disruption caused by the COVID-19 pandemic.

While the Company occasionally enters into contracts to limit the risk associated with decreased by-product metal prices, increased foreign currency costs (including capital expenditures) and input costs, the contracts act as economic hedges of underlying exposure and are not held for speculative purposes. Agnico Eagle does not use complex derivative contracts to hedge exposure. During the year ended December 31, 2021, the Company increased its currency and diesel hedge positions to mitigate the effect of price inflation on its key input costs. As at December 31, 2021, the Company had outstanding currency derivative contracts in respect of $2,375.2 million of 2022 and 2023 anticipated expenditure (December 31, 2020 – $1,188.0 million) and diesel fuel derivative contracts in respect of 10.9 million gallons of heating oil (December 31, 2020 – 24.0 million).

Other assets increased by $93.9 million from $259.2 million at December 31, 2020 to $353.2 million at December 31, 2021 primarily due to a $76.5 million increase in non-current ore in stockpiles and on leach pads. Non-current ore increased from $198.0 million at December 31, 2020 to $274.6 million at December 31, 2021 primarily due to the increase in stockpile and heap leach balances not expected to be processed within 12 months at the Meliadine mine, the Meadowbank Complex, and the Canadian Malartic mine. In addition, the loan receivable from Orla Mining Ltd. ("Orla") increased by $16.7 million from $21.2 million at December 31, 2020 to $37.9 million at December 31, 2021 primarily due to a drawdown of $16.0 million in connection with the funding commitments provided by the Company. See Note 8B to the consolidated annual financial statements for details of the Orla loan receivable.

Property, plant and mine development increased by $320.9 million to $7,646.3 million at December 31, 2021 compared with December 31, 2020 primarily due to the acquisition of TMAC during the first quarter of 2021 and $867.7 million in capital expenditures primarily at the Meadowbank and LaRonde Complexes and the Canadian Malartic, Meliadine and Kittila mines, partially offset by amortization expense of $738.1 million incurred during 2021.

Investments decreased from $375.1 million at December 31, 2020 to $343.5 million at December 31, 2021 primarily due to $53.9 million in unrealized fair value losses related to equity securities and share purchase warrants partially offset by $35.4 million in new investments in equity and share purchase warrants. See Note 10 to the consolidated annual financial statements for details of the Company's investments.

Net income taxes payable decreased by $59.5 million between December 31, 2020 and December 31, 2021 as a result of payments to tax authorities exceeding the current tax expense.

Total liabilities increased to $4,205.9 million at December 31, 2021 from $3,931.5 million at December 31, 2020 primarily due to an increase in deferred income and mining tax liabilities of $176.7 million, a $62.9 million increase in reclamation provision and a $50.9 million increase in accounts payable and accrued liabilities, partially offset by a decrease in net income taxes payable of $59.5 million between periods. Total liabilities of $3,678.4 million at December 31, 2019 were lower compared to total liabilities as at December 31, 2020 primarily due to a $227.3 million increase in reclamation provision, a $87.9 million increase in deferred income and mining tax liabilities and a $158.9 million decrease in long-term debt between periods.

Total non-current liabilities increased to $3,444.1 million at December 31, 2021 from $3,415.8 million at December 31, 2020 primarily due to a $176.7 million increase in deferred income and mining tax liabilities and a $70.7 million increase in the non-current portion of reclamation provision, partially offset by a $225.0 million decrease in the non-current portion of long-term debt. Total non-current liabilities of $2,902.7 million at December 31, 2019 were lower compared to total non-current liabilities at December 31, 2020 primarily due to a $201.1 million increase in the non-current portion of long-term debt, a $224.4 million increase in the non-current portion of reclamation provision and a $88.0 million increase in deferred income and mining tax liabilities.

Reclamation provision increased by $62.9 million between December 31, 2020 and December 31, 2021 primarily due to the re-measurement of these provisions by applying updated expected cash flow estimates and assumptions at the LaRonde and Canadian Malartic mines as at December 31, 2021 and a $48.9 million increase due to the acquisition of TMAC in 2021. The higher expected cash flow estimates at the LaRonde and Canadian Malartic mines are primarily related to the updated mine closure plans completed during the year.

Net deferred income and mining tax liabilities increased by $43.1 million between December 31, 2020 and December 31, 2021 primarily due to origination and reversal of net taxable temporary differences, which included the recognition of a deferred income tax asset on the acquisition of TMAC.

Liquidity and Capital Resources

As at December 31, 2021, the Company's cash and cash equivalents, and short-term investments totaled $191.1 million compared with $406.5 million as at December 31, 2020. The Company's policy is to invest excess cash in highly liquid investments of high credit quality to reduce risks associated with these investments. Such investments with remaining maturities of greater than three months and less than one year at the time of purchase are classified as short-term investments. Decisions regarding the length of maturities are based on cash flow requirements, rates of return and various other factors.

Working capital (current assets less current liabilities) decreased to $540.6 million as at December 31, 2021 compared with $731.5 million as at December 31, 2020 primarily due to a decrease in cash and cash equivalents of $216.7 million, an increase in the current portion of long-term debt of $225.0 million, and an increase in accounts payable and accrued liabilities of $50.9 million, which was partially offset by an increase in inventories of $248.5 million and a decrease in net income taxes payable of $59.5 million.

Following completion of the Kirkland acquisition on February 8, 2022, the Company's cash position increased to approximately $973.0 million. On February 9, 2022, Fitch Ratings Inc. announced that it changed the rating outlook on the Company's investment grade credit rating to "positive" from "stable" and confirmed the rating at BBB reflecting the Company's strong financial risk profile.

Subject to various risks and uncertainties, the Company believes it will generate sufficient cash flow from operations and has adequate cash and debt facilities available to finance its current operations, working capital requirements, contractual obligations, debt maturities, planned capital expenditure and exploration programs. While the Company believes its capital resources will be sufficient to satisfy all its mandatory and discretionary commitments, the Company may choose to decrease certain of its discretionary expenditure commitments, which include certain capital expenditures and exploration and corporate development expenses, should unexpected financial circumstances arise in the future. See *Risk Profile* in this MD&A.

Operating Activities

Cash provided by operating activities increased by $123.9 million to $1,316.0 million in 2021 compared with $1,192.1 million in 2020. The increase in cash provided by operating activities was primarily due to a 19.2% increase in the sales volume of gold. This was partially offset by an increase in production costs, exploration and corporate development expenses and a decrease in non-cash working capital balances between periods. Cash provided by operating activities of $1,192.1 million in 2020 was $310.4 million higher compared with $881.7 million in 2019 primarily due to an increase in the Company's average realized price of gold, partially offset by an increase in production costs, an increase in costs related to the temporary suspension of mining and exploration activities due to the COVID-19 pandemic, an increase in tax payments and a decrease in non-cash working capital balances between periods.

Investing Activities

Cash used in investing activities increased to $1,234.7 million in 2021 compared to $808.8 million in 2020. The increase in cash used in investing activities between periods was primarily due to $340.9 million of payments related to the acquisition of TMAC, including funds advanced to TMAC to partially fund the repayment of its long-term debt and to repurchase the Hope Bay 1.5% net smelter return royalty. Cash used in investing activities was $873.9 million in 2019, which included capital expenditures of $882.7 million and net proceeds from the sale of equity securities and other investments of $43.7 million.

In 2021, the Company invested cash of $867.7 million in projects and sustaining capital expenditures compared with $759.3 million in 2020. Capital expenditures in 2021 included $151.5 million at the Meadowbank Complex, $138.8 million at the LaRonde mine, $130.5 million at the Canadian Malartic mine (the Company's attributable 50% share), $123.2 million at the Kittila mine, $121.6 million at the Meliadine mine, $51.0 million at the Hope Bay mine, $49.4 million at the Pinos Altos mine, $48.7 million at the Goldex mine, $20.6 million at the La India mine, $17.0 million at the LaRonde Zone 5 mine and $15.5 million at the Company's other projects. The $108.4 million increase in capital expenditures between 2021 and 2020 was primarily due to expenditures related to the Odyssey underground project at the Canadian Malartic mine and the contribution of capital expenditures from the Hope Bay mine which was acquired during the first quarter of 2021, partially offset by a decrease in capital expenditures related to the underground shaft at the Kittila mine.

In 2021, the Company received net proceeds of $5.4 million from the sale of equity securities and other investments compared with $8.8 million in 2020 and $43.7 million in 2019. In 2021, the Company purchased $39.9 million of equity securities and other investments compared with $45.2 million in 2020 and $33.5 million in 2019. The Company's investments in equity securities consist primarily of investments in common shares of entities in the mining industry.

On April 27, 2021, Orla completed a drawdown of $16.0 million under a loan agreement dated December 18, 2019 between, among others, Orla and the Company. The loan agreement relates to a five-year credit facility to provide Orla financing in an aggregate principal amount of $125.0 million, of which the Company's aggregate financing commitment is $40.0 million. As at December 31, 2021, $40.0 million (as at December 31, 2020 – $24.0 million) was drawn down by Orla under the loan agreement with the Company. The Company owned 23,615,348 Orla common shares and 10,400,000 warrants to purchase Orla common shares as at December 31, 2021, representing approximately 9.54% of the issued and outstanding common shares on a non-diluted basis and 13.18% of the issued and outstanding common shares on a partially-diluted basis, assuming exercise of the warrants held by the Company.

Financing Activities

Cash used in financing activities decreased to $297.2 million in 2021 compared to $302.8 million in 2020 primarily due to a $160.0 million decrease in net repayments of the Notes, partially offset by a $84.9 million increase in dividends paid, a $68.9 million decrease in proceeds from stock option plan exercises and a $9.2 million increase in repayments of lease obligations between periods. Cash provided by financing activities was $10.6 million in 2019.

The Company issued common shares for net proceeds of $40.1 million in 2021 compared to $104.5 million in 2020, attributable to employee stock option plan exercises, issuances under the incentive share purchase plan and the dividend reinvestment plan. Net proceeds from the issuance of common shares were $156.1 million in 2019.

In 2021, the Company declared dividends of $1.40 per share and paid cash dividends of $275.2 million, compared with dividends declared of $0.95 per share and cash dividends paid of $190.3 million in 2020. In 2019, the Company declared dividends of $0.55 per share and paid cash dividends of $105.4 million. Agnico Eagle has declared a cash dividend every year since 1983. Although the Company expects to continue paying dividends, future dividends will be at the discretion of the Board and will be subject to factors such as income, financial condition and capital requirements.

On December 22, 2021, the Company amended its unsecured revolving $1,200.0 million Credit Facility to improve pricing, increase the uncommitted accordion feature from $300.0 million to $600.0 million and extend the maturity date from June 22, 2023 to December 22, 2026. In 2021, the Company drew down and repaid $595.0 million from the Credit Facility. In 2020, the Company drew down $1,075.0 million from the Credit Facility, mostly as a cautionary measure given the uncertainty with respect to the COVID-19 pandemic. The outstanding balance was repaid in full over the course of 2020. As at December 31, 2021, the Company's outstanding balance under the Credit Facility was nil. Credit Facility availability is reduced by outstanding letters of credit which were $0.9 million as of December 31, 2021, resulting in $1,199.1 million available for future drawdown.

On July 31, 2015, the Company amended its credit agreement with a financial institution relating to its uncommitted letter of credit facility (as amended, the "First LC Facility"). Effective September 27, 2016, the amount available under the First LC Facility was increased to C$350.0 million. The obligations of the Company under the First LC Facility are guaranteed by certain of its subsidiaries. The First LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at December 31, 2021, the aggregate undrawn face amount of letters of credit under the First LC Facility is $240.5 million.

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a C$150.0 million uncommitted letter of credit facility (as amended, the "Second LC Facility"). Effective April 23, 2020, the amount available under the Second LC Facility was increased to C$200.0 million. The Second LC Facility may be used by the Company to support the reclamation obligations of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest or the performance obligations (other than with respect to indebtedness for borrowed money) of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest that are not directly related to reclamation obligations. Payment and performance of the Company's obligations under the Second LC Facility are supported by an account performance security guarantee issued by Export Development Canada in favour of the lender. As at December 31, 2021, the aggregate undrawn face amount of letters of credit under the Second LC Facility is $104.7 million.

On June 29, 2016, the Company entered into a standby letter of credit facility with a financial institution providing for a C$100.0 million uncommitted letter of credit facility (the "Third LC Facility" and, together with the First LC Facility and the

Second LC Facility, the "LC Facilities"). Letters of credit issued under the Third LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. The obligations of the Company under the Third LC Facility are guaranteed by certain of its subsidiaries. As at December 31, 2021, the aggregate undrawn face amount of letters of credit under the Third LC Facility was $68.7 million.

The Company was in compliance with all covenants contained in the Credit Facility, the LC Facilities and the Notes as at December 31, 2021.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements as at December 31, 2021 include outstanding letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes of $533.2 million under the Credit Facility and the LC Facilities (see Note 27 to the consolidated annual financial statements). If the Company were to terminate these off-balance sheet arrangements, the Company's liquidity position (as outlined in the table below) is sufficient to satisfy any related penalties or obligations.

Contractual Obligations

Agnico Eagle's contractual obligations as at December 31, 2021 are set out below:

	Total	**2022**	**2023-2024**	**2025-2026**	**Thereafter**
		(millions of United States dollars)			
Reclamation provisions[(i)]	$ 579.5	$ 7.5	$ 37.8	$ 87.2	$ 447.0
Contractual commitments[(ii)]	104.8	73.1	11.5	6.4	13.8
Pension obligations[(iii)]	82.3	2.8	10.2	15.3	54.0
Lease obligations	136.3	34.0	37.8	16.7	47.8
Long-term debt – principal[(iv)]	1,575.0	225.0	200.0	290.0	860.0
Long-term debt – interest[(iv)]	397.6	64.4	110.0	89.7	133.5
Total[(v)]	$2,875.5	$406.8	$407.3	$505.3	$1,556.1

Notes:

(i) Mining operations are subject to environmental regulations that require companies to reclaim and remediate land disturbed by mining operations. The Company has submitted closure plans to the appropriate governmental agencies which estimate the nature, extent and costs of reclamation for each of its mining properties. Expected reclamation cash flows are presented above on an undiscounted basis. Reclamation provisions recorded in the Company's consolidated financial statements are measured at the expected value of future cash flows discounted to their present value using a risk-free interest rate.

(ii) Purchase commitments include contractual commitments for the acquisition of property, plant and mine development. Agnico Eagle's attributable interest in the purchase commitments associated with its joint operations totaled $27.3 million as at December 31, 2021.

(iii) Agnico Eagle provides defined benefit plans for certain current and former senior officers and certain employees. The benefits are generally based on the employee's years of service, age and level of compensation. The data included in this table have been actuarially determined.

(iv) The Company has assumed that repayment of its long-term debt obligations will occur on each instrument's respective maturity date.

(v) The Company's future operating cash flows are expected to be sufficient to satisfy its contractual obligations.

2022 Liquidity and Capital Resources Analysis

The Company believes that it has sufficient capital resources to satisfy its 2022 mandatory expenditure commitments (including the contractual obligations set out above) and discretionary expenditure commitments. The following table sets out expected capital requirements and resources for 2022:

	Amount
	(millions of United States dollars)
2022 Mandatory Commitments:	
Contractual obligations, including capital expenditures (see table above)	$ 406.8
Accounts payable and accrued liabilities (as at December 31, 2021)	414.7
Net income taxes payable (as at December 31, 2021)	39.5
Total 2022 mandatory expenditure commitments	$ 861.0
2022 Discretionary Commitments:	
Expected capital expenditures	$1,543.6
Expected exploration and corporate development expenses	258.5
Total 2022 discretionary expenditure commitments	1,802.1
Total 2022 mandatory and discretionary expenditure commitments	$2,663.1

As of December 31, 2021, the Company had adequate capital resources available to satisfy its commitments, which include cash, cash equivalents and short-term investments of $191.1 million, working capital (excluding cash, cash equivalents and short-term investments) of $349.5 million and an undrawn $1.2 billion Credit Facility. In addition, the Company anticipated funding its commitments through cash provided by operating activities.

While the Company believes its capital resources will be sufficient to satisfy all 2022 commitments (mandatory and discretionary), the Company may choose to decrease certain of its discretionary expenditure commitments, which include certain capital expenditures and exploration and corporate development expenses, should unexpected financial circumstances arise in the future. The Company believes that it will continue to have sufficient capital resources available to satisfy its planned development and growth activities. See *Outlook* and *Risk Profile – Impact of COVID-19 on the Company's Business and Operations* in this MD&A.

On February 9, 2022, Fitch Ratings announced that it changed the rating outlook on the Company's investment grade credit rating to "positive" from "stable" and confirmed the rating at BBB. The Company expects that this change will result in a reduction in future financing costs.

Quarterly Results Review

For the Company's detailed 2021 and 2020 quarterly financial and operating results see *Summarized Quarterly Data* in this MD&A.

The summarized quarterly data includes financial information that has been prepared in accordance with IFRS and should be read in conjunction with the Company's condensed interim consolidated financial statements for each of the periods considered and the consolidated annual financial statements for the year ended December 31, 2021.

Fourth Quarter 2021 vs. Third Quarter 2021

Revenues from mining operations decreased by 2.6% to $949.1 million in the fourth quarter of 2021 compared with $974.1 million in the third quarter of 2021, primarily due to a 4.0% decrease in the sales volume of gold between periods.

Production costs increased by 2.9% to $465.0 million in the fourth quarter of 2021 compared with production costs of $452.1 million in the third quarter of 2021, primarily due to an increase in production costs at the Meliadine mine as the Tiriganiaq open pit deposit achieved commercial production on August 15, 2021.

Exploration and corporate development expenses decreased to $41.7 million in the fourth quarter of 2021 compared with exploration and corporate development expenses of $42.1 million in the third quarter of 2021. The decrease in exploration and corporate development expenses between periods is primarily due to reduced exploration activities at the Hope Bay mine as a result of the COVID-19 outbreak during the fourth quarter of 2021, partially offset by an increase in exploration activities at the Upper Beaver project.

Amortization of property, plant and mine development decreased to $191.6 million in the fourth quarter of 2021 compared with amortization of property, plant and mine development of $191.8 million in the third quarter of 2021, primarily due to a decrease in tonnage processed at the Meadowbank Complex and Hope Bay mine, partially offset by an increase in tonnage processed at the Meliadine and Goldex mines.

Cash provided by operating activities decreased by 10.0% to $261.7 million in the fourth quarter of 2021 compared with $291.0 million in the third quarter of 2021. The decrease in cash provided by operating activities is primarily due to a $25.0 million decrease in revenues from mining operations between periods.

Fourth Quarter 2021 vs. Fourth Quarter 2020

Revenues from mining operations increased by 2.2% to $949.1 million in the fourth quarter of 2021 compared with $928.4 million in the fourth quarter of 2020, primarily due to a 4.9% increase in the sales volume of gold, partially offset by a 4.3% decrease in the realized price of gold between periods.

Production costs increased by 24.1% to $465.0 million in the fourth quarter of 2021 compared with production costs of $374.9 million in the fourth quarter of 2020, primarily due to higher site services costs at the Meadowbank Complex to manage the COVID-19 outbreak during the fourth quarter of 2021 and an increase in production costs due to the timing of inventory sales at the LaRonde Complex. In addition, production costs increased due to the contribution of production costs from the Hope Bay mine which was acquired during the first quarter of 2021.

Exploration and corporate development expenses increased by 6.9% to $41.7 million in the fourth quarter of 2021 compared with $39.0 million in the fourth quarter of 2020, primarily due to exploration drilling at the Hope Bay mine site which was acquired during the first quarter of 2021.

Amortization of property, plant and mine development increased by 9.5% to $191.6 million in the fourth quarter of 2021 compared with $175.0 million in the fourth quarter of 2020 primarily due to an increase in the tonnage of ore processed at the Meliadine and Kittila mines. Net income of $101.1 million was recorded in the fourth quarter of 2021 after income and mining taxes expense of $87.7 million compared with net income of $205.2 million in the fourth quarter of 2020 after income and mining taxes expense of $88.8 million.

Cash provided by operating activities decreased by 35.1% to $261.7 million in the fourth quarter of 2021 compared with $403.5 million in the fourth quarter of 2020. The decrease in cash provided by operating activities is primarily due to a $90.1 million increase in production costs, partially offset by a $20.7 million increase in revenues from mining operations resulting from a 4.9% increase in the sales volume of gold between periods.

Outlook

The following section contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. **The Company continues to monitor the implications of the worldwide pandemic caused by the novel strain of coronavirus known as COVID-19. The manner and extent that the pandemic, and measures taken as a result of the pandemic by governments and others, will affect the Company in ways that cannot be predicted with certainty.** See "*Note to Investors Concerning Forward-Looking Information*" and "*Risk Profile – Impact of COVID-19 on the Company's Business and Operations*" in this MD&A for a discussion of assumptions and risks relating to such statements and information and a discussion of the certain risks facing the Company relating to the pandemic. On February 8, 2022, the Company completed the merger with Kirkland. Production and costs guidance for the years 2022 and beyond includes Kirkland's forward-looking information. Results from Kirkland are not included in the Company's 2021 consolidated results.

2022 and 2023 Outlook Update

The mid-point of payable gold production guidance for 2022 and 2023 is 3.3 and 3.33 million ounces, respectively. Payable production in 2022 is expected to range between 3,210,000 and 3,390,000 ounces, and in 2023 is expected to range between 3,235,000 and 3,425,000.

2021 Results Comparison to 2021 Outlook

Gold Production and Costs

Payable gold production for the full year 2021 was 2,086,405 ounces, slightly higher than the previous midpoint guidance of 2,047,500 ounces primarily due to the addition of production from the Hope Bay mine, partially offset by lower gold production at the Meadowbank Complex from challenges related to heavy rainfalls and their impact on production drilling and a change in mining sequence. In addition, the La India mine's gold production was lower primarily due to reduced irrigation of the heap leach from March 2021 to June 2021. Total cash costs per ounce of gold produced on a by-product basis for the full year 2021 was $770[i], which was slightly higher than the previous guidance range of approximately $700 to $750 primarily due to the addition of production from the Hope Bay mine which had higher total cash costs per ounce of gold produced and the lower gold production as noted above.

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

Total capital expenditures (including sustaining capital) for the full year 2021 were $875.1 million, compared to the previous guidance of approximately $803.0 million. The increase in capital expenditures compared to the previous guidance is primarily related to capital expenditures of $52.0 million at the Hope Bay mine and additional spending at the LaRonde Complex and Kittila mine. At the LaRonde Complex, there was approximately $13.1 million of additional capital expenditures for deferred development. At the Kittila mine, approximately $11.5 million of accelerated capital expenditures was incurred in connection with the expansion project.

All-in sustaining costs per ounce of gold produced on a by-product basis for the full year 2021 were $1,059[i], which was higher than the previous guidance range of approximately $950 to $1,000 primarily due to the higher total cash costs and capital expenditures noted above.

Exploration and Corporate Development Expense

Exploration and corporate development expense for the full year 2021 was $152.5 million, slightly lower than the previous guidance of approximately $162.6 million.

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense for the full year 2021 was $738.1 million in 2021, which was within the previous guidance range of approximately $700.0 to $750.0 million.

General and Administrative Expense

General and administrative expenses for the full year 2021 were $142.0 million, which was higher than the range in previous guidance of approximately $115.0 to $135.0 million primarily due to a multi-year health care donation of $8.0 million announced during the first quarter of 2021.

Operations Outlook

LaRonde Complex

In 2021, the LaRonde Complex poured its seven millionth gold ounce since the beginning of the operation in 1988. The Complex also set a record in 2021 for tonnes milled.

In 2021, the LaRonde Complex produced 379,734 ounces of gold at total cash costs per ounce of $535. In 2022, the Company expects production at the LaRonde Complex to be between 370,000 and 390,000 ounces at total cash costs per ounce of approximately $641.

A delay in the mining sequence resulted in lower production from the West mine area (15% of gold produced) and overall lower gold grades in the fourth quarter of 2021. In the first quarter of 2022, approximately 20-25% of the gold is expected to be sourced from the West mine area.

During two consecutive quarters of 2021 the mining rate at the LZ5 mine was above 3,200 tpd demonstrating the benefits from automated equipment, the LZ5 mine is now targeting to maintain this mining rate of 3,200 tpd in 2022.

The LaRonde Complex has been successful at incrementally implementing automation for its production activities and is increasingly relying on this technology. In 2021, 27% of the production mucking at the LaRonde mine was done in automated mode with operators based on surface, compared to an initial objective of 17%. In 2021, 23% of the production mucking at the LZ5 mine was done in automated mode with operators based on surface, compared to an initial objective of 20%. In 2022, the Company targeted 30% of the production mucking at LaRonde and 23% of the production mucking and hauling at LZ5 to be done in automated mode, while also testing remote production drilling.

In 2022, the Company expects to enter into a collaboration agreement with certain First Nations groups.

Note:

(i) Excluding ounces from pre-commercial production.

At Zone LR11-3 (which is at the past producing Bousquet 2 mine), the dewatering of the old workings and development continued according to plan in the fourth quarter of 2021. Production from LR11-3 is expected to begin in late 2022.

The construction of the drystack tailings facilities is progressing on schedule. The installation of the mechanical equipment has started and the filter-press assembly is underway. The drystack tailings facility is expected to be operational by the end of 2022.

The rehabilitation work of track drift 9-0, the enlargement of track drift 215 and the development of exploration drift 290 continued to progress in the fourth quarter of 2021. Initial drilling targeting mineralized zones beneath the past producing Bousquet mine is ongoing from the drill stations rehabilitated so far on track drift 9-0 and initial results are expected later in 2022.

Exploration drilling in the core of the 20N Zinc South Zone continued and returned significant intercepts, including hole LR-317-004A, which yielded 12.6 g/t gold, 271 g/t silver, 1.47% copper and 1.8% zinc over 2.8 metres at 3,438 metres depth approximately 118 metres beneath the mineral reserves defined at the end of 2021.

Goldex Mine

In 2021, the Goldex mine poured its one millionth ounce since the restart of the operation in 2013. 2021 was also the best year in terms of health and safety performance since the restart of the operation in 2013.

In 2021, Goldex produced 134,053 ounces of gold at cash costs per ounce of $684. In 2022, the Company expects to produce between 130,000 and 140,000 ounces of gold at the Goldex mine at cash costs per ounce of $776. This expectation reflects a more conservative mining rate in the South Zone of 800 tpd, consistent mining rates from the Deep 1 area and the anticipated increase in the Rail-Veyor capacity to 7,500 tpd.

Meadowbank Complex

In 2021, the Amaruq open pit continued to show consistent improvement and set a yearly record of tonnes mined of approximately 38.5 million tonnes. In addition, the consistent performance of the long haul truck fleet drove a record 3.8 million ore tonnes hauled between Amaruq and Meadowbank.

In 2021, the Meadowbank Complex produced 324,808 ounces of gold at total cash costs per ounce of $1,201[(i)] In 2022, the Company expects production at the Meadowbank Complex to be between 335,000 and 360,000 ounces at total cash costs per ounce of approximately $1,186.

In 2021, the Company completed a seven-day mill shutdown which included preparation work to tie-in the High Pressure Grinding Rolls ("HPGR") that will be used for reducing the size of ore and increase throughput. The HPGR commissioning is expected to be completed in the second quarter of 2022.

Due to the COVID-19 outbreak in December 2021, activities at the Meadowbank Complex were reduced to essential services as of December 22, 2021. With the combination of the lower gold grades and the 11-day suspension of activities, the gold production in the fourth quarter of 2021 was lower than anticipated. Production activities were restarted in mid-January 2022 and progressively ramped-up to normal operating levels into February 2022. As a result, gold production in the first quarter of 2022 is expected to be approximately 60,000 ounces.

In the first half of 2022, the Company is focusing on the Amaruq underground project's operational readiness. The extraction of a test stope is planned for the second quarter of 2022 and commercial production at Amaruq underground is expected to be achieved in the second half of 2022. Amaruq underground is expected to produce approximately 30,000 ounces of gold in 2022 and 100,000 ounces of gold in 2023 and in 2024.

Meliadine Mine

In 2021, the Meliadine mine achieved and exceeded the expected timing of the ramp-up of its processing facilities, achieving an average yearly processing rate of 4,698 tpd. In the fourth quarter of 2021, the average processing rate increased to 5,022 tpd. The increased mill throughput drove record yearly gold production of 391,687 ounces (including pre-commercial production from the Tiriganiaq open pit).

In 2021, the Meliadine mine produced 391,687 ounces of gold at total cash costs per ounce of $634[(i)] In 2022, the Company expects production at the Meliadine mine to be between 360,000 and 380,000 ounces at total cash costs per ounce of approximately $852.

Note:

(i) Excluding ounces from pre-commercial production.

In 2022, the Meliadine mill is forecast to operate at 4,800 tpd. The Phase 2 mill expansion is expected to be completed in mid-2024, after which the processing rate is forecast to increase to 6,000 tpd, with the potential to go above nameplate capacity in 2026.

Open pit activities in Tiriganiaq were completed as planned in 2021 and a second phase is expected to start in 2022.

In 2021, an eastern extension of the Tiriganiaq mineralization was discovered at depth. Highlight intercepts include 15.8 g/t gold over 3.0 metres at 487 metres depth in hole M21-2931A and 15.7 g/t gold over 6.6 metres at 508 metres depth in hole M21-3300. With recent drill results demonstrating the potential for additional gold mineralization at depth, the Company has begun development of an exploration drift to accelerate the exploration drilling. In the fourth quarter of 2021, the development advanced by approximately 180 metres and the first drill bay was completed. Initial drilling is expected to start in the first quarter of 2022.

Canadian Malartic Mine

In the fourth quarter of 2021, the Canadian Malartic mine poured its six millionth ounce of gold (100% basis) since the beginning of the operation in 2011.

In 2021, the Canadian Malartic mine produced 357,392 ounces of gold at total cash costs per ounce of $663. In 2022, the Company expects production at the Canadian Malartic mine to be between 315,000 and 325,000 ounces at total cash costs per ounce of approximately $791.

In 2021, record operational performances and high gold grades drove record annual gold production to 714,784 ounces (100% basis). The fourth quarter of 2021 was the third consecutive quarter with over 18 million tonnes extracted from the pits. Open pit production was above plan at the Canadian Malartic pit, which remains a focus area to ensure the completion of the pit in time for a transition to in-pit tailings disposal in 2024.

In February 2021, the Partnership approved the construction of the underground Odyssey project, located east of the current mining operation, upon completion of an internal evaluation. The results of this evaluation were incorporated into the technical report for the Canadian Malartic operation which was filed on SEDAR on March 25, 2021.

Based on current mineral reserves, production from the Canadian Malartic and Barnat open pits extends to 2029. Run-of-mine ore from the pits are expected to decrease starting in 2022, as the ore production from the underground mine is expected to increase gradually in 2023 and 2024 to reach a rate of 3,500 tpd. The underground is expected to reach full production of approximately 19,000 tpd by 2031.

Capital expenditures incurred in the Odyssey project from 2022 to 2028 are expected to total approximately $1.34 billion (on a 100% basis), which includes $1.1 billion in initial capital expenditures and $191.0 million in additional development capital expenditures.

Underground development in 2021 was in line with expectations with 1,487 metres of ramp completed and 2,081 metres of lateral development achieved. An exploration drift has been installed on level 16 and ramp access is now down to level 26, which is approximately half the depth extent of the Odyssey South deposit. Development is expected to ramp-up from the current level of 425 metres per month to approximately 860 metres per month in the second half of 2022. To facilitate the increased development rate, the Partnership will be adding its own development crews and additional underground equipment (both diesel and electric) in the second quarter of 2022.

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

Opportunities to further enhance the Odyssey project will continue to be evaluated as the development program advances, including opportunities for increased conversion of mineral resources and extension of the higher-grade East Gouldie deposit, which have the potential to significantly extend mine life and improve the gold production profile in the transition from open pit to underground mining. Infill drilling and additional engineering is required to evaluate the economic potential of these mineral resources.

Detour Lake mine

The Detour Lake open pit mine is located in northeastern Ontario, approximately 300 kilometres northeast of Timmins and 185 kilometres by road northeast of Cochrane, within the northernmost portion of the Abitibi Greenstone Belt. The Detour Lake operation has a mine life of approximately 22 years with expected average gold production of 659,000 ounces per year.

Detour Lake was acquired by Kirkland on January 31, 2020, through its acquisition of Detour Gold Corporation. On March 30, 2021, Kirkland released an updated technical report (the "2021 Detour Lake Technical Report") for the Detour Lake mine.

In 2021, the Detour Lake mine produced 712,824 ounces of gold at production costs per ounce of $674 and total cash costs per ounce of $655. In 2022, the Company expects production at the Detour Lake mine to be between 700,000 and 730,000 ounces at total cash costs per ounce of approximately $645.

Exploration results in 2020 and 2021 demonstrate the existence of a broad and continuous corridor of mineralization extending over 4.0 kilometres from the Main Pit through the Saddle Zone to the planned West Pit location to a depth of at least 800 metres below surface with the system remaining open.

Exploration results have also expanded the mineralized corridor to at least 400 metres west of the planned West Pit, with the corridor remaining open. In addition, drill results have identified broad zones of higher-grade mineralization below the current pit shells for the Main Pit and West Pit, indicating the potential to add both open-pit and, potentially underground, mineral reserves and mineral resources. In 2021, Kirkland carried out a $41.2 million exploration program at Detour Lake.

On September 2, 2021, Kirkland released an updated mineral resource estimate (the "Mid-Year 2021 Mineral Resource Estimate"), which incorporated drilling results at Detour Lake up to July 26, 2021. The new estimate included a 10.1 million ounce increase in measured and indicated open-pit mineral resources to 14.7 million ounces of gold (572.0 million tonnes at 0.80 g/t). The 14.7 million ounces of open-pit measured and indicated mineral resources consists of 12.2 million ounces of gold (386.5 million tonnes at 0.98 g/t) established using a 0.50 g/t cut-off grade and 2.5 million ounces of gold (185.5 million tonnes at 0.42 g/t) of lower-grade mineral resources established using cut-off grades between 0.35 – 0.50 g/t. Measured resources include 25.8 million tonnes at 1.53 g/t and indicated resources include 546.2 million tonnes at 0.77 g/t. Mineral reserves were estimated using a long-term gold price of U$1,300/oz (C$1,700/oz).

Under previous mine plans, the low-grade mineral resources represented material that was expected to be mined as waste, whereas the Mid-Year 2021 Mineral Resource Estimate anticipated they would be mined, stockpiled and processed in later years strategically as mill availability increases.

Mineral reserves and mineral resources as at December 31, 2021 did not include the impact of the Mid-Year 2021 Mineral Resource Estimate, nor any of the drilling results conducted after the Mid-Year 2021 Mineral Resource Estimate. At December 31, 2021, mineral reserves at Detour Lake were estimated at 15.0 million ounces of gold (573.3 million tonnes at 0.82 g/t), representing mineral reserves as at December 31, 2020 less the impact of production depletion during 2021. The 15.0 million ounces of mineral reserves at December 31, 2021 includes 13.1 million ounces of gold (426.8 million tonnes at 0.96 g/t) established using a 0.50 g/t cut-off grade and 1.9 million ounces of gold (146.5 million tonnes at 0.41 g/t) using a cut-off grade of less than 0.50 g/t. Open pit measured and indicated mineral resources were estimated at 14.7 million ounces of gold (572.0 million tonnes at 0.80 g/t) and inferred mineral resources were estimated at 1.2 million ounces of gold (52.4 million tonnes at 0.71 g/t).

Macassa mine

The 100% owned Macassa mine is located in the historic gold mining region of Kirkland Lake, Ontario and remains one of the highest-grade gold mines in the world. Production at Macassa first commenced in 1933, with the mine being operated continuously until 1999, when operations were suspended due to low gold prices. Production resumed in 2002 with the discovery of the South Mine Complex ("SMC") in 2005. The SMC is a high-grade zone that resulted in significant grade improvement at the mine and an increase in production levels above historic averages. Macassa was among the first mines globally to introduce battery-electric vehicles ("BEVs"), with the first BEVs introduced in 2012. Currently, approximately 90% of the mine production fleet is BEVs, which results in low greenhouse gas emissions.

Since the discovery of the SMC, Macassa has continued to achieve significant exploration success, both in expanding the SMC and identifying new areas of high-grade mineralization along both the Main Break and Amalgamated Break, the two main faults extending through the Kirkland Lake camp.

In 2021, the Macassa mine produced 210,192 ounces of gold at production costs per ounce of $684 and total cash costs per ounce of $660. In 2022, the Company expects production at the Macassa mine to be between 170,000 and 190,000 ounces at total cash costs per ounce of approximately $718.

In January 2018, Kirkland announced plans to sink a new 6,400-foot shaft with a capacity of 4,000 tpd (ore and waste) (the "#4 Shaft" project) for the Macassa mine to facilitate operations in the SMC to the east, and further to depth, away from the existing #3 Shaft. In addition, the new shaft will increase ventilation resulting in improved working conditions through reduced heat and humidity, de-risk the operation with less reliance on the existing #3 shaft, which is timber lined, support enhanced exploration capabilities and result in production growth by increasing hoisting capacity from the mine to utilize excess capacity in the Macassa mill.

Once the #4 Shaft is completed, the ore hoisting capacity at the mine is expected to effectively double, to approximately 2,000 tpd. Ventilation in the deep portion of the Macassa mine will increase to approximately 750,000 cubic feet per minute ("cfm") from approximately 300,000 cfm currently. In addition, the #4 Shaft is more centrally located within the past-producing Kirkland Lake camp than the existing #3 Shaft and will support future exploration development along the Main and Amalgamated breaks.

The surface infrastructure phase of the #4 Shaft project was completed in July 2019, with sinking commencing in early August of that year. The sinking phase of the project advanced ahead of schedule and was completed on January 12, 2022, over a year earlier than initially anticipated. On February 23, 2022, construction of the loading pocket and other related infrastructure, as well as development to connect the new shaft to current mining operations, were advancing as planned. Completion of these activities are expected in late 2022, ahead of the original schedule and under budget.

In 2021, exploration expenditures totaled $38.2 million, with drilling continuing to extend the SMC in multiple directions. In addition, exploration work has also identified new zones of high-grade mineralization along the Amalgamated Break. In 2020, a corridor of high-grade mineralization extending at least 700 metres along strike and 300 metres high was identified along the historic Main Break below the adjacent Kirkland Minerals property. The Company plans to follow-up on this high-potential target once underground exploration development into the area is completed. Mineral reserves at December 31, 2021, were estimated at 1.86 million ounces of gold (3.55 million tonnes at 16.3 g/t).

Production at Macassa in 2021 totaled 210,192 ounces of gold, a 15% increase from 183,037 ounces in 2020. Production for the year was below the initial guidance of 220,000 to 255,000 ounces, however it achieved the top end of revised guidance released on November 3, 2021. The reduction in production guidance on November 3, 2021 largely reflected the ongoing impact of reduced equipment availability caused by increased maintenance requirements, poor battery performance and delays in new battery delivery, with the result being lower production, reduced operating development metres and a lower average grade resulting largely from changes to mine sequencing.

Fosterville mine

The Fosterville mine is located approximately 20 kilometres northeast of Bendigo in Victoria, Australia. Kirkland acquired Fosterville as part of a business combination with Newmarket Gold Inc. in November 2016. At the time of the transaction, Fosterville had annual gold production of approximately 150,000 ounces with mineral reserves of 388,000 ounces of gold (1.7 million tonnes at 7.3 g/t gold).

A key consideration in the decision to acquire Fosterville was strong exploration potential. Exploration had demonstrated a trend towards improving grades within the host sulphide mineralization as it progressed down-plunge, and it identified a new form of mineralization; high-grade quartz veins containing significant amounts of visible gold starting at a depth of approximately 800 metres from surface.

In 2021, the Fosterville mine produced 509,601 ounces of gold at production costs per ounce of $281 and total cash costs per ounce of $282. In 2022, the Company expects production at the Fosterville mine to be between 390,000 and 410,000 ounces at total cash costs per ounce of approximately $385.

In 2021, Kirkland carried out an $80.5 million exploration program at Fosterville, including development of a twin exploration drive from the Fosterville mine to Robbin's Hill. Key exploration results in 2021 included the intersection of high-grade quartz with visible gold 500 metres further down-plunge from the Swan Zone in Lower Phoenix, in a series of splay structures sub-parallel to Swan Zone at Cygnet, and 1,000 metres down-plunge from the deepest mineral reserves at Robbin's Hill. At December 31, 2021, mineral reserves at Fosterville were estimated at 1.86 million ounces of gold (5.6 million tonnes at 10.3 g/t), while Robbin's Hill was estimated to contain probable mineral reserves of approximately 157,000 ounces of gold (1.05 million tonnes at 4.7 g/t).

Production at Fosterville in 2021 totaled 509,601 ounces of gold, over 100,000 ounces higher than the low end of the original production guidance for 2021 of 400,000 – 425,000 ounces (and in line with revised guidance of approximately 500,000 ounces announced on November 3, 2021). Higher than planned gold production in 2021 mainly reflected a consistent trend of grade outperformance during the year.

Hope Bay Mine

On February 2, 2021, Agnico Eagle completed the acquisition of TMAC for consideration of approximately $226.0 million. In September and October of 2021, there were a significant number of COVID-19 cases identified at the Hope Bay minesite. As a precautionary measure, the Company decided to suspend mining and milling operations as it investigated opportunities to improve screening, testing and health protocols at site. The Company started to ramp-up exploration and underground activities in mid-November 2021. However, with increasing cases of COVID-19 in December, the Company again reduced all activities at site to essential services only.

In 2022 and 2023, production activities will remain suspended and the primary focus at Hope Bay will be on exploration. Some site activities will also be carried out to support the exploration program and maintain the site for a potential future restart of mining activities. The Hope Bay budget for 2022 is approximately $80.0 million (of which $77.8 million will be expensed) and includes $32.2 million for exploration (including approximately 951 metres of underground development at Doris), $31.3 million for site maintenance and $14.3 million for projects and studies (including approximately $9.0 million for a new water treatment plant).

Agnico Eagle believes that there is excellent potential to increase mineral reserves and mineral resources at all of the deposit areas and regionally. The Doris structure is open at depth and could extend all the way to Madrid.

At Madrid, all of the deposits are open in all directions, and there is good potential to infill the gaps between the known zones and add to mineral reserves and mineral resources. In addition, the Madrid grades appear to be more consistent. In 2022, drilling will focus on the Naartok, Suluk and Suluk South zones and, in 2023, drilling will move to the Patch 7 and Wolverine zones.

The Company believes that there is also good exploration potential elsewhere within the Hope Bay and Elu greenstone belts. The majority of historical and recent exploration has focused on defining and expanding the known deposits. To date, over 90 regional exploration targets have been delineated, of which 40 have been defined by surface mapping and sampling, and geophysical and geochemical surveys.

Kittila Mine

In 2021, the Kittila mine achieved record annual gold production of 239,240 ounces of gold at total cash costs per ounce of $835. This performance was driven by successful operation of the mill at its expanded run-rate of 2.0 mtpa and strong performance from the underground mine which extracted a record 2,089,535 tonnes in 2021. In 2022, the Company expects to produce between 235,000 and 250,000 ounces of gold at the Kittila mine at cash costs per ounce of $833.

In 2021, the mine started installing a private 5G wifi network to support the underground and surface operations. The network is an integral step in the digital transformation of the mine site (which is expected to increase opportunities for further automation advancements like autonomous vehicles). The installation will continue through 2022 with completion expected in the fourth quarter of 2022

As part of the annual maintenance of the autoclave, there is a planned nine-day shutdown of the mill in the first quarter of 2022 and an eleven-day shutdown in the fourth quarter of 2022.

At year-end 2021, total progress on the shaft sinking project was approximately 70% complete. Shaft sinking is expected to be completed in the second half of 2022. Commissioning of the production hoist is expected in late 2022 or early 2023. The overall total expansion project costs are expected to remain within the previously disclosed estimated range of €190 to €200 million, however the global COVID-19 situation may have an effect on costs and schedule.

With the completion of the shaft, the Company anticipates a potential decline in the minesite costs per tonne. As a result of the mill expansion the cost per tonne was lowered by approximately €4 in 2021 as compared to 2020. An additional €3-4 per tonne savings is expected when the shaft is commissioned due to lower ore handling costs. Production is expected to remain stable at around 235,000 to 250,000 ounces per year. In the first half of 2022, the Company expects to apply for permits to increase the mill throughput to 2.3 mtpa by 2026.

As part of the expansion project at the mine, the construction of a nitrogen removal plant is expected to be commissioned in the second half of 2022.

Pinos Altos Mine

In 2021, the Pinos Altos mine produced 126,932 ounces of gold at total cash costs per ounce of $858. In 2022, the Company expects production at the Pinos Altos mine to be between 125,000 and 130,000 ounces at total cash costs per ounce of approximately $900.

At the Sinter deposit, a trench was mined at the bottom of the depleted pit, contributing 32,000 tonnes in the fourth quarter of 2021. Production from the Sinter deposit has now moved to underground. The pastefill plant and the ventilation system are approximately 90% complete and are expected to be commissioned in the first quarter of 2022. Sinter underground is expected to ramp-up to its full production capacity in the first half of 2022.

At the Cubiro deposit, underground development advanced by 322 metres in the fourth quarter of 2021 and by 2,743 metres for the full year. Work remains ahead of forecast. Construction of the powerline was completed in the fourth quarter of 2021. Pre-production activities will continue through 2022 into 2023. Initial production is expected in the second half of 2023. Once completed, Cubiro is expected to provide additional production flexibility to the Pinos Altos operations.

At Reyna de Plata, site preparation activities were complete at the end of the fourth quarter of 2021. Open pit pre-stripping activities are ongoing and production is expected in the first half of 2022.

In 2022, approximately 90% of the ore will be produced from the underground deposits (Santo Nino, Cerro Colorado, Oberon de Weber and Sinter), with the remaining 10% coming from the Reyna de Plata Open Pit.

La India Mine

In 2021, the La India mine produced 63,529 ounces of gold at total cash costs per ounce of $939. In 2022, the Company expects production at the La India mine to be between 80,000 and 85,000 ounces at total cash costs per ounce of approximately $1,003.

The La India heap leach pad construction phase III (occupying the now exhausted North Zone pit) was completed in the fourth quarter of 2021. The heap leach pad phase III provides sufficient capacity to stack the remaining ore in mineral reserves.

The El Realito haulage road construction was completed in the fourth quarter of 2021. Pre-stripping of the El Realito pit is underway and is expected to be completed in the third quarter of 2022.

In 2022, ore production will transition from the Main Zone pit, which is expected to be depleted in the first half of the year, to the La India pit and the El Realito pit.

Exploration will continue around the La India and Chipriona deposits in 2022 in order to grow the sulphide and polymetallic ore style of mineralization and is expected to add to total mineral resources. The Company will continue to conduct metallurgical test work to assess the viability of building facilities to process this type of mineralization.

The Company is currently evaluating the potential to mill the Chipriona and La India sulphides to produce a flotation concentrate yielding an average of approximately 75,000 ounces of gold equivalent per year. Given its location, the project would benefit from the existing La India infrastructure which the Company believes would reduce the necessary capital expenditures.

Project development and exploration costs for Chipriona in 2022 are estimated at approximately $3.1 million. Exploration will be carried out using a phased approach. The first phase of drilling will consist of approximately 8,000 metres of drilling with a primary focus on infilling the current mineral resources.

Production Summary

Following the completion of the Merger, the Company now has six cornerstone production assets (the LaRonde and Meadowbank Complexes and the Detour Lake, Fosterville, Meliadine and Canadian Malartic mines) each with annual production rates in 2022 expected to be in excess of 300,000 ounces of gold. In 2021, the Company achieved payable gold production of 2,086,405 ounces. As the Company optimizes this expanded production platform, it expects to continue to deliver on its vision and strategy. The Company expects that the main contributors to achieving the targeted levels of payable gold production, mineral reserves and mineral resources in the near term will include:

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

Financial Outlook

As of the date of this MD&A, the Company does not expect that the COVID-19 pandemic will affect its planned 2022 capital expenditure and exploration program, but cannot provide any assurances that proposed capital expenditure or exploration activities will not be delayed, postponed or cancelled whether as a result of the COVID-19 pandemic, measures taken associated with the pandemic or otherwise. See "*Notes to Investor Concerning Forward-Looking Statements*", *"Risk Profile – Inflation"* and *Risk Profile – Impact of COVID-19 on the Company's Business and Operations"* in this MD&A for a discussion of assumptions and risks relating to such statements and information and a discussion of certain risks facing the Company relating to the pandemic. On February 8, 2022, the Company completed the merger with Kirkland.

Production and costs guidance for the years 2022 and beyond includes Kirkland's forward-looking information. Results from Kirkland are not included in the Company's 2021 consolidated results.

Revenue from Mining Operations and Production Costs

In 2022, the Company expects to continue to generate solid cash flow with payable production of approximately 3,210,000 to 3,390,000 ounces of gold compared with 2,086,405 ounces in 2021. This expected increase in payable production of gold ounces is primarily due to the completion of the merger, as Kirkland owned the Detour and Macassa mines in Canada and the Fosterville mine in Australia and the continued ramp-up of production at the Meliadine mine and the Amaruq underground mine.

The table below sets out actual payable production in 2021 and expected payable production in 2022:

	2022 Forecast	**2021 Actual**
Gold (ounces)	3,210,000 – 3,390,000	2,086,405
Silver (thousands of ounces)	2,566	2,607
Zinc (tonnes)	8,480	8,837
Copper (tonnes)	2,995	2,955

In 2022, the Company expects total cash costs per ounce of gold produced on a by-product basis to be between $725 and $775. At the LaRonde Complex total cash costs per ounce of gold produced on a by-product basis is expected to be approximately $641 compared with $535 in 2021. In calculating expectations of total cash costs per ounce of gold produced on a by-product basis for the LaRonde mine, net silver, zinc and copper by-product revenue offsets production costs. Therefore, production and price assumptions for by-product metals play an important role in the LaRonde Complex's expected total cash costs per ounce of gold produced on a by-product basis due to its significant by-product metal production. The Pinos Altos mine also generates significant silver by-product revenue. An increase in by-product metal prices above forecast levels would result in improved total cash costs per ounce of gold produced on a by-product basis at these mines. Total cash costs per ounce of gold produced on a co-product basis are expected to be approximately $770 in 2022 at the LaRonde Complex compared with $732 in 2021.

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

The table below sets out the metal price and exchange rate assumptions used in deriving the expected 2022 total cash costs per ounce of gold produced on a by-product basis (forecast production for each metal is shown in the table above) as well as the actual market average closing prices for each variable for the period of January 1, 2022 through February 28, 2022:

	2022 Assumptions	Actual Market Average (January 1, 2022 – February 28, 2022)
Silver (per ounce)	$22.00	$23.30
Zinc (per tonne)	$3,086	$3,610
Copper (per tonne)	$8,818	$9,863
Diesel (C$ per litre)	$ 0.90	$ 1.15
US$/C$ exchange rate (C$)	$ 1.25	$ 1.27
US$/Euro exchange rate (Euros)	€ 0.83	€ 0.88
US$/A$ exchange rate (A$)	$ 1.32	$ 1.39
US$/Mexican peso exchange rate (Mexican pesos)	20.00	20.49

See *Risk Profile – Commodity Prices and Foreign Currencies* in this MD&A for the expected impact on forecast 2022 total cash costs per ounce of gold produced on a by-product basis of certain changes in commodity prices and exchange rate assumptions.

Exploration and Corporate Development Expenditures

In 2022, Agnico Eagle expects to incur exploration and corporate development expenses of approximately $324.0 million.

The priorities of the 2022 exploration program are the expansion of the Detour Lake pit, the underground Odyssey project at Canadian Malartic and exploration programs at the LaRonde Complex and the Meliadine, Macassa, Fosterville, Kittila and Hope Bay mines. The objective of these exploration programs is to build on recent exploration success in order to identify additional mineral resources and convert mineral resources into mineral reserves as part of the Company's general strategy to develop the full potential of existing operations and the project pipeline.

At the LaRonde Complex, the Company expects to spend approximately $12.0 million for continued development of exploration drifts from the LaRonde 3 infrastructure towards the west below the LZ5 mine workings and for 43,500 metres of drilling into multiples targets including Zone 5, Zone 6, Zone 20N and the recently discovered Zone 20N Zn South with the aim of adding new mineral reserves and mineral resources to extend the mine life of the LaRonde Complex.

At the Goldex mine, the Company expects to spend approximately $5.6 million for 45,300 metres of drilling comprised of 39,300 metres of conversion drilling and 6,000 metres of exploration drilling, focused on the M Zone, West area, South Zone and at depth in the Deep 3 Zone.

At the Canadian Malartic mine, the Company expects to spend approximately $11.9 million (50% basis) for 136,800 metres (100% basis) of conversion drilling focused on infill drilling at the East Gouldie deposit to improve confidence in the mineral resource, to continue the conversion of inferred mineral resources to indicated mineral resources and to refine the geological model. With ramp development under way as part of the Odyssey Mine project, the Company will be able to continue underground conversion drilling from the ramp in 2022. In addition, the Company is planning to spend approximately $4.1 million (50% basis) on 21,900 metres (100% basis) of exploration drilling to expand mineralization towards the east in the East Gouldie horizon and the new Titan zone at depth on the Rand property. Some drilling is also planned on the nearby East Amphi property to extend the Nessie and Kraken zones.

At the Detour Lake mine, the Company expects to spend approximately $35.8 million for 194,000 metres of capitalized drilling to expand mineral resources at depth and to the west, and $10.1 million for 40,000 metres for exploration drilling to continue to investigate the Sunday Lake deformation zone to the east and west of the current pit's mineral resources.

At the Macassa mine, the Company expects to spend approximately $20.3 million for 99,900 metres in capitalized drilling and to develop exploration drifts to replace mineral reserves and mineral resources depletion. Another $18.9 million is budgeted for exploration, including $10.4 million for 89,700 metres of exploration drilling to continue to investigate extensions of key targets at South Mine Complex (East, West, Upper and Lower), Main Break, '04 Break, Amalgamated Break and near-surface. The remaining $8.5 million of exploration will be spent developing a 1.3 kilometre exploration ramp from the near-surface area in order to access, develop and infill drill the mineralization on the AK property.

For regional exploration in Ontario, the Company expects to spend a total of $19.1 million for 53,900 metres of drilling, including: $2.6 million for 12,200 metres for surface based exploration drilling at the AK property for mineral resource conversion; $7.9 million for 15,800 metres of drilling at the Upper Beaver and Upper Canada deposits and other targets in the Kirkland Lake camp; and $8.6 million for the Taylor, Hislop, Holloway West and other properties in the Kirkland Lake and Timmins areas that are joint ventures with Melkior Resources, Mistango River Resources, OreFinders Resources, and Wallbridge Mining.

At the Meliadine mine, the Company expects to spend approximately $8.5 million for 27,300 metres of capitalized drilling with a focus on conversion drilling at the Tiriganiaq, Normeg, Wesmeg and Pump deposits, as well as exploration drilling of the Tiriganiaq, Wesmeg, Pump and F-Zone deposits, which are all open at depth.

At the Meadowbank Complex, the Company expects to spend approximately $10.4 million for 42,900 metres of drilling comprised of 20,200 metres of conversion drilling and 22,700 metres of exploration drilling focused on testing open-pit extensions of mineralization and the potential for further underground deposits at the Amaruq satellite operation. The Company expects to spend $9.1 million for 19,000 metres of drilling to investigate for new, near-surface satellite deposits close to the road and infrastructure around the Meadowbank/Amaruq area. Any new potential open-pit discoveries have the potential to extend the life of mine at the Meadowbank Complex in conjunction with the extensions of higher-grade mineralization at Amaruq underground.

At the Hope Bay mine, the Company expects to complete 80,000 metres of drilling in a $32.2 million exploration program that will include $17.9 million to develop new exploration drifts and 29,000 metres of underground exploration drilling at the Doris deposit to explore the extensions of mineralization and to add mineral reserves and mineral resources in the BTD zone to the north and in the BCO, BCN and West Valley zones below the dike. The Company expects to spend $14.3 million for 51,000 metres of surface drilling into exploration targets around the Doris Mine, between the Doris and Madrid deposits, and around the Madrid deposit with the objective of adding mineral reserves and mineral resources to the project.

At the Fosterville mine, the Company expects to spend approximately $34.6 million for 121,400 metres of capitalized drilling and the development of exploration drifts to replace mineral reserve depletion and to add mineral resources in the Cygnet, Lower Phoenix and Robbin's Hill areas. Another $19.7 million is budgeted for 62,000 metres of underground and surface exploration with the aim of identifying additional high-grade mineralization at Fosterville. An additional $3.0 million is budgeted for 20,000 metres of regional exploration drilling on properties surrounding the Fosterville mine and $4.2 million is budgeted for 9,800 metres of drilling in the Northern Territories mostly to test new targets at Pine Creek, Maud Creek, Mt Paqualin and Union Reefs.

At the Kittila mine, the Company expects to spend approximately $12.4 million for 69,600 metres of drilling focused on the Main Zone in the Roura and Rimpi areas as well as the Sisar Zone. The drilling includes 46,800 metres of capitalized conversion drilling at the mine as described above and 22,800 metres of expensed exploration drilling. The expensed drilling will be focused on targets beyond the current mineral reserve area, particularly from 1,500 to 2,000 metres depth and at shallower depths in the area north of the mine.

At the Pinos Altos mine, the Company expects to spend approximately $3.5 million for 17,400 metres of expensed exploration drilling. The two main objectives are to continue to infill drilling and expand the mineral resource at Cubiro, and to test the depth potential of the Cerro Colorado, Santo Nino and Reyna East zones and other targets on the property. Another $0.8 million is budgeted for 5,000 metres of capitalized drilling.

At the La India mine, the Company expects to spend approximately $2.6 million for 13,000 metres of drilling to investigate for the extensions of oxide targets near the Main Zone and to grow and infill the Chipriona polymetallic sulphide deposit.

Project development and exploration costs for Santa Gertrudis in 2022 are estimated at approximately $19.0 million. Regional exploration includes $13.2 million for approximately 35,500 metres of drilling focused on expanding the mineral resources and testing extensions of high-grade structures such as the Amelia deposit, and exploring new targets and $3.5 million for approximately 16,000 metres of drilling will primarily be for infilling open pit deposits. Another $2.3 million are expected to be spent on internal studies and metallurgical work in 2022.

Exploration programs are designed to infill and expand known deposits and test other favourable target areas that could ultimately supplement the Company's existing production profile. Exploration is success-driven and thus planned exploration could change materially based on the interim results of the various exploration programs. When it is determined that a project can generate future economic benefit, the costs of drilling and development to further delineate the ore body on such a property are capitalized. In 2022, the Company expects to capitalize approximately $130.7 million of drilling and development costs related to further delineating ore bodies and converting mineral resources into mineral reserves.

Amortization of Property, Plant and Mine Development

Amortization of property, plant and mine development expense is expected to be between $1,370.0 million and $1,470.0 million in 2022 compared with $738.1 million in 2021. This expected increase in amortization of property, plant and mine development is primarily due to the completion of the merger, as Kirkland owned the Detour and Macassa mines in Canada and the Fosterville mine in Australia.

Other Expenses

General and administrative expenses are expected to be between $215.0 million and $235.0 million in 2022 compared with $142.0 million in 2021. In 2022, the Company expects additional expenses of approximately $31.0 million related to site maintenance costs at the Hope Bay mine and other expenses of approximately $13.0 million related to sustainable development activities in the Abitibi region of Quebec and COVID-19 costs.

Capital Expenditures

Capital expenditures, including sustaining capital and construction and development costs are expected to total approximately $1,412.9 million in 2022. The Company expects to fund its 2022 capital expenditures through operating cash flow from the sale of its gold production and the associated by-product metals. Significant components of the expected 2022 capital expenditures program include the following:

- $703.3 million in sustaining capital expenditures relating to the Detour Lake mine ($175.5 million), LaRonde Complex ($83.8 million), Canadian Malartic mine ($76.9 million – 50% portion attributable to the Company), Fosterville mine ($71.1 million), Meadowbank Complex ($69.7 million), Meliadine mine ($52.8 million), Kittila mine ($50.1 million), Macassa mine ($43.3 million), Goldex mine ($27.5 million), Pinos Altos mine ($27.2 million), La India mine ($6.2 million) and other projects ($19.2 million);
- $709.6 million in capitalized development expenditures relating to the Detour Lake mine ($178.3 million), Macassa mine ($105.0 million), Canadian Malartic mine ($103.7 million – 50% portion attributable to the Company), Meliadine mine ($85.3 million), LaRonde Complex ($65.0 million), Kittila mine ($54.0 million), Meadowbank Complex ($51.2 million), Pinos Altos mine ($28.1 million), Goldex mine ($17.2 million), Fosterville mine ($16.1 million) and La India mine ($5.7 million); and
- $130.7 million in capitalized exploration expenditures.

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

All-in Sustaining Costs per Ounce of Gold Produced

The Company calculates all-in sustaining costs per ounce of gold produced on a by-product basis as the aggregate of total cash costs per ounce on a by-product basis, sustaining capital expenditures (including capitalized exploration), general and administrative expenses (including stock option expense), lease payments related to sustaining assets and reclamation expenses, and then dividing by the number of ounces of gold produced. The all-in sustaining costs per ounce of gold produced on a co-product basis is calculated in the same manner as the all-in sustaining costs per ounce of gold on a by-product basis, except that the total cash costs per ounce on a co-product basis is used, meaning no adjustment is made for by-product metal revenues.

Agnico Eagle's all-in sustaining costs per ounce of gold produced on a by-product basis are expected to be approximately $1,000 to $1,050 in 2022 compared with $1,059 in 2021.

Risk Profile

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

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

In December 2019, a novel strain of coronavirus known as COVID-19 surfaced in Wuhan, China and has spread around the world, with resulting business and social disruption. COVID-19 was declared a worldwide pandemic by the World

Health Organization on March 11, 2020. The speed and extent of the spread of COVID-19 and its variants, and the duration and intensity of resulting business disruption and related financial and social impact, remain uncertain. Further, the extent and manner in which COVID-19, and measures taken by governments, the Company or others to attempt to reduce the spread of COVID-19 and its variants, may affect the Company cannot be predicted with certainty.

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

As a result of the COVID-19 pandemic, the Company took action to help prevent the spread of the outbreak at its sites and protect its employees, contractors and the communities in which it operates. The Company is continuing to adjust protocols in response to the recurring waves and different variants of COVID-19. The enhanced health and safety measures continue to focus on screening employees and contractors before entering the Company's sites for potential symptoms of COVID-19, adopting isolation protocols as necessary, contact tracing of individuals that may have been exposed to the virus, increasing cleaning and disinfection services and modifying of mining protocols to facilitate physical distancing. Some of the measures implemented to manage the COVID-19 outbreak are expected to remain in place for the foreseeable future and will increase the production costs at the Company's operations. These costs relate mostly to increased sanitizing personnel, personal protective equipment ("PPE"), testing of employees and contractors, operating of testing labs, additional employee transportation, and supplies and health support to surrounding communities.

In Nunavut, the Kivalliq region reported its first COVID-19 cases in November 2020 and the government of Nunavut implemented mandatory, territory-wide restrictions. Following the declaration of a state of public health emergency relating to COVID-19 by the Government of Nunavut, the Company decided to send home its Nunavut-based workforce from its Meliadine and Meadowbank operations as well as its exploration projects, as part of an effort to limit the risk of spread of COVID-19 in Nunavut. In the second quarter of 2021, the Company worked with local authorities to finalize a plan for reintegrating the Nunavut-based workforce while minimizing the risk of exposure to COVID-19 and spreading the virus to the local communities, which was approved in June 2021. The reintegration of the Nunavut-based workforce at the Meliadine mine and Meadowbank Complex started on June 25, 2021 and was completed in October 2021.

In late September and October 2021, there were a significant number of COVID-19 cases identified at the newly acquired Hope Bay mine. Given these events, and with the safety of the employees and the communities as paramount, the Company suspended operations as it investigated opportunities to improve screening, testing and health protocols at site. In November 2021, the Company started to ramp-up exploration and underground activities at site. However, with increasing cases of COVID-19 in December 2021, the Company again reduced all activities at site to essential services only. In 2022 and 2023, production activities will remain suspended at the Hope Bay mine and the primary focus will be on accelerating exploration and the evaluation of larger production scenarios.

In December 2021, the Company experienced an increase in COVID-19 cases at its Nunavut operations given the increased spread and transmission of the Omicron variant of COVID-19. The Company took precautionary steps to protect the continued health of its Nunavut based workforce ("Nunavummiut") and local residents in the communities in which they live. In collaboration with the Nunavut public health authorities, the Company again decided to send home the Nunavummiut from its Meliadine, Meadowbank and Hope Bay operations as well as its Nunavut exploration projects. These employees continued to receive their remuneration. As a result, there was a reduction of activities at the Company's Nunavut operations from December 22, 2021 onward. Activities at the Meliadine mine were affected until mid-January 2022 and activities at the Meadowbank Complex were affected until early February 2022. Both operations are now back to operating at normal levels. The Company is actively working with the Nunavut public health authorities on a reintegration plan with the objective of initiating the process to return the Nunavummiut to the Company's Nunavut operations later in the first quarter of 2022.

The Company continues to assess the logistics challenges of its supply chain and distribution methods for its doré bar and concentrate products from mines to third-party refineries and smelters. The Company has sufficient stock of critical components and has worked closely with its key suppliers to secure future delivery of materials. Inventory of PPE, tires, cyanide, reagents and other critical parts has been increased at all sites. Similarly, the Company has not experienced significant disruption to its distribution network and ability to deliver its products to smelting and refining facilities or ability to sell finished products to its customers. However, further measures taken by governments, the Company or others related to COVID-19 may adversely affect the Company's availability of supplies or its ability to sell or deliver gold doré bars or concentrate.

The Company noted that, given rising prices of many commodities and disruptions to global supply chains, the resulting cost pressures are gradually starting to be reflected in the prices for several goods and services used by the Company. While the Company continues to implement initiatives to offset these cost increases, the Company anticipates upward cost pressure throughout the industry, including at the Company's operations. While difficult to predict, the Company expects that these price pressures will continue throughout 2022, depending on when inflation conditions and global supply chains normalize. Given the uncertain nature of the inflationary pressures, the Company will continue to actively monitor and identify opportunities to manage and mitigate input cost increases. Although there are signs of tightness in certain labour categories, at this time the Company does not anticipate any abnormal impact on projected costs as a result of wage inflation or workforce costs in 2022, other than certain high demand contracting (including related to exploration). The Company's strategy to contain the risk of workforce cost increases includes initiatives such as implementing organizational workforce cost management projects to improve productivity, as well as career development plans to fill specific technical roles with internal candidates where possible.

Financial Instruments

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

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

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

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

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

Market risk is the risk that changes in market factors, such as interest rates, commodity prices and foreign exchange rates, will affect the value of Agnico Eagle's financial instruments.

The following table sets out a summary of the Company's financial instruments[(i)] as at December 31, 2021:

Financial Instrument	Carrying Value	Associated Risks
Cash and cash equivalents	185,786	Credit, Market
Short-term investments	5,288	Credit, Market
Trade receivables	13,545	Credit, Market
Loans receivable	37,942	Credit, Market
Equity securities	268,950	Liquidity, Market
Share purchase warrants	74,559	Liquidity, Market
Derivative financial assets	12,305	Market
Accounts payable and accrued liabilities	414,673	Liquidity
Derivative financial liabilities	22,089	Market
Long-term debt	1,565,223	Liquidity
Lease obligations	131,433	Liquidity, Market

Note:

(i) See Note 6 and Note 20 in the consolidated annual financial statements for details on the Company's financial instruments, fair value measurements and financial risk management.

Interest Rates

The Company's current exposure to market risk for changes in interest rates relates primarily to drawdowns on its Credit Facility and its short-term investments. Drawdowns on the Credit Facility are used primarily to fund a portion of the capital expenditures related to the Company's development projects and working capital requirements. As at December 31, 2021, there were no amounts outstanding on the Company's Credit Facility. In addition, the Company invests its cash in investments with short maturities or with frequent interest reset terms and a credit rating of R1-High or better. As a result, the Company's interest income fluctuates with short-term market conditions. As at December 31, 2021, short-term investments were $5.3 million.

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

Commodity Prices and Foreign Currencies

Agnico Eagle's net income is sensitive to metal prices and the US dollar/Canadian dollar, US dollar/Euro and US dollar/Mexican peso exchange rates and, starting in 2022, will also be sensitive to the US dollar/Australian dollar exchange rate.

Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of other metals may be attributed to factors such as demand and global mine production levels. Changes in the market price of diesel may be attributed to factors such as supply and demand. Changes in exchange rates may be attributed to factors such as supply and demand for currencies and economic conditions in each country or currency area. In 2021, the ranges of metal prices, diesel prices and exchange rates were as follows:

- Silver: $21.53 – $29.59 per ounce, averaging $25.14 per ounce;
- Zinc: $2,537 – $3,847 per tonne, averaging $3,005 per tonne;
- Copper: $7,745 – $11,300 per tonne, averaging $9,320 per tonne;
- Diesel: C$0.70 – C$1.06 per litre, averaging C$0.87 per litre;
- US dollar/Canadian dollar: C$1.20 – C$1.30 per $1.00, averaging C$1.25 per $1.00;
- US dollar/Euro: €0.81 – €0.89 per $1.00, averaging €0.85 per $1.00;
- US dollar/Mexican peso: 19.55 – 22.16 Mexican pesos per $1.00, averaging 20.29 Mexican pesos per $1.00; and
- US dollar/Australian dollar: A$1.25 – A$1.43 per $1.00, averaging A$1.33 per $1.00.

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

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos and, in 2022, will also pay in Australian dollars. This gives rise to significant currency risk exposure. The Company enters into currency hedging transactions under its Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation into US dollars of assets and liabilities denominated in other currencies), as it does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes. As at December 31, 2021, there were foreign exchange derivatives outstanding related to $2,375.2 million of 2022 and 2023 expenditures. During the year ended December 31, 2021 the Company recognized a loss of $9.4 million on foreign exchange derivatives in the loss (gain) on derivative financial instruments line item of the consolidated statements of income.

Cost Inputs

The Company considers and may enter into risk management strategies to mitigate price risk on certain consumables, including diesel fuel. These strategies may include longer term purchasing contracts and financial and derivative instruments. As at December 31, 2021, there were derivative financial instruments outstanding relating to 10.9 million gallons of heating oil. During the year ended December 31, 2021 the Company recognized a gain of $12.8 million on heating oil derivatives in the loss (gain) on derivative financial instruments line item of the consolidated statements of income.

Operational Risk

The Meliadine mine, LaRonde Complex (including LZ5) and Canadian Malartic mine were the Company's most significant contributors in 2021 to the Company's payable production of gold at 18.8%, 18.2% and 17.1%, respectively, and are expected to account for a significant portion of the Company's payable production of gold in the future. With the completion of the merger the Detour mine and the Fosterville mine will also be significant contributors to payable production of gold in the future.

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

Regulatory Risk

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

Controls Evaluation

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

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

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

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

In response to the COVID-19 pandemic, the Company asked all of its corporate office staff and many site administrative staff at regional, mine site and exploration offices to work from home. These offices were subsequently re-opened under new hygiene and physical distancing protocols; however, employees whose work does not require physical presence in the office may continue to work remotely. This change requires certain processes and controls that were previously done or documented manually to be completed and retained in electronic form. The Company continues to monitor whether remote work arrangements have adversely affected the Company's ability to maintain internal controls over financial reporting and disclosure controls and procedures. Despite the changes required by the current environment, there have been no significant changes in our internal controls during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Limitation on scope of design

The Company acquired TMAC during the year ended December 31, 2021. The financial information for this acquisition is included in this MD&A and in Note 5 to the consolidated annual financial statements. The CSA's National Instrument 52-109 and the SEC staff provide an exemption whereby companies undergoing acquisitions can exclude the acquired business in the year of acquisition from the scope of testing and assessment of design and operational effectiveness of internal controls over financial reporting. Due to the complexity associated with assessing internal controls during integration efforts, the Company plans to utilize the scope exemption as it relates to this acquisition in its management report on internal controls over financial reporting for the year ending December 31, 2021.

The tables below set out summary financial information for the Hope Bay mine included in the Company's consolidated annual financial statements:

	Year Ended December 31, 2021
Revenues from mining operations	$115,439
Income before income and mining taxes	6,868

	As at December 31, 2021
Total assets	$461,467
Total liabilities	62,727
Total net assets	$398,740

The Company's management, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its ICFR and DC&P as at December 31, 2021. Based on this evaluation, management concluded that the Company's ICFR and DC&P were effective as at December 31, 2021.

Outstanding Securities

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding at March 21, 2022 were exercised:

Common shares outstanding	455,586,677
Employee stock options	5,734,586
Common shares held in a trust in connection with the Restricted Share Unit plan, Performance Share Unit plan and Long Term Incentive Plan	433,947
Total	$461,755,210

Critical IFRS Accounting Policies and Accounting Estimates

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

The preparation of the consolidated annual financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates have a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions. In making judgments about the carrying value of assets and liabilities, the Company uses estimates based on historical experience and assumptions that are considered reasonable in the circumstances. Although the Company evaluates its accounting estimates on an ongoing basis using the most current information available, actual results may differ from these estimates. The critical judgments and key sources of estimation uncertainties in the application of accounting policies during the year ended December 31, 2021 are disclosed in Note 4 to the consolidated annual financial statements.

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

Mineral Reserve Data

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

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

The scientific and technical information relating to mines and properties that were held by Kirkland prior to the Merger has been reviewed and approved by Natasha Vaz, P. Eng., Chief Operating Officer and Eric Kallio, P.Geo, Senior Vice-President, Exploration, both of whom is a "Qualified Person" for the purposes of NI 43-101.

The assumptions used for the mineral reserve estimates at all mines and advanced projects held by Agnico Eagle on December 31, 2021 (except the Hope Bay mine, Hammond Reef project and Upper Beaver project) are $1,250 per ounce gold, $18.00 per ounce silver, $1.00 per pound zinc and $3.00 per pound copper as at December 31, 2021. Mineral reserve estimates at the Hope Bay mine and Hammond Reef project are $1,350 per ounce gold and at the Upper Beaver project are at $1,200 per ounce of gold and $2.75 per pound copper. Foreign exchange rates assumptions of C$1.30 (except for the Upper Beaver project at $1.25) per US$1.00, €0.87 per US$1.00 and 18.00 Mexican pesos per US$1.00 were used for all mines and projects.

The assumptions used for the mineral reserve estimates at all mines and advanced projects held by Kirkland on December 31, 2021 are $1,300 per ounce gold, C$1.31 per US$1.00 and A$1.36 per US$1.00.

The following table sets out the proven and probable mineral reserves for properties held by Agnico Eagle as of December 31, 2021:

Proven and Probable Mineral Reserves by Property[(i)(ii)]	**Tonnes**	**Gold Grade (Grams per Tonne)**	**Contained Gold (Ounces)[(iii)]**
	(thousands)		*(thousands)*
Proven Mineral Reserves			
LaRonde mine	3,684	4.95	586
LaRonde Zone 5 mine	5,333	2.08	356
Canadian Malartic mine (attributable 50.0%)	21,466	0.84	580
Goldex mine	668	3.53	76
Meadowbank mine	34	2.34	3
Amaruq satellite deposit (part of Meadowbank Complex)	1,327	1.63	70
Meliadine mine	1,582	6.25	318
Hope Bay mine	78	6.03	15
Kittila mine	1,080	3.85	134
Pinos Altos mine	3,236	2.35	245
La India mine	212	0.36	2
Total Proven Mineral Reserves	38,700	1.92	2,385
Probable Mineral Reserves			
LaRonde mine	11,616	6.33	2,364
LaRonde Zone 5 mine	7,451	2.07	495
Canadian Malartic mine (attributable 50.0%)	28,758	1.28	1,188
Goldex mine	18,701	1.53	922
Akasaba West project	5,419	0.84	147
Amaruq satellite deposit (part of Meadowbank Complex)	19,228	4.08	2,523
Meliadine mine	17,580	5.90	3,335
Hope Bay mine	15,874	6.50	3,319
Upper Beaver project	7,992	5.43	1,395
Hammond Reef project	123,473	0.84	3,323
Kittila mine	26,754	4.26	3,661
Pinos Altos mine	8,271	1.93	512
La India mine	7,133	0.67	155
Total Probable Mineral Reserves	298,250	2.43	23,339
Total Proven and Probable Mineral Reserves	336,950	2.37	25,724

The following table sets out the proven and probable mineral reserves for properties held by Kirkland as of December 31, 2021:

Proven and Probable Mineral Reserves by Property(i)(ii)	Tonnes	Gold Grade (Grams per Tonne)	Contained Gold (Ounces)(iii)
	(thousands)		*(thousands)*
Proven Mineral Reserves			
Detour Lake mine	80,269	1.13	2,917
Macassa mine	237	15.30	116
Fosterville mine	1,221	17.31	679
Total Proven Mineral Reserves	81,726	1.41	3,713
Probable Mineral Reserves			
Detour Lake mine	493,044	0.76	12,117
Macassa mine	3,315	16.32	1,740
Fosterville mine	5,430	7.67	1,339
Total Probable Mineral Reserves	501,789	0.94	15,196
Total Proven and Probable Mineral Reserves	583,515	1.01	18,909

Notes:

(i) Amounts presented in this table have been rounded to the nearest thousand and therefore totals may differ slightly from the addition of the numbers.

(ii) Complete information on the verification procedures, quality assurance program, quality control procedures, expected payback period of capital, parameters and methods and other factors that may materially affect scientific and technical information presented in this MD&A and definitions of certain terms used herein may be found in: the AIF under the heading "Information on Mineral Reserves and Mineral Resources of the Company"; the Technical Report on the 2005 LaRonde Mineral Resource & Mineral Reserve Estimate filed with Canadian securities regulatory authorities on SEDAR on March 23, 2005; the Technical Report on the Mineral Resources and Mineral Reserves at Meadowbank Gold Complex including the Amaruq satellite deposit, Nunavut, Canada as at December 31, 2017 filed with Canadian securities regulatory authorities on SEDAR on March 22, 2018; the Updated Technical Report on the Meliadine Gold Project, Nunavut, Canada dated February 11, 2015 filed with Canadian securities regulatory authorities on SEDAR on March 12, 2015; the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Canadian Malartic property with an effective date of December 31, 2020 filed with the Canadian securities regulatory authorities on SEDAR on March 25, 2021; the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Detour Lake Operation as at July 26, 2021 filed with Canadian securities regulatory authorities on October 15, 2021 and March 24, 2022; and the Technical Report on the Mineral Resource and Mineral Reserve Estimates for the Fosterville Gold Mine in the State of Victoria, Australia as at December 31, 2018 filed on April 1, 2019 and March 24, 2022.

(iii) Total contained gold ounces does not include equivalent gold ounces for the by-product metals contained in the mineral reserves.

Non-GAAP Financial Performance Measures

This MD&A presents certain financial performance measures, including adjusted net income, adjusted net income per share, total cash costs per ounce of gold produced (on both a by-product and co-product basis), minesite costs per tonne, all-in sustaining costs per ounce of gold produced (on both a by-product and co-product basis), operating margin, realized prices, sustaining capital expenditures and development capital expenditures, that are not recognized measures under IFRS. These measures may not be comparable to similar measures reported by other gold producers. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS. Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding such measures.

Adjusted Net Income and Adjusted Net Income Per Share

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding adjusted net income and adjusted net income per share.

The following table sets out the calculation of adjusted net income and adjusted net income per share for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	2021	2020	2019
	(thousands of United States dollars)		
Net income for the year	$543,009	$ 511,607	$ 473,166
Foreign currency translation loss	5,672	22,480	4,850
Loss (gain) on derivative financial instruments	11,103	(107,873)	(17,124)
Impairment reversal	–	–	(345,821)
Environmental remediation	576	27,540	2,804
Transaction costs related to acquisitions	12,945	–	–
Multi-year healthcare donation	7,952	–	–
Gain on sale of non-strategic exploration properties	(10,000)	–	–
Net loss on disposal of property, plant and equipment	9,450	14,248	11,834
Other[(i)]	–	5,506	(19,085)
Income and mining taxes adjustments[(ii)]	8,368	(21,940)	118,820
Adjusted net income for the year	$589,075	$ 451,568	$ 229,444
Net income per share – basic	$ 2.23	$ 2.12	$ 2.00
Net income per share – diluted	$ 2.22	$ 2.10	$ 1.99
Adjusted net income per share – basic	$ 2.42	$ 1.87	$ 0.97
Adjusted net income per share – diluted	$ 2.41	$ 1.86	$ 0.96

Notes:

(i) The Company includes certain adjustments in "Other" that are not individually significant to the extent that management believes that these items are not reflective of the underlying performance of the Company's core operating business. In 2020, other expenses are comprised of temporary suspension costs incurred during the period of limited or no production activity due to COVID-19 and interest on the Credit Facility, which was drawn down as a cautionary measure in the uncertain economic environment in the first quarter of 2020. In 2019, other expenses were comprised of mark to market adjustments and a gain on a partial disposition of a financial asset.

(ii) Income and mining taxes adjustments reflect items such as foreign currency translation recorded to the income and mining taxes expense, the impact of income and mining taxes on adjusted items, recognition of previously unrecognized capital losses, the result of income and mining taxes audits, impact of tax law changes and adjustments to prior period tax filings.

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

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding total cash costs per ounce of gold produced and minesite costs per tonne.

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

(thousands of United States dollars)	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
LaRonde mine	$ 232,392	$ 169,824	$ 215,012
LaRonde Zone 5 mine	56,380	47,899	41,212
LaRonde Complex	288,772	217,723	256,224
Lapa mine	–	–	2,844
Goldex mine	96,181	82,654	82,533
Meadowbank Complex	406,489	284,976	180,848
Meliadine mine	236,763	245,700	142,932
Hope Bay mine	83,118	–	–
Canadian Malartic mine(i)	242,589	195,312	208,178
Kittila mine	192,742	169,884	142,517
Pinos Altos mine	141,488	124,678	130,190
Creston Mascota mine	8,165	35,088	35,801
La India mine	60,381	68,137	65,638
Production costs per the consolidated statements of income	$1,756,688	$1,424,152	$1,247,705

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

(thousands of United States dollars, except as noted)

LaRonde Mine Per Ounce of Gold Produced	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Gold production (ounces)		308,946		288,239		343,154
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 232,392	$ 752	$ 169,824	$ 589	$ 215,012	$ 627
Inventory adjustments(ii)	(19,807)	(64)	7,906	27	(13,087)	(38)
Realized gains and losses on hedges of production costs	(9,923)	(32)	(2,886)	(10)	(983)	(3)
Operational care & maintenance due to COVID-19(iii)	–	–	(2,464)	(9)	–	–
Other adjustments(iv)	18,905	61	13,034	46	25,665	74
Cash operating costs (co-product basis)	$ 221,567	$ 717	$ 185,414	$ 643	$ 226,607	$ 660
By-product metal revenues	(74,499)	(241)	(51,217)	(177)	(67,224)	(196)
Cash operating costs (by-product basis)	$ 147,068	$ 476	$ 134,197	$ 466	$ 159,383	$ 464

LaRonde Mine Per Tonne	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore milled (thousands of tonnes)		1,837		1,706		2,057
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 232,392	$ 127	$ 169,824	$ 100	$ 215,012	$ 105
Production costs (C$)	C$ 291,681	C$ 159	C$ 226,605	C$ 133	C$ 285,423	C$ 139
Inventory adjustments (C$)(ii)	(21,969)	(12)	6,385	3	(17,753)	(9)
Operational care and maintenance due to COVID-19 (C$)(iii)	–	–	(2,368)	(1)	–	–
Other adjustments (C$)(iv)	(11,921)	(7)	(13,710)	(8)	(9,876)	(5)
Minesite operating costs (C$)	C$ 257,791	C$ 140	C$ 216,912	C$ 127	C$ 257,794	C$ 125

LaRonde Zone 5 Mine Per Ounce of Gold Produced	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		70,788		61,674		59,830
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 56,380	$ 796	$ 47,899	$ 777	$ 41,212	$ 689
Inventory adjustments(ii)	2,009	28	(117)	(2)	2,170	36
Realized gains and losses on hedges of production costs	(2,346)	(32)	(681)	(11)	(122)	(2)
Operational care & maintenance due to COVID-19(iii)	–	–	(465)	(8)	–	–
Other adjustments(iv)	171	2	167	3	121	2
Cash operating costs (co-product basis)	$ 56,214	$ 794	$ 46,803	$ 759	$ 43,381	$ 725
By-product metal revenues	(288)	(4)	(261)	(4)	(185)	(3)
Cash operating costs (by-product basis)	$ 55,926	$ 790	$ 46,542	$ 755	$ 43,196	$ 722

LaRonde Zone 5 Mine Per Tonne	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore milled (thousands of tonnes)		1,124		968		870
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 56,380	$ 50	$ 47,899	$ 49	$ 41,212	$ 47
Production costs (C$)	C$ 70,770	C$ 63	C$ 63,944	C$ 66	C$ 54,644	C$ 63
Inventory adjustments (C$)(ii)	2,447	2	(201)	–	2,855	3
Operational care and maintenance due to COVID-19 (C$)(iii)	–	–	(653)	(1)	–	–
Minesite operating costs (C$)	C$ 73,217	C$ 65	C$ 63,090	C$ 65	C$ 57,499	C$ 66

LaRonde Complex Per Ounce of Gold Produced	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		379,734		349,913		402,984
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 288,772	$ 760	$ 217,723	$ 622	$ 256,224	$ 636
Inventory adjustments(ii)	(17,798)	(47)	7,789	22	(10,917)	(27)
Realized gains and losses on hedges of production costs	(12,269)	(32)	(3,567)	(10)	(1,105)	(3)
Operational care & maintenance due to COVID-19(iii)	–	–	(2,929)	(8)	–	–
Other adjustments(iv)	19,076	51	13,201	38	25,786	64
Cash operating costs (co-product basis)	$ 277,781	$ 732	$ 232,217	$ 664	$ 269,988	$ 670
By-product metal revenues	(74,787)	(197)	(51,478)	(147)	(67,409)	(167)
Cash operating costs (by-product basis)	$ 202,994	$ 535	$ 180,739	$ 517	$ 202,579	$ 503

LaRonde Complex Per Tonne	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore milled (thousands of tonnes)		2,961		2,674		2,927
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 288,772	$ 98	$ 217,723	$ 81	$ 256,224	$ 88
Production costs (C$)	C$ 362,451	C$ 122	C$ 290,549	C$ 109	C$ 340,067	C$ 116
Inventory adjustments (C$)(ii)	(19,522)	(6)	6,184	2	(14,898)	(5)
Operational care and maintenance due to COVID-19 (C$)(iii)	–	–	(3,021)	(1)	–	–
Other adjustments (C$)(iv)	(11,921)	(4)	(13,710)	(5)	(9,876)	(3)
Minesite operating costs (C$)	C$ 331,008	C$ 112	C$ 280,002	C$ 105	C$ 315,293	C$ 108

Lapa Mine Per Ounce of Gold Produced(v)	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		–		–		–
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ –	$ –	$ –	$ –	$ 2,844	$ –
Inventory and other adjustments(ii)	–	–	–	–	(2,844)	–
Cash operating costs (co-product basis)	$ –	$ –	$ –	$ –	$ –	$ –
By-product metal revenues	–	–	–	–	–	–
Cash operating costs (by-product basis)	$ –	$ –	$ –	$ –	$ –	$ –

Lapa Mine Per Tonne	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Tonnes of ore milled (thousands of tonnes)		–		–		–
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ –	$ –	$ –	$ –	$ 2,844	$ –
Production costs (C$)	C$ –	C$ –	C$ –	C$ –	C$ 3,723	C$ –
Inventory and other adjustments (C$)(ii)	–	–	–	–	(3,723)	–
Minesite operating costs (C$)	C$ –	C$ –	C$ –	C$ –	C$ –	C$ –

Goldex Mine Per Ounce of Gold Produced	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Gold production (ounces)		134,053		127,540		140,884
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 96,181	$ 717	$ 82,654	$ 648	$ 82,533	$ 586
Inventory adjustments(ii)	(264)	(2)	75	1	(147)	(1)
Realized gains and losses on hedges of production costs	(4,407)	(33)	(1,391)	(11)	(349)	(2)
Operational care & maintenance due to COVID-19(iii)	–	–	(610)	(5)	–	–
Other adjustments(iv)	206	2	170	1	207	1
Cash operating costs (co-product basis)	$ 91,716	$ 684	$ 80,898	$ 634	$ 82,244	$ 584
By-product metal revenues	(42)	–	(37)	–	(33)	–
Cash operating costs (by-product basis)	$ 91,674	$ 684	$ 80,861	$ 634	$ 82,211	$ 584

Goldex Mine Per Tonne	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Tonnes of ore milled (thousands of tonnes)		2,874		2,655		2,785
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 96,181	$ 33	$ 82,654	$ 31	$ 82,533	$ 30
Production costs (C$)	C$ 120,667	C$ 42	C$ 109,727	C$ 41	C$ 109,373	C$ 39
Inventory adjustments (C$)(ii)	(374)	–	44	–	(245)	–
Operational care and maintenance due to COVID-19 (C$)(iii)	–	–	(331)	–	–	–
Minesite operating costs (C$)	C$ 120,293	C$ 42	C$ 109,440	C$ 41	C$ 109,128	C$ 39

Meadowbank Complex Per Ounce of Gold Produced[vi]	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Gold production (ounces)		322,852		198,418		158,208
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 406,489	$ 1,259	$ 284,976	$ 1,436	$ 180,848	$ 1,143
Inventory adjustments[ii]	(548)	(2)	(4,975)	(25)	4,892	31
Realized gains and losses on hedges of production costs	(14,256)	(44)	5,505	28	(2,200)	(14)
Operational care & maintenance due to COVID-19[iii]	(2,612)	(8)	(5,749)	(29)	–	–
Other adjustments[iv]	1,117	4	191	1	167	1
Cash operating costs (co-product basis)	$ 390,190	$ 1,209	$ 279,948	$ 1,411	$ 183,707	$ 1,161
By-product metal revenues	(2,414)	(8)	(1,342)	(7)	(1,391)	(9)
Cash operating costs (by-product basis)	$ 387,776	$ 1,201	$ 278,606	$ 1,404	$ 182,316	$ 1,152

Meadowbank Complex Per Tonne[vii]	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Tonnes of ore milled (thousands of tonnes)		3,556		2,482		2,381
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 406,489	$ 114	$ 284,976	$ 115	$ 180,848	$ 76
Production costs (C$)	C$ 512,805	C$ 144	C$ 382,592	C$ 154	C$ 240,014	C$ 101
Inventory adjustments (C$)[ii]	(982)	–	(6,691)	(3)	6,292	2
Operational care and maintenance due to COVID-19 (C$)[iii]	(3,326)	(1)	(7,716)	(3)	–	–
Minesite operating costs (C$)	C$ 508,497	C$ 143	C$ 368,185	C$ 148	C$ 246,306	C$ 103

Meliadine Mine Per Ounce of Gold Produced[viii]	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Gold production (ounces)		367,630		312,398		191,113
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 236,763	$ 644	$ 245,700	$ 786	$ 142,932	$ 748
Inventory adjustments[ii]	9,686	26	(3,995)	(12)	1,207	5
Realized gains and losses on hedges of production costs	(12,674)	(34)	433	1	(857)	(4)
Other adjustments[iv]	252	1	209	1	39	1
Cash operating costs (co-product basis)	$ 234,027	$ 637	$ 242,347	$ 776	$ 143,321	$ 750
By-product metal revenues	(808)	(3)	(527)	(2)	(286)	(2)
Cash operating costs (by-product basis)	$ 233,219	$ 634	$ 241,820	$ 774	$ 143,035	$ 748

Meliadine Mine Per Tonne[xi]	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Tonnes of ore milled (thousands of tonnes)		1,501		1,346		773
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 236,763	$ 158	$ 245,700	$ 183	$ 142,932	$ 185
Production costs (C$)	C$ 298,014	C$ 199	C$ 329,036	C$ 244	C$ 188,680	C$ 244
Inventory adjustments (C$)[ii]	11,784	7	(5,458)	(4)	1,409	2
Minesite operating costs (C$)	C$ 309,798	C$ 206	C$ 323,578	C$ 240	C$ 190,089	C$ 246

Hope Bay Mine Per Ounce of Gold Produced	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Gold production (ounces)		56,229		103,652		–
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 83,118	$ 1,478	$ 88,289	$ 852	$ –	$ –
Inventory adjustments[ii]	(13,713)	(244)	5,160	50	–	–
Operational care & maintenance due to COVID-19[iii]	(9,964)	(177)	–	–	–	–
Other adjustments[iv]	374	7	575	6	–	–
Cash operating costs (co-product basis)	$ 59,815	$ 1,064	$ 94,024	$ 907	$ –	$ –
By-product metal revenues	(46)	(1)	(96)	–	–	–
Cash operating costs (by-product basis)	$ 59,769	$ 1,063	$ 93,928	$ 906	$ –	$ –

Hope Bay Mine Per Tonne	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**		**Year Ended December 31, 2019**	
Tonnes of ore milled (thousands of tonnes)		228		383		–
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 83,118	$ 365	$ 88,289	$ 231	$ –	$ –
Production costs (C$)	C$ 104,291	C$ 457	C$ 118,412	C$ 309	C$ –	C$ –
Inventory adjustments (C$)[ii]	(17,801)	(78)	6,921	18	–	–
Operational care and maintenance due to COVID-19 (C$)[iii]	(12,304)	(53)	–	–	–	–
Minesite operating costs (C$)	C$ 74,186	C$ 326	C$ 125,333	C$ 327	C$ –	C$ –

Canadian Malartic Mine[(i)] Per Ounce of Gold Produced[(x)]	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		357,392		265,387		331,459
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 242,589	$ 679	$ 195,312	$ 736	$ 208,178	$ 628
Inventory adjustments[(ii)]	1,213	3	(319)	(2)	(1,547)	(4)
Realized gains and losses on hedges of production costs	(78)	–	3,385	13	–	–
Other adjustments[(iv)]	557	2	789	3	824	2
Cash operating costs (co-product basis)	$ 244,281	$ 684	$ 199,167	$ 750	$ 207,455	$ 626
By-product metal revenues	(7,233)	(21)	(7,198)	(27)	(6,711)	(20)
Cash operating costs (by-product basis)	$ 237,048	$ 663	$ 191,969	$ 723	$ 200,744	$ 606

Canadian Malartic Mine[(i)] Per Tonne[(xi)]	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore milled (thousands of tonnes)		11,130		9,669		10,391
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 242,589	$ 22	$ 195,312	$ 20	$ 208,178	$ 20
Production costs (C$)	C$ 307,005	C$ 28	C$ 260,019	C$ 27	C$ 274,786	C$ 26
Inventory adjustments (C$)[(ii)]	2,042	–	(34)	–	(2,201)	–
Minesite operating costs (C$)	C$ 309,047	C$ 28	C$ 259,985	C$ 27	C$ 272,585	C$ 26

Kittila Mine Per Ounce of Gold Produced	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		239,240		208,125		186,101
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 192,742	$ 806	$ 169,884	$ 816	$ 142,517	$ 766
Inventory adjustments[(ii)]	5,908	25	(2,098)	(10)	1,595	9
Realized gains and losses on hedges of production costs	577	2	(662)	(3)	(7,372)	(40)
Other adjustments[(iv)]	705	3	639	3	463	2
Cash operating costs (co-product basis)	$ 199,932	$ 836	$ 167,763	$ 806	$ 137,203	$ 737
By-product metal revenues	(249)	(1)	(238)	(1)	(238)	(1)
Cash operating costs (by-product basis)	$ 199,683	$ 835	$ 167,525	$ 805	$ 136,965	$ 736

Kittila Mine Per Tonne	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore milled (thousands of tonnes)		2,052		1,702		1,591
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 192,742	$ 94	$ 169,884	$ 100	$ 142,517	$ 90
Production costs (€)	€ 163,165	€ 80	€ 147,993	€ 87	€ 127,355	€ 80
Inventory adjustments (€)[(ii)]	5,330	2	(1,667)	(1)	(5,882)	(4)
Minesite operating costs (€)	€ 168,495	€ 82	€ 146,326	€ 86	€ 121,473	€ 76

Pinos Altos Mine Per Ounce of Gold Produced	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		126,932		114,798		155,124
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 141,488	$ 1,115	$ 124,678	$ 1,086	$ 130,190	$ 839
Inventory adjustments[(ii)]	241	2	(3,955)	(34)	3,074	21
Realized gains and losses on hedges of production costs	(2,515)	(20)	477	4	(422)	(3)
Operational care & maintenance due to COVID-19[(iii)]	–	–	(2,782)	(25)	–	–
Other adjustments[(iv)]	1,627	13	2,171	19	1,577	10
Cash operating costs (co-product basis)	$ 140,841	$ 1,110	$ 120,589	$ 1,050	$ 134,419	$ 867
By-product metal revenues	(31,965)	(252)	(34,646)	(301)	(35,322)	(228)
Cash operating costs (by-product basis)	$ 108,876	$ 858	$ 85,943	$ 749	$ 99,097	$ 639

Pinos Altos Mine Per Tonne	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore processed (thousands of tonnes)		1,899		1,796		2,007
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 141,488	$ 75	$ 124,678	$ 69	$ 130,190	$ 65
Inventory adjustments[(ii)]	241	–	(3,955)	(2)	3,074	1
Operational care & maintenance due to COVID-19[(iii)]	–	–	(2,782)	(1)	–	–
Minesite operating costs	$ 141,729	$ 75	$ 117,941	$ 66	$ 133,264	$ 66

Creston Mascota Mine Per Ounce of Gold Produced[ii]	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		12,801		38,599		48,380
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 8,165	$ 638	$ 35,088	$ 909	$ 35,801	$ 740
Inventory adjustments[ii]	(349)	(27)	(1,957)	(51)	(122)	(3)
Operational care & maintenance due to COVID-19[iii]	–	–	(517)	(13)	–	–
Other adjustments[iv]	327	25	852	22	800	17
Cash operating costs (co-product basis)	$ 8,143	$ 636	$ 33,466	$ 867	$ 36,479	$ 754
By-product metal revenues	(2,914)	(228)	(10,116)	(262)	(9,671)	(200)
Cash operating costs (by-product basis)	$ 5,229	$ 408	$ 23,350	$ 605	$ 26,808	$ 554

Creston Mascota Mine Per Tonne[xii]	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore processed (thousands of tonnes)		–		526		1,067
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 8,165	$ –	$ 35,088	$ 67	$ 35,801	$ 34
Inventory adjustments[ii]	(349)	–	(1,957)	(4)	(122)	(1)
Operational care & maintenance due to COVID-19[iii]	–	–	(517)	(1)	–	–
Other adjustments[iv]	(7,816)	–	(4,362)	(8)	–	–
Minesite operating costs	$ –	$ –	$ 28,252	$ 54	$ 35,679	$ 33

La India Mine Per Ounce of Gold Produced	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Gold production (ounces)		63,529		84,974		82,190
	(thousands)	($ per ounce)	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$ 60,381	$ 950	$ 68,137	$ 802	$ 65,638	$ 799
Inventory adjustments[ii]	98	2	(295)	(3)	2,591	32
Operational care & maintenance due to COVID-19[iii]	–	–	(600)	(8)	–	–
Other adjustments[iv]	458	7	1,036	12	1,575	18
Cash operating costs (co-product basis)	$ 60,937	$ 959	$ 68,278	$ 803	$ 69,804	$ 849
By-product metal revenues	(1,298)	(20)	(1,317)	(15)	(2,184)	(26)
Cash operating costs (by-product basis)	$ 59,639	$ 939	$ 66,961	$ 788	$ 67,620	$ 823

La India Mine Per Tonne	Year Ended December 31, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
Tonnes of ore processed (thousands of tonnes)		6,018		5,526		5,402
	(thousands)	($ per tonne)	(thousands)	($ per tonne)	(thousands)	($ per tonne)
Production costs	$ 60,381	$ 10	$ 68,137	$ 12	$ 65,638	$ 12
Inventory adjustments(ii)	98	–	(295)	–	2,591	1
Operational care & maintenance due to COVID-19(iii)	–	–	(600)	–	–	–
Minesite operating costs	$ 60,479	$ 10	$ 67,242	$ 12	$ 68,229	$ 13

Notes:

(i) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.

(ii) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As the total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue.

(iii) This adjustment reflects the costs associated with the temporary suspension of mining activities at the Company's mine sites in response to the COVID-19 pandemic and includes primarily payroll and other incidental costs associated with maintaining the sites and properties, and payroll costs associated with employees who were not working during the period of reduced or suspended operations. These expenses also include payroll costs of employees who could not work following the period of temporary suspension or reduced operations due to the Company's effort to prevent or curtail community transmission of COVID-19. These costs were previously classified as "other adjustments" and have now been disclosed separately to provide additional detail on the reconciliation, allowing investors to better understand the impacts of such events on the cash operating costs per ounce and minesite cost per tonne.

(iv) Other adjustments consist of smelting, refining and marketing charges to production costs.

(v) The Lapa mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude five ounces of payable production of gold, which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the Lapa mine on December 31, 2018.

(vi) The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2021 exclude 1,956 ounces of payable production of gold which were produced as commercial production at the Amaruq underground project has not yet been achieved. The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 10,995 ounces of payable production of gold which were produced prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 35,281 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.

(vii) The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2021 exclude 14,299 tonnes which were processed as commercial production at the Amaruq underground project has not yet been achieved. The Meadowbank Complex's cost calculations per tonne for the year ended December December 31, 2020 exclude 121,317 tonnes which were processed prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2019 exclude 369,519 tonnes which were processed prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.

(viii) The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2021 exclude 24,057 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 6,491 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 47,281 ounces of payable production of gold which were produced prior to the achievement of commercial production on May 14, 2019.

(ix) The Meliadine mine's cost calculations per tonne for the year ended December 31, 2021 exclude 213,867 tonnes which were processed prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per tonne for the year ended December 31, 2020 exclude 49,504 tonnes which were processed prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per tonne for the year ended December 31, 2019 exclude 263,749 tonnes which were processed prior to the achievement of commercial production on May 14, 2019.

(x) The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 18,930 ounces of payable production of gold, which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 3,137 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.

(xi) The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2020 exclude 731,309 tonnes, which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2019 exclude 133,615 tonnes which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.

(xii) The Creston Mascota mine's cost calculations per tonne for the year ended December 31, 2021 exclude approximately $7.8 million of production costs incurred during the year ended December 31, 2021 following the cessation of mining activities at the Bravo pit during the third quarter of 2020. The Creston Mascota mine's cost calculation per tonne for the year ended December 31, 2020 exclude approximately $4.4 million of production costs incurred during the three months ended December 31, 2020 following the cessation of mining activities at the Bravo pit during the third quarter of 2020.

Total Cash Costs per Ounce of Gold Produced by Mine for Kirkland assets

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding total cash costs per ounce of gold produced and minesite costs per tonne.

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) for the Kirkland assets to production costs, exclusive of amortization. As the Company completed the merger with Kirkland on February 8, 2022 and is now providing guidance on the Kirkland assets, the data disclosed below is for comparative purposes only and Kirkland's results are not included in the annual audited consolidated financial statements. This data is calculated using the Company's methodology for these non-GAAP measures and may not be comparable to similar measures previously reported by Kirkland.

(thousands of United States dollars)	Year Ended December 31, 2021	Year Ended December 31, 2020
Detour Lake mine	$480,110	$377,336
Macassa mine	143,678	118,326
Fosterville mine	142,946	141,247
Total production costs	$766,734	$636,909

Reconciliation of Production Costs to Total Cash Costs per Ounce of Gold Produced by Mine for Kirkland assets

(thousands of United States dollars, except as noted)

Detour Lake Mine Per Ounce of Gold Produced	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**	
Gold production (ounces)		712,824		516,757
	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$480,110	$ 674	$377,336	$ 730
Inventory adjustments[i]	741	1	5,198	10
Operational care & maintenance due to COVID-19[ii]	(10,229)	(15)	(20,120)	(39)
Cash operating costs (co-product basis)	$470,622	$ 660	$362,414	$ 701
By-product metal revenues	(3,666)	(5)	(2,819)	(5)
Cash operating costs (by-product basis)	$466,956	$ 655	$359,595	$ 696

Macassa Mine Per Ounce of Gold Produced	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**	
Gold production (ounces)		210,192		183,037
	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$143,678	$ 684	$118,326	$ 646
Inventory adjustments[i]	(1,762)	(8)	486	3
Operational care & maintenance due to COVID-19[ii]	(2,685)	(14)	(2,912)	(16)
Cash operating costs (co-product basis)	$139,231	$ 662	$115,900	$ 633
By-product metal revenues	(506)	(2)	(377)	(2)
Cash operating costs (by-product basis)	$138,725	$ 660	$115,523	$ 631

Fosterville Mine Per Ounce of Gold Produced	**Year Ended December 31, 2021**		**Year Ended December 31, 2020**	
Gold production (ounces)		509,601		640,467
	(thousands)	($ per ounce)	(thousands)	($ per ounce)
Production costs	$142,946	$ 281	$141,247	$ 221
Inventory adjustments[(i)]	1,451	3	1,610	3
Operational care & maintenance due to COVID-19[(ii)]	–	–	(348)	(1)
Cash operating costs (co-product basis)	$144,397	$ 284	$142,509	$ 223
By-product metal revenues	(782)	(2)	(783)	(2)
Cash operating costs (by-product basis)	$143,615	$ 282	$141,726	$ 221

Notes:

(i) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As the total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue.

(ii) This adjustment reflects the costs associated with the temporary suspension of mining activities at the mine sites in response to the COVID-19 pandemic and includes primarily payroll and other incidental costs associated with maintaining the sites and properties, and payroll costs associated with employees who were not working during the period of reduced or suspended operations. These expenses also include payroll costs of employees who could not work following the period of temporary suspension or reduced operations due to the Company's effort to prevent or curtail community transmission of COVID-19.

All-in Sustaining Costs per Ounce of Gold Produced

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding all-in sustaining costs per ounce of gold produced.

The following tables set out a reconciliation of production costs to all-in sustaining costs per ounce of gold produced for the years ended December 31, 2021, December 31, 2020, and December 31, 2019 on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues).

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

(United States dollars per ounce of gold produced, except where noted)	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Production costs per the consolidated statements of income (thousands of United States dollars)	$1,756,688	$1,424,152	$1,247,705
Gold production (ounces)(i)(ii)(iii)(iv)	2,060,392	1,700,152	1,696,443
Production costs per ounce of gold production	$ 853	$ 838	$ 735
Adjustments:			
Inventory adjustments(v)	(8)	(4)	(1)
Realized gains and losses on hedges of production costs	(22)	2	(7)
Operational care and maintenance costs due to COVID-19(vi)	(6)	(8)	–
Other(vii)	12	10	18
Total cash costs per ounce of gold produced (co-product basis)(viii)	$ 829	$ 838	$ 745
By-product metal revenues	(59)	(63)	(72)
Total cash costs per ounce of gold produced (by-product basis)(viii)	$ 770	$ 775	$ 673
Adjustments:			
Sustaining capital expenditures (including capitalized exploration)	207	199	185
General and administrative expenses (including stock option expense)	69	68	71
Non-cash reclamation provision and sustaining leases(ix)	13	9	9
All-in sustaining costs per ounce of gold produced (by-product basis)	$ 1,059	$ 1,051	$ 938
By-product metal revenues	59	63	72
All-in sustaining costs per ounce of gold produced (co-product basis)	$ 1,118	$ 1,114	$ 1,010

Notes:

(i) Gold production for the year ended December 31, 2019 excludes five ounces of payable production of gold at the Lapa mine which were credited to the Company as a result of final refining reconciliations following the cessation of mining and processing operations at the site on December 31, 2018.

(ii) Gold production for the year ended December 31, 2021 excludes 1,956 ounces of payable production of gold at the Meadowbank Complex which were produced during this period as commercial production at the Amaruq underground project has not yet been achieved. Gold production for the year ended December 31, 2020 excludes 10,995 ounces of payable production of gold at the Meadowbank Complex which were produced prior to the achievement of commercial production at the IVR deposit on December 31, 2020. Gold production for the year ended December 31, 2019 excludes 35,281 ounces of payable production of gold at the Meadowbank Complex which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.

(iii) Gold production for the year ended December 31, 2021 excludes 24,057 ounces of payable production of gold at the Meliadine mine which were produced prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. Gold production for the year ended December 31, 2020 excludes 6,491 ounces of payable production of gold at the Meliadine mine which were produced prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. Gold production for the year ended December 31, 2019 excludes 47,281 ounces of payable production of gold at the Meliadine mine which were produced prior to the achievement of commercial production on May 14, 2019.

(iv) Gold production for the year ended December 31, 2020 exclude 18,930 ounces of payable production of gold at the Canadian Malartic mine which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. Gold production for the year ended December 31, 2019 excludes 3,137 ounces of payable production of gold at the Canadian Malartic mine which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.

(v) Under the Company's revenue recognition policy, revenue from contracts with customers is recognized upon the transfer of control over metals sold to the customer. As the total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the portion of production not yet recognized as revenue.

(vi) This adjustment reflects the costs associated with the temporary suspension of mining activities at the Company's mine sites in response to the COVID-19 pandemic which primarily includes payroll and other incidental costs associated with maintaining the sites and properties, and payroll costs associated with employees who were not working during the period of reduced or suspended operations. These costs were previously classified as "other adjustments" and have now been disclosed separately to provide additional detail on the reconciliation, allowing investors to better understand the impacts of such events on the cash operating costs per ounce and minesite cost per tonne.

(vii) Other adjustments consists of smelting, refining and marketing charges to production costs.

(viii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. See "Non-GAAP Financial Performance Measures – Total Cash Costs per Ounce of Gold Produced and Minesite Costs per Tonne" for more information on the Company's use of total cash cost per ounce of gold produced.

(ix) Sustaining leases are lease payments related to sustaining assets.

Operating Margin

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding operating margin.

The following tables set out the reconciliation of operating margin by minesite to net income for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

	Year Ended December 31, 2021		
	Revenues from Mining Operations	**Production Costs**	**Operating Margin**
Northern Business:			
LaRonde mine	$ 654,577	$ 232,392	$ 422,185
LaRonde Zone 5 mine	121,236	56,380	64,856
Goldex mine	241,404	96,181	145,223
Meadowbank Complex	589,769	406,489	183,280
Meliadine mine	636,085	236,763	399,322
Hope Bay mine	115,439	83,118	32,321
Canadian Malartic joint operation	645,607	242,589	403,018
Kittila mine	414,656	192,742	221,914
Total Northern Business	**3,418,773**	**1,546,654**	**1,872,119**
Southern Business:			
Pinos Altos mine	259,446	141,488	117,958
Creston Mascota mine	27,784	8,165	19,619
La India mine	117,875	60,381	57,494
Total Southern Business	**405,105**	**210,034**	**195,071**
Total	**$3,823,878**	**$1,756,688**	**$2,067,190**
Corporate and other:			
Exploration and corporate development			152,514
Amortization of property, plant, and mine development			738,129
General and administrative			142,003
Finance costs			92,042
Loss on derivative financial instruments			11,103
Environmental remediation			576
Foreign currency translation loss			5,672
Other expenses			21,742
Income and mining taxes expense			360,400
Net income per consolidated statements of income			**$ 543,009**

	Year Ended December 31, 2020		
	Revenues from Mining Operations	Production Costs	Operating Margin
Northern Business:			
LaRonde mine	$ 543,864	$ 169,824	$ 374,040
LaRonde Zone 5 mine	111,244	47,899	63,345
Goldex mine	227,181	82,654	144,527
Meadowbank Complex	366,743	284,976	81,767
Meliadine mine	569,063	245,700	323,363
Canadian Malartic joint operation	478,542	195,312	283,230
Kittila mine	372,132	169,884	202,248
Total Northern Business	**2,668,769**	**1,196,249**	**1,472,520**
Southern Business:			
Pinos Altos mine	244,283	124,678	119,605
Creston Mascota mine	77,762	35,088	42,674
La India mine	147,299	68,137	79,162
Total Southern Business	**469,344**	**227,903**	**241,441**
Total	**$3,138,113**	**$1,424,152**	**$1,713,961**
Corporate and other:			
Exploration and corporate development			113,492
Amortization of property, plant, and mine development			631,101
General and administrative			116,288
Finance costs			95,134
Gain on derivative financial instruments			(107,873)
Environmental remediation			27,540
Foreign currency translation loss			22,480
Other expenses			48,234
Income and mining taxes expense			255,958
Net income per the consolidated statements of income			**$ 511,607**

	Year Ended December 31, 2019		
	Revenues from Mining Operations	Production Costs	Operating Margin
Northern Business:			
LaRonde mine	$ 552,204	$ 215,012	$ 337,192
LaRonde Zone 5 mine	80,365	41,212	39,153
Lapa mine	4,877	2,844	2,033
Goldex mine	197,020	82,533	114,487
Meadowbank Complex	221,652	180,848	40,804
Meliadine mine	270,258	142,932	127,326
Canadian Malartic joint operation	466,317	208,178	258,139
Kittila mine	260,323	142,517	117,806
Total Northern Business	**2,053,016**	**1,016,076**	**1,036,940**
Southern Business:			
Pinos Altos mine	249,577	130,190	119,387
Creston Mascota mine	78,023	35,801	42,222
La India mine	114,276	65,638	48,638
Total Southern Business	**441,876**	**231,629**	**210,247**
Total	**$2,494,892**	**$1,247,705**	**$1,247,187**
Corporate and other:			
Exploration and corporate development			104,779
Amortization of property, plant, and mine development			546,057
General and administrative			120,987
Finance costs			105,082
Gain on derivative financial instruments			(17,124)
Environmental remediation			2,804
Impairment reversal			(345,821)
Foreign currency translation loss			4,850
Other expenses			(13,169)
Income and mining taxes expense			265,576
Net income per the consolidated statements of income			**$ 473,166**

Realized Prices

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding realized prices.

Sustaining Capital Expenditures and Development Capital Expenditures

Refer to *Note to Investors Concerning Certain Measures of Performance* in this MD&A for details on the composition, usefulness and other information regarding sustaining capital expenditures and development capital expenditures.

	Three Months Ended December 31,			Year Ended December 31,		
(thousands of United States dollars)	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
LaRonde Complex	$ 34,639	$ 27,964	$ 20,934	$110,394	$ 85,745	$ 78,372
Canadian Malartic mine[(i)]	18,978	18,616	13,960	72,749	52,482	45,880
Meadowbank Complex	11,729	6,039	18,801	48,917	55,814	18,801
Meliadine mine	13,567	11,481	12,554	50,341	41,492	30,937
Kittila mine	15,144	12,602	17,490	42,632	39,943	78,182
Goldex mine	7,789	6,740	7,795	31,017	24,018	22,711
Pinos Altos mine	8,395	12,295	9,511	22,216	24,242	28,098
La India mine	4,237	4,473	3,479	10,117	13,780	10,851
Hope Bay mine	9,447	–	–	44,160	–	–
Sustaining capital expenditures	**$123,925**	**$100,210**	**$104,524**	**$432,543**	**$337,516**	**$313,832**
LaRonde Complex	$ 13,871	$ 15,208	$ 10,481	$ 53,155	$ 35,887	$ 22,781
Canadian Malartic mine[(i)]	23,207	2,572	9,554	56,613	3,317	37,171
Meadowbank Complex	932	28,483	17,556	9,643	77,464	174,866
Amaruq underground project	22,321	8,547	8,300	98,911	27,145	38,400
Meliadine mine	21,403	24,311	6,015	75,373	88,140	91,554
Kittila mine	21,272	50,397	37,023	77,175	163,463	101,597
Goldex mine	4,761	3,927	4,056	18,673	13,023	21,223
Pinos Altos mine	8,622	1,297	2,645	23,777	3,730	13,861
La India mine	3,219	3,999	931	9,383	8,927	4,516
Hope Bay mine	384	–	–	7,882	–	–
Other	1,481	630	2,984	11,971	14,864	5,027
Development capital expenditures	**$121,473**	**$139,371**	**$ 99,545**	**$442,556**	**$435,960**	**$510,996**
Total Capital Expenditures	**$245,398**	**$239,581**	**$204,069**	**$875,099**	**$773,476**	**$824,828**
Working capital adjustments	(8,500)	(14,843)	(8,348)	(7,415)	(14,134)	57,836
Additions to property, plant and mine development per the consolidated statements of cash flows	**$236,898**	**$224,738**	**$195,721**	**$867,684**	**$759,342**	**$882,664**

Note:

(i) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2021(v)	June 30, 2021(v)	September 30, 2021(v)	December 31, 2021	Total 2021
Operating margin(i):					
Revenues from mining operations	$ 934,392	$ 966,320	$ 974,065	$ 949,101	$ 3,823,878
Production costs	412,400	427,172	452,087	465,029	1,756,688
Total operating margin(i)	521,992	539,148	521,978	484,072	2,067,190
Operating margin(i) by mine:					
Northern Business					
LaRonde mine	93,728	115,617	125,770	87,070	422,185
LaRonde Zone 5 mine	12,598	15,252	19,449	17,557	64,856
Goldex mine	38,739	37,881	29,421	39,182	145,223
Meadowbank Complex	49,950	55,762	52,087	25,481	183,280
Meliadine mine	100,961	97,778	84,671	115,912	399,322
Hope Bay mine	11,230	14,396	11,633	(4,938)	32,321
Canadian Malartic mine(ii)	103,748	109,579	93,439	96,252	403,018
Kittila mine	58,703	51,438	57,362	54,411	221,914
Southern Business					
Pinos Altos mine	26,426	31,905	31,971	27,656	117,958
Creston Mascota mine	7,634	5,171	4,186	2,628	19,619
La India mine	18,275	4,369	11,989	22,861	57,494
Total operating margin(i)	521,992	539,148	521,978	484,072	2,067,190
Amortization of property, plant and mine development	177,794	176,946	191,771	191,618	738,129
Exploration, corporate and other	111,287	81,594	129,148	103,623	425,652
Income before income and mining taxes	232,911	280,608	201,059	188,831	903,409
Income and mining taxes	94,295	92,264	86,116	87,725	360,400
Net income for the period	$ 138,616	$ 188,344	$ 114,943	$ 101,106	$ 543,009
Net income per share – basic	$ 0.56	$ 0.78	$ 0.47	$ 0.41	$ 2.23
Net income per share – diluted	$ 0.56	$ 0.77	$ 0.47	$ 0.41	$ 2.22
Cash flows:					
Cash provided by operating activities	$ 356,387	$ 406,921	$ 290,963	$ 261,723	$ 1,315,994
Cash used in investing activities	$(527,868)	$(197,613)	$(262,000)	$(247,208)	$(1,234,689)
Cash used in financing activities	$(100,134)	$ (64,161)	$ (62,404)	$ (70,543)	$ (297,242)

AGNICO EAGLE MINES LIMITED
SUMMARIZED QUARTERLY DATA

(thousands of United States dollars, except where noted)

	Three Months Ended				
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	Total 2021
Realized prices[(vi)]:					
Gold (per ounce)	$ 1,780	$ 1,814	$ 1,787	$ 1,795	$ 1,794
Silver (per ounce)	$ 26.13	$ 27.01	$ 23.54	$ 23.08	$ 25.07
Zinc (per tonne)	$ 2,743	$ 2,843	$ 2,967	$ 3,258	$ 2,947
Copper (per tonne)	$ 8,958	$ 10,902	$ 9,031	$ 10,120	$ 9,724
Payable production[(iii)]:					
Gold (ounces)					
Northern Business					
LaRonde mine	75,389	80,681	88,795	64,081	308,946
LaRonde Zone 5 mine	17,689	16,842	17,952	18,305	70,788
Goldex mine	34,650	34,659	28,823	35,921	134,053
Meadowbank Complex	79,965	85,899	89,706	69,238	324,808
Meliadine mine	96,126	96,694	97,024	101,843	391,687
Hope Bay mine	12,259	25,308	17,957	705	56,229
Canadian Malartic mine[(ii)]	89,550	92,106	86,803	88,933	357,392
Kittila mine	60,716	53,263	62,089	63,172	239,240
Southern Business					
Pinos Altos mine	29,175	32,614	32,402	32,741	126,932
Creston Mascota mine	4,252	3,228	2,988	2,333	12,801
La India mine	17,033	4,712	17,124	24,660	63,529
Total gold (ounces)	516,804	526,006	541,663	501,932	2,086,405
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	203	199	171	151	724
LaRonde Zone 5 mine	3	3	3	5	14
Goldex mine	–	1	–	1	2
Meadowbank Complex	24	23	25	22	94
Meliadine mine	7	8	7	8	30
Hope Bay mine	–	2	–	2	4
Canadian Malartic mine[(ii)]	82	69	70	69	290
Kittila mine	3	2	3	3	11
Southern Business					
Pinos Altos mine	373	307	287	318	1,285
Creston Mascota mine	36	32	22	15	105
La India mine	16	7	6	19	48
Total silver (thousands of ounces)	747	653	594	613	2,607
Zinc (tonnes)	1,867	2,736	2,826	1,408	8,837
Copper (tonnes)	752	779	825	599	2,955

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

	Three Months Ended				
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	Total 2021
Payable metal sold:					
Gold (ounces)					
Northern Business					
LaRonde mine	75,285	86,844	95,947	75,388	333,464
LaRonde Zone 5 mine	14,314	16,168	19,256	17,850	67,588
Goldex mine	34,358	34,993	29,534	35,500	134,385
Meadowbank Complex	76,281	83,915	91,474	77,611	329,281
Meliadine mine	98,349	94,163	82,005	103,531	378,048
Hope Bay mine	20,221	17,731	19,230	8,019	65,201
Canadian Malartic mine(ii)(iv)	83,556	89,372	81,511	81,977	336,416
Kittila mine	59,597	54,790	60,820	55,363	230,570
Southern Business					
Pinos Altos mine	27,613	34,672	34,920	29,901	127,106
Creston Mascota mine	4,878	3,356	3,065	2,385	13,684
La India mine	18,834	5,739	15,675	24,640	64,888
Total gold (ounces)	513,286	521,743	533,437	512,165	2,080,631
Silver (thousands of ounces)					
Northern Business					
LaRonde mine	199	193	176	153	721
LaRonde Zone 5 mine	3	3	2	4	12
Goldex mine	–	1	–	1	2
Meadowbank Complex	19	26	30	22	97
Meliadine mine	8	9	7	8	32
Hope Bay mine	–	–	–	3	3
Canadian Malartic mine(ii)(iv)	67	68	66	58	259
Kittila mine	2	3	2	3	10
Southern Business					
Pinos Altos mine	361	331	305	298	1,295
Creston Mascota mine	50	41	23	14	128
La India mine	19	7	8	16	50
Total silver (thousands of ounces)	728	682	619	580	2,609
Zinc (tonnes)	2,660	2,875	2,744	2,524	10,803
Copper (tonnes)	754	778	833	608	2,973

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

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

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

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

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

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

Notes:

(i) Operating margin (a non-GAAP non-financial performance measure) is calculated as revenues from mining operations less production costs. Details by minesite are disclosed in the Operating Summary below.

(ii) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.

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

(iv) The Canadian Malartic mine's payable metal sold excludes the 5.0% net smelter return royalty granted to Osisko Gold Royalties Ltd., in connection with the Company's acquisition of its 50% interest of the Canadian Malartic mine.

(v) Certain previously reported line items have been restated to reflect the final purchase price allocation of the February 2, 2021 acquisition of TMAC.

(vi) Realized prices (a non-GAAP non-financial performance measure) are calculated as revenue from mining operations by metal divided by the volume of metal sold.

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2021	2020	2019
Revenues from mining operations	$ 3,823,878	$3,138,113	$2,494,892
Production costs	1,756,688	1,424,152	1,247,705
Operating margin(i)	2,067,190	1,713,961	1,247,187
Amortization of property, plant and mine development	738,129	631,101	546,057
Impairment reversal	–	–	(345,821)
Exploration, corporate and other	425,652	315,295	308,209
Income before income and mining taxes	903,409	767,565	738,742
Income and mining taxes	360,400	255,958	265,576
Net income for the year	$ 543,009	$ 511,607	$ 473,166
Net income per share – basic	$ 2.23	$ 2.12	$ 2.00
Net income per share – diluted	$ 2.22	$ 2.10	$ 1.99
Cash provided by operating activities	$ 1,315,994	$1,192,054	$ 881,692
Cash used in investing activities	$ (1,234,689)	$ (808,812)	$ (873,884)
Cash (used in) from financing activities	$ (297,242)	$ (302,822)	$ 10,610
Dividends declared per share	$ 1.40	$ 0.95	$ 0.55
Capital expenditures per Consolidated Statements of Cash Flows	$ 867,684	$ 759,342	$ 882,664
Realized price per ounce of gold	$ 1,794	$ 1,788	$ 1,406
Realized price per ounce of silver	$ 25.07	$ 20.44	$ 16.38
Realized price per tonne of zinc	$ 2,947	$ 2,377	$ 2,607
Realized price per tonne of copper	$ 9,724	$ 6,298	$ 5,892
Weighted average number of common shares outstanding – basic (thousands)	243,708	241,508	236,934
Total assets	$10,186,776	$9,614,755	$8,789,885
Long-term debt	$ 1,340,223	$1,565,241	$1,364,108
Shareholders' equity	$ 5,980,835	$5,683,213	$5,111,514

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2021	2020	2019
Operating Summary			
LaRonde mine			
Revenues from mining operations	$ 654,577	$ 543,864	$ 552,204
Production costs	232,392	169,824	215,012
Operating margin(i)	$ 422,185	$ 374,040	$ 337,192
Amortization of property, plant and mine development	89,697	74,913	83,688
Gross profit(ii)	$ 332,488	$ 299,127	$ 253,504
Tonnes of ore milled	1,837,310	1,706,446	2,057,187
Gold – grams per tonne	5.50	5.53	5.46
Gold production – ounces	308,946	288,239	343,154
Silver production – thousands of ounces	724	672	883
Zinc production – tonnes	8,837	6,259	13,161
Copper production – tonnes	2,955	3,069	3,397
Production costs per ounce of gold produced ($ per ounce basis)	$ 752	$ 589	$ 627
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 717	$ 643	$ 660
By-product metal revenues	(241)	(177)	(196)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 476	$ 466	$ 464
Production costs per tonne	C$ 159	C$ 133	C$ 139
Minesite costs per tonne(iv)	C$ 140	C$ 127	C$ 125
LaRonde Zone 5 mine			
Revenues from mining operations	$ 121,236	$ 111,244	$ 80,365
Production costs	56,380	47,899	41,212
Operating margin(i)	$ 64,856	$ 63,345	$ 39,153
Amortization of property, plant and mine development	7,635	8,240	6,818
Gross profit(ii)	$ 57,221	$ 55,105	$ 32,335
Tonnes of ore milled	1,124,014	967,990	869,568
Gold – grams per tonne	2.07	2.10	2.27
Gold production – ounces	70,788	61,674	59,830
Silver production – thousands of ounces	14	12	12
Production costs per ounce of gold produced ($ per ounce basis)	$ 796	$ 777	$ 689
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 794	$ 759	$ 725
By-product metal revenues	(4)	(4)	(3)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 790	$ 755	$ 722
Production costs per tonne	C$ 63	C$ 66	C$ 63
Minesite costs per tonne(iv)	C$ 65	C$ 65	C$ 66

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

	2021	2020	2019
LaRonde Complex			
Revenues from mining operations	$ 775,813	$ 655,108	$ 632,569
Production costs	288,772	217,723	256,224
Operating margin(i)	$ 487,041	$ 437,385	$ 376,345
Amortization of property, plant and mine development	97,332	83,153	90,506
Gross profit(ii)	$ 389,709	$ 354,232	$ 285,839
Tonnes of ore milled	2,961,324	2,674,436	2,926,755
Gold – grams per tonne	4.20	4.29	4.51
Gold production – ounces	379,734	349,913	402,984
Silver production – thousands of ounces	738	684	895
Zinc production – tonnes	8,837	6,259	13,161
Copper production – tonnes	2,955	3,069	3,397
Production costs per ounce of gold produced ($ per ounce basis):	$ 760	$ 622	$ 636
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 732	$ 664	$ 670
By-product metal revenues	(197)	(147)	(167)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 535	$ 517	$ 503
Production costs per tonne	C$ 122	C$ 109	C$ 116
Minesite costs per tonne(iv)	C$ 112	C$ 105	C$ 108
Lapa mine			
Revenues from mining operations	$ –	$ –	$ 4,877
Production costs	–	–	2,844
Operating margin(i)	$ –	$ –	$ 2,033
Amortization of property, plant and mine development	–	–	30
Gross profit(ii)	$ –	$ –	$ 2,003
Tonnes of ore milled	–	–	–
Gold – grams per tonne	–	–	–
Gold production – ounces	–	–	5
Production costs per ounce of gold produced ($ per ounce basis):	$ –	$ –	$ –
Total cash costs per ounce of gold produced – co-product basis(iii)(v)	$ –	$ –	$ –
By-product metal revenues	–	–	–
Total cash costs per ounce of gold produced – by-product basis(iii)(v)	$ –	$ –	$ –
Production costs per tonne	C$ –	C$ –	C$ –
Minesite costs per tonne(iv)	C$ –	C$ –	C$ –

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

	2021	2020	2019
Goldex mine			
Revenues from mining operations	$ 241,404	$ 227,181	$ 197,020
Production costs	96,181	82,654	82,533
Operating margin(i)	$ 145,223	$ 144,527	$ 114,487
Amortization of property, plant and mine development	37,432	36,116	43,452
Gross profit(ii)	$ 107,791	$ 108,411	$ 71,035
Tonnes of ore milled	2,873,589	2,654,677	2,784,524
Gold – grams per tonne	1.60	1.64	1.71
Gold production – ounces	134,053	127,540	140,884
Production costs per ounce of gold produced ($ per ounce basis):	$ 717	$ 648	$ 586
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 684	$ 634	$ 584
By-product metal revenues	–	–	–
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 684	$ 634	$ 584
Production costs per tonne	C$ 42	C$ 41	C$ 39
Minesite costs per tonne(iv)	C$ 42	C$ 41	C$ 39
Meadowbank Complex			
Revenues from mining operations	$ 589,769	$ 366,743	$ 221,652
Production costs	406,489	284,976	180,848
Operating margin(i)	$ 183,280	$ 81,767	$ 40,804
Amortization of property, plant and mine development	111,508	70,015	64,285
Gross profit(ii)	$ 71,772	$ 11,752	$ (23,481)
Tonnes of ore milled	3,570,491	2,602,827	2,750,306
Gold – grams per tonne	3.07	2.72	2.35
Gold production – ounces	324,808	209,413	193,489
Silver production – thousands of ounces	94	63	86
Production costs per ounce of gold produced ($ per ounce basis):	$ 1,259	$ 1,436	$ 1,143
Total cash costs per ounce of gold produced – co-product basis(iii)(vi)	$ 1,209	$ 1,411	$ 1,161
By-product metal revenues	(8)	(7)	(9)
Total cash costs per ounce of gold produced – by-product basis(iii)(vi)	$ 1,201	$ 1,404	$ 1,152
Production costs per tonne	C$ 144	C$ 154	C$ 101
Minesite costs per tonne(iv)(vii)	C$ 143	C$ 148	C$ 103

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

	2021	2020	2019
Meliadine mine			
Revenues from mining operations	$ 636,085	$ 569,063	$ 270,258
Production costs	236,763	245,700	142,932
Operating margin(i)	$ 399,322	$ 323,363	$ 127,326
Amortization of property, plant and mine development	110,819	108,958	48,901
Gross profit(ii)	$ 288,503	$ 214,405	$ 78,425
Tonnes of ore milled	1,714,892	1,395,298	1,036,746
Gold – grams per tonne	7.37	7.35	7.60
Gold production – ounces	391,687	318,889	238,394
Silver production – thousands of ounces	30	27	18
Production costs per ounce of gold produced ($ per ounce basis):	$ 644	$ 786	$ 748
Total cash costs per ounce of gold produced – co-product basis(iii)(viii)	$ 637	$ 776	$ 750
By-product metal revenues	(3)	(2)	(2)
Total cash costs per ounce of gold produced – by-product basis(iii)(viii)	$ 634	$ 774	$ 748
Production costs per tonne	C$ 199	C$ 244	C$ 244
Minesite costs per tonne(iv)(ix)	C$ 206	C$ 240	C$ 246
Hope Bay Mine			
Revenues from mining operations	$ 115,439	$ –	$ –
Production costs	83,118	–	–
Operating margin(i)	$ 32,321	$ –	$ –
Amortization of property, plant and mine development	11,238	–	–
Gross profit(ii)	$ 21,083	$ –	$ –
Tonnes of ore milled	227,739	–	–
Gold – grams per tonne	8.42	–	–
Gold production – ounces	56,229	–	–
Silver production – thousands of ounces	4	–	–
Production costs per ounce of gold produced ($ per ounce basis):	$ 1,478	$ –	$ –
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 1,064	$ –	$ –
By-product metal revenues	(1)	–	–
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 1,063	$ –	$ –
Production costs per tonne	C$ 457	C$ –	C$ –
Minesite costs per tonne(iv)	C$ 326	C$ –	C$ –

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

	2021	2020	2019
Canadian Malartic mine(x)			
Revenues from mining operations	$ 645,607	$ 478,542	$ 466,317
Production costs	242,589	195,312	208,178
Operating margin(i)	$ 403,018	$ 283,230	$ 258,139
Amortization of property, plant and mine development	167,157	132,531	119,822
Gross profit(ii)	$ 235,861	$ 150,699	$ 138,317
Tonnes of ore milled	11,130,195	10,399,883	10,524,531
Gold – grams per tonne	1.11	0.97	1.11
Gold production – ounces	357,392	284,317	334,596
Silver production – thousands of ounces	290	348	421
Production costs per ounce of gold produced ($ per ounce basis):	$ 679	$ 736	$ 628
Total cash costs per ounce of gold produced – co-product basis(iii)(xi)	$ 684	$ 750	$ 626
By-product metal revenues	(21)	(27)	(20)
Total cash costs per ounce of gold produced – by-product basis(iii)(xi)	$ 663	$ 723	$ 606
Production costs per tonne	C$ 28	C$ 27	C$ 26
Minesite costs per tonne(iv)(xii)	C$ 28	C$ 27	C$ 26
Kittila mine			
Revenues from mining operations	$ 414,656	$ 372,132	$ 260,323
Production costs	192,742	169,884	142,517
Operating margin(i)	$ 221,914	$ 202,248	$ 117,806
Amortization of property, plant and mine development	90,715	70,530	56,085
Gross profit(ii)	$ 131,199	$ 131,718	$ 61,721
Tonnes of ore milled	2,051,918	1,701,511	1,590,902
Gold – grams per tonne	4.19	4.38	4.15
Gold production – ounces	239,240	208,125	186,101
Silver production – thousands of ounces	11	11	13
Production costs per ounce of gold produced ($ per ounce basis):	$ 806	$ 816	$ 766
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 836	$ 806	$ 737
By-product metal revenues	(1)	(1)	(1)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 835	$ 805	$ 736
Production costs per tonne	€ 80	€ 87	€ 80
Minesite costs per tonne(iv)	€ 82	€ 86	€ 76

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

	2021	2020	2019
Pinos Altos mine			
Revenues from mining operations	$ 259,446	$ 244,283	$ 249,577
Production costs	141,488	124,678	130,190
Operating margin(i)	$ 117,958	$ 119,605	$ 119,387
Amortization of property, plant and mine development	61,268	65,401	58,302
Gross profit(ii)	$ 56,690	$ 54,204	$ 61,085
Tonnes of ore processed	1,899,477	1,796,317	2,006,652
Gold – grams per tonne processed at the mill	2.20	2.25	2.65
Gold production – ounces	126,932	114,798	155,124
Silver production – thousands of ounces	1,285	1,607	2,161
Production costs per ounce of gold produced ($ per ounce basis):	$ 1,115	$ 1,086	$ 839
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 1,110	$ 1,050	$ 867
By-product metal revenues	(252)	(301)	(228)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 858	$ 749	$ 639
Production costs per tonne	$ 75	$ 69	$ 65
Minesite costs per tonne(iv)	$ 75	$ 66	$ 66
Creston Mascota mine			
Revenues from mining operations	$ 27,784	$ 77,762	$ 78,023
Production costs	8,165	35,088	35,801
Operating margin(i)	$ 19,619	$ 42,674	$ 42,222
Amortization of property, plant and mine development	334	14,577	18,538
Gross profit(ii)	$ 19,285	$ 28,097	$ 23,684
Tonnes of ore processed	–	525,650	1,066,907
Gold – grams per tonne	–	2.00	1.87
Gold production – ounces	12,801	38,599	48,380
Silver production – thousands of ounces	105	558	580
Production costs per ounce of gold produced ($ per ounce basis):	$ 638	$ 909	$ 740
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 636	$ 867	$ 754
By-product metal revenues	(228)	(262)	(200)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 408	$ 605	$ 554
Production costs per tonne	$ –	$ 67	$ 34
Minesite costs per tonne(iv)(xiii)	$ –	$ 54	$ 33

AGNICO EAGLE MINES LIMITED
THREE YEAR FINANCIAL AND OPERATING SUMMARY

(thousands of United States dollars, except where noted)

	2021	2020	2019
La India mine			
Revenues from mining operations	$ 117,875	$ 147,299	$ 114,276
Production costs	60,381	68,137	65,638
Operating margin(i)	$ 57,494	$ 79,162	$ 48,638
Amortization of property, plant and mine development	45,910	44,671	40,591
Gross profit(ii)	$ 11,584	$ 34,491	$ 8,047
Tonnes of ore processed	6,018,341	5,525,514	5,402,415
Gold – grams per tonne	0.56	0.67	0.68
Gold production – ounces	63,529	84,974	82,190
Silver production – thousands of ounces	48	65	133
Production costs per ounce of gold produced ($ per ounce basis):	$ 950	$ 802	$ 799
Total cash costs per ounce of gold produced – co-product basis(iii)	$ 959	$ 803	$ 849
By-product metal revenues	(20)	(15)	(26)
Total cash costs per ounce of gold produced – by-product basis(iii)	$ 939	$ 788	$ 823
Production costs per tonne	$ 10	$ 12	$ 12
Minesite costs per tonne(iv)	$ 10	$ 12	$ 13

Notes:

(i) Operating margin is calculated as revenues from mining operations less production costs.

(ii) Gross profit is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Gross profit is calculated by deducting amortization of property plant and mine development from operating margin. The measure represents the amount of revenues in excess of production costs and amortization of property plant and mine development and is used by management to assess past operational profitability and performance of the mining operations. Management also uses these measures to, and believes it is useful to investors so they can monitor the performance of the Company's mining operations. Management is aware, and investors should note, that the gross profit measure of performance can be impacted by fluctuations in processing levels, costs of gold produced and metal prices, management compensates for this inherent limitation by using this measure in conjunction with conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Refer to "*Note to Investors Concerning Certain Measures of Performance*" and "*Non-GAAP Financial Performance Measures – Operating Margin"* in this MD&A for additional details.

(iii) The total cash costs per ounce of gold produced is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. The total cash costs per ounce of gold produced is reported on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (without deducting by-product metal revenues). The total cash costs per ounce of gold produced on a by-product basis is calculated by adjusting production costs as recorded in the consolidated statements of income for by-product revenues, inventory production costs and other adjustments, which include smelting, refining and marketing charges , and then dividing by the number of ounces of gold produced, excluding the ounces produced before the achievement of commercial production. The total cash costs per ounce of gold produced on a co-product basis is calculated in the same manner as the total cash costs per ounce of gold produced on a by-product basis, except that no adjustment is made for by-product metal revenues. Accordingly, the calculation of total cash costs per ounce of gold produced on a co-product basis does not reflect a reduction in production costs or smelting, refining and marketing charges associated with the production and sale of by-product metals. The total cash costs per ounce of gold produced is intended to provide information about the cash-generating capabilities of the Company's mining operations. Management also uses these measures to, and believes it is useful to investors so they can 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, and investors should note, 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, and investors should also consider, these measures in conjunction with minesite costs per tonne as well as other data prepared in accordance with IFRS. Management also performs sensitivity analysis in order to quantify the effects of fluctuating metal prices and exchange rates. Refer to "*Note to Investors Concerning Certain Measures of Performance*" and "*Non-GAAP Financial Performance Measures – Total Cash Costs Per Ounce of Gold Produced and Minesite Costs per Tonne"* in this MD&A for additional details.

(iv) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. Minesite costs per tonne are calculated by adjusting production costs as recorded in the consolidated statements of income for inventory production costs and other adjustments, and then dividing by tonnes of ore processed , excluding the tonnes processed before the achievement of commercial production. As the total cash costs per ounce of gold produced can be affected by fluctuations in by-product metal prices and foreign exchange rates, management believes that minesite costs per tonne provide additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware, and investors should note, 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. Refer to "*Note to Investors Concerning Certain Measures of Performance*" and "*Non-GAAP Financial Performance Measures – Total Cash Costs Per Ounce of Gold Produced and Minesite Costs per Tonne"* in this MD&A for additional details.

(v) The Lapa mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude five ounces of payable production of gold, which were credited to the Company as a result of final refining reconciliation following the cessation of mining and processing operations at the site.

(vi) The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2021 exclude 1,956 ounces of payable production which were produced during this period as commercial production at the Amaruq underground project has not yet been achieved. The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 10,995 ounces of payable production of gold which were produced prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 35,281 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.

(vii) The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2021 exclude 14,299 tonnes of ore from the Amaruq underground project which were processed during this period as commercial production at the Amaruq underground project has not yet been achieved. The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2020 exclude 121,317 tonnes which were processed prior to the achievement of commercial production at the IVR deposit on December 31, 2020. The Meadowbank Complex's cost calculations per tonne for the year ended December 31, 2019 exclude 369,519 tonnes which were processed prior to the achievement of commercial production at the Amaruq satellite deposit on September 30, 2019.

(viii) The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2021 exclude 24,057 ounces of payable gold production which were produced prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 6,491 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Tiriganiaq open pit on August 15, 2021. The Meliadine mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 47,281 ounces of payable production of gold which were produced prior to the achievement of commercial production on May 14, 2019.

(ix) The Meliadine mine's cost calculations per tonne for the year ended December 31, 2021 exclude 213,867 tonnes of ore from the Tiriganiaq open pit deposit which were processed prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per tonne for the year ended December 31, 2020 exclude 49,504 tonnes which were processed during this period prior to the achievement of commercial production at the Tiriganiaq open pit deposit on August 15, 2021. The Meliadine mine's cost calculations per tonne for the year ended December 31, 2019 exclude 263,749 tonnes which were processed prior to the achievement of commercial production on May 14, 2019.

(x) The information set out in this table reflects the Company's 50% interest in the Canadian Malartic mine.

(xi) The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2020 exclude 18,930 ounces of payable production of gold, which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per ounce of gold produced for the year ended December 31, 2019 exclude 3,137 ounces of payable production of gold which were produced prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.

(xii) The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2020 exclude 731,309 tonnes, which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020. The Canadian Malartic mine's cost calculations per tonne for the year ended December 31, 2019 exclude 133,615 tonnes which were processed prior to the achievement of commercial production at the Barnat deposit on September 30, 2020.

(xiii) The Creston Mascota mine's cost calculation per tonne for the year ended December 31, 2021 exclude approximately $7.8 million of production costs incurred during the year ended December 31, 2021 following the cessation of mining activities at the Bravo pit during the third quarter of 2020. The Creston Mascota mine's cost calculation per tonne for the year ended December 31, 2020 exclude approximately $4.4 million of production costs incurred during the three months ended December 31, 2020 following the cessation of mining activities at the Bravo pit during the third quarter of 2020.

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Annual Audited Consolidated Financial Statements

(Prepared in accordance with International Financial Reporting Standards)

AGNICO EAGLE

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, the Company's management used the criteria outlined by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework issued in 2013. Based on its assessment, management concluded that, as of December 31, 2021, the Company's internal control over financial reporting was effective.

The Company acquired TMAC Resources Inc. ("TMAC") during the year ended December 31, 2021. The financial information for this acquisition is included in Note 5 to the consolidated financial statements. The CSA's National Instrument 52-109 and the SEC staff provide an exemption whereby companies undergoing acquisitions can exclude the acquired business in the year of acquisition from the scope of testing and assessment of design and operational effectiveness of internal controls over financial reporting. Due to the complexity associated with assessing internal controls during integration efforts, the Company plans to utilize the scope exemption as it relates to this acquisition in its assessment of and conclusion on the effectiveness of internal controls over financial reporting for the year ending December 31, 2021.

The tables below set out summary financial information for TMAC included in the Company's consolidated financial statements:

(in thousands of United States dollars)	**Year Ended December 31, 2021**
Revenues from mining operations	$115,439
Income before income and mining taxes	6,868

	As at December 31, 2021
Total assets	$461,467
Total liabilities	62,727
Total net assets	$398,740

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report that appears herein.

Toronto, Canada
March 24, 2022

By /s/ AMMAR AL-JOUNDI

Ammar Al-Joundi
President and Chief Executive Officer

By /s/ DAVID SMITH

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Agnico Eagle Mines Limited (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB"), the Company's internal control over financial reporting as of December 31, 2021, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 24, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical audit matter

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

	Goodwill impairment assessment
Description of the Matter	At December 31, 2021, the carrying value of goodwill was $407.8 million. The Company's impairment test with regard to the Canadian Malartic cash generating unit ("CGU"), which contains $347.8 million of goodwill, required management to make significant assumptions in determining the recoverable amount, such as gold price, discount rate, and rate of conversion from resources to reserves. The Company discloses significant judgements, estimates and assumptions in respect of impairment in Note 4 to the consolidated financial statements and the results of their analysis in Note 24.

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

How We Addressed the Matter in Our Audit	Our procedures included obtaining an understanding, evaluating the design and testing the operating effectiveness of controls over the Company's impairment and mineralization processes. Our procedures also included, amongst others, involving professionals with specialized skills and knowledge to evaluate the discount rate against current industry and economic trends and company-specific risk premiums, compare gold prices against market data, including a range of analyst forecasts, and perform sensitivity analyses over these assumptions to assess the impact on the recoverable amount of the Canadian Malartic CGU. We tested the completeness, accuracy, and relevance of underlying data used in the Company's models. The work of management's specialists was used in performing the procedures to evaluate the reasonableness of mineralization estimates and the expected conversions of resources to reserves. To evaluate the estimates of reserves, resources and exploration potential used in the impairment analysis, we reviewed the economic assumptions used in establishing cut-off grades for reserve and resource estimates. We involved internal specialists to assist in understanding and evaluating the factors that affected the Company's estimated conversion of mineral resources and exploration potential into reserves. To test estimates of the fair value of mineralization in excess of the life of mine plan, we involved internal specialists to assist in reviewing the valuation methods selected by management for each area of mineralization, which was based on each deposit's characteristics. Where an income approach was employed, we inspected and evaluated management's analysis supporting the anticipated economics.

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

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

Toronto, Canada
March 24, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited Agnico Eagle Mines Limited's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, Agnico Eagle Mines Limited (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

As indicated in the accompanying Management Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of TMAC Resources Inc. ("TMAC"), which is included in the 2021 consolidated financial statements of the Company and constituted $461,467 and $398,740 of total and net assets, respectively, as of December 31, 2021 and $115,439 of revenues from mining operations for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of TMAC.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, equity and cash flows for the years then ended, and the related notes and our report dated March 24, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2022

AGNICO EAGLE MINES LIMITED
CONSOLIDATED BALANCE SHEETS

(thousands of United States dollars, except share amounts)

	As at December 31, 2021	As at December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 185,786	$ 402,527
Short-term investments	5,288	3,936
Trade receivables (Notes 6 and 19)	13,545	11,867
Inventories (Note 7)	878,944	630,474
Income taxes recoverable	7,674	3,656
Fair value of derivative financial instruments (Notes 6 and 21)	12,305	35,516
Other current assets (Note 8A)	198,846	159,212
Total current assets	1,302,388	1,247,188
Non-current assets:		
Goodwill (Notes 23 and 24)	407,792	407,792
Property, plant and mine development (Notes 9 and 13)	7,646,281	7,325,418
Investments (Notes 6, 10 and 21)	343,509	375,103
Deferred income tax asset (Note 25)	133,608	–
Other assets (Note 8B)	353,198	259,254
Total assets	$10,186,776	$9,614,755
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (Note 11)	$ 414,673	$ 363,801
Reclamation provision (Note 12)	7,547	15,270
Interest payable	12,303	12,184
Income taxes payable (Note 25)	47,213	102,687
Lease obligations (Note 13)	32,988	20,852
Current portion of long-term debt (Note 14)	225,000	–
Fair value of derivative financial instruments (Notes 6 and 21)	22,089	904
Total current liabilities	761,813	515,698
Non-current liabilities:		
Long-term debt (Note 14)	1,340,223	1,565,241
Lease obligations (Note 13)	98,445	99,423
Reclamation provision (Note 12)	722,449	651,783
Deferred income and mining tax liabilities (Note 25)	1,212,750	1,036,061
Other liabilities (Note 15)	70,261	63,336
Total liabilities	4,205,941	3,931,542
EQUITY		
Common shares (Note 16):		
Outstanding – 245,435,804 common shares issued, less 433,947 shares held in trust	5,863,512	5,751,479
Stock options (Notes 16 and 17)	191,112	175,640
Contributed surplus	37,254	37,254
Deficit	(165,319)	(366,412)
Other reserves (Note 18)	54,276	85,252
Total equity	5,980,835	5,683,213
Total liabilities and equity	$10,186,776	$9,614,755
Commitments and contingencies (Note 27)		

On behalf of the Board:

Ammar Al-Joundi, Director

Jeffrey Parr, Director

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF INCOME

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

	Year Ended December 31,	
	2021	2020
REVENUES		
Revenues from mining operations (Note 19)	$3,823,878	$3,138,113
COSTS AND EXPENSES		
Production[(i)]	1,756,688	1,424,152
Exploration and corporate development	152,514	113,492
Amortization of property, plant and mine development (Note 9)	738,129	631,101
General and administrative	142,003	116,288
Finance costs (Note 14)	92,042	95,134
Loss (gain) on derivative financial instruments (Note 21)	11,103	(107,873)
Environmental remediation (Note 12)	576	27,540
Foreign currency translation loss	5,672	22,480
Other expenses (Note 22)	21,742	48,234
Income before income and mining taxes	903,409	767,565
Income and mining taxes expense (Note 25)	360,400	255,958
Net income for the year	$ 543,009	$ 511,607
Net income per share – basic (Note 16)	$ 2.23	$ 2.12
Net income per share – diluted (Note 16)	$ 2.22	$ 2.10
Cash dividends declared per common share	$ 1.40	$ 0.95

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

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(thousands of United States dollars)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net income for the year	$543,009	$511,607
Other comprehensive income:		
Items that may be subsequently reclassified to net income:		
Derivative financial instruments (Note 18):		
Cash flow hedge reserve	–	(12,823)
Reclassified from the cash flow hedge reserve to net income	1,175	859
	1,175	(11,964)
Items that will not be subsequently reclassified to net income:		
Pension benefit obligations:		
Remeasurement gain (loss) on pension benefit obligations (Note 15)	4,533	(2,721)
Income tax impact	(1,412)	812
Equity securities (Note 18):		
Net change in fair value of equity securities	(42,162)	157,672
Income tax impact	4,954	(12,534)
	(34,087)	143,229
Other comprehensive (loss) income for the year	(32,912)	131,265
Comprehensive income for the year	$510,097	$642,872

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF EQUITY

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

	Common Shares Outstanding						
	Shares	Amount	Stock Options	Contributed Surplus	Deficit	Other Reserves	Total Equity
Balance at December 31, 2019	239,619,035	$5,589,352	$180,160	$37,254	$(647,330)	$ (47,922)	$5,111,514
Net income	–	–	–	–	511,607	–	511,607
Other comprehensive (loss) income	–	–	–	–	(1,909)	133,174	131,265
Total comprehensive income	–	–	–	–	509,698	133,174	642,872
Transactions with owners:							
Shares issued under employee stock option plan (Notes 16 and 17A)	2,170,460	110,928	(20,432)	–	–	–	90,496
Stock options (Notes 16 and 17A)	–	–	15,912	–	–	–	15,912
Shares issued under incentive share purchase plan (Note 17B)	351,086	20,740	–	–	–	–	20,740
Shares issued under dividend reinvestment plan	611,859	38,524	–	–	–	–	38,524
Dividends declared ($0.95 per share)	–	–	–	–	(228,780)	–	(228,780)
Restricted Share Unit plan, Performance Share Unit plan, and Long Term Incentive Plan (Notes 16 and 17C,D)	131,874	(8,065)	–	–	–	–	(8,065)
Balance at December 31, 2020	242,884,314	$5,751,479	$175,640	$37,254	$(366,412)	$ 85,252	$5,683,213
Net income	–	–	–	–	543,009	–	543,009
Other comprehensive income (loss)	–	–	–	–	3,121	(36,033)	(32,912)
Total comprehensive income (loss)	–	–	–	–	546,130	(36,033)	510,097
Transfer of loss on disposal of equity securities to deficit (Note 10)	–	–	–	–	(5,057)	5,057	–
Transactions with owners:							
Shares issued under employee stock option plan (Notes 16 and 17A)	471,765	26,417	(4,710)	–	–	–	21,707
Stock options (Notes 16 and 17A)	–	–	20,182	–	–	–	20,182
Shares issued under incentive share purchase plan (Note 17B)	497,767	27,479	–	–	–	–	27,479
Shares issued under dividend reinvestment plan	1,165,077	64,891	–	–	–	–	64,891
Dividends declared ($1.40 per share)	–	–	–	–	(339,980)	–	(339,980)
Restricted Share Unit plan, Performance Share Unit plan, and Long Term Incentive Plan (Notes 16 and 17C,D)	(17,066)	(6,754)	–	–	–	–	(6,754)
Balance at December 31, 2021	245,001,857	$5,863,512	$191,112	$37,254	$(165,319)	$ 54,276	$5,980,835

See accompanying notes

AGNICO EAGLE MINES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of United States dollars)

	Year Ended December 31, 2021	2020
OPERATING ACTIVITIES		
Net income for the year	$ 543,009	$ 511,607
Add (deduct) adjusting items:		
Amortization of property, plant and mine development (Note 9)	738,129	631,101
Deferred income and mining taxes (Note 25)	178,588	75,756
Unrealized loss (gain) on currency and commodity derivatives (Note 21)	44,396	(30,079)
Unrealized loss (gain) on warrants (Note 21)	16,736	(82,003)
Stock-based compensation (Note 17)	57,799	54,486
Foreign currency translation loss	5,672	22,480
Other	12,868	27,781
Changes in non-cash working capital balances:		
Trade receivables	(1,678)	(3,547)
Income taxes	(62,424)	77,922
Inventories	(185,090)	(82,949)
Other current assets	(31,353)	198
Accounts payable and accrued liabilities	(75)	(5,522)
Interest payable	(583)	(5,177)
Cash provided by operating activities	1,315,994	1,192,054
INVESTING ACTIVITIES		
Additions to property, plant and mine development (Note 9)	(867,684)	(759,342)
Acquisition of TMAC, net of cash and cash equivalents (Note 5)	(185,898)	–
Advance to TMAC to fund repayment of debt (Note 5)	(105,000)	–
Payment to repurchase the Hope Bay royalty (Note 5)	(50,000)	–
Proceeds from sale of property, plant and mine development (Note 9)	2,696	936
Net (purchases) sales of short-term investments	(1,352)	2,069
Net proceeds from sale of equity securities	5,361	8,759
Purchases of equity securities and other investments	(39,889)	(45,234)
Payments for financial assets at amortized cost	(16,000)	(16,000)
Decrease in restricted cash	23,077	–
Cash used in investing activities	(1,234,689)	(808,812)
FINANCING ACTIVITIES		
Proceeds from Credit Facility (Note 14)	595,000	1,075,000
Repayment of Credit Facility (Note 14)	(595,000)	(1,075,000)
Proceeds from Senior Notes issuance (Note 14)	–	200,000
Repayment of Senior Notes (Note 14)	–	(360,000)
Long-term debt financing costs (Note 14)	(2,553)	(1,597)
Repayment of lease obligations	(25,020)	(15,870)
Dividends paid	(275,158)	(190,255)
Repurchase of common shares for stock-based compensation plans (Notes 16 and 17C,D)	(34,606)	(39,622)
Proceeds on exercise of stock options (Note 17A)	21,707	90,656
Common shares issued (Note 16)	18,388	13,866
Cash used in financing activities	(297,242)	(302,822)
Effect of exchange rate changes on cash and cash equivalents	(804)	210
Net (decrease) increase in cash and cash equivalents during the year	(216,741)	80,630
Cash and cash equivalents, beginning of year	402,527	321,897
Cash and cash equivalents, end of year	$ 185,786	$ 402,527
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 85,109	$ 95,119
Income and mining taxes paid	$ 246,084	$ 110,851

See accompanying notes

1. CORPORATE INFORMATION

Agnico Eagle Mines Limited ("Agnico Eagle" or the "Company") is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development. The Company's mining operations are located in Canada, Mexico and Finland and the Company has exploration activities in Canada, Europe, Latin America and the United States. Agnico Eagle is a public company incorporated under the laws of the Province of Ontario, Canada with its head and registered office located at 145 King Street East, Suite 400, Toronto, Ontario, M5C 2Y7. The Company's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange. Agnico Eagle sells its gold production into the world market. On February 8, 2022, the Company completed the acquisition of Kirkland Lake Gold Ltd. ("Kirkland") (Note 28).

2. BASIS OF PRESENTATION

A) Statement of Compliance

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

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company (the "Board") on March 24, 2022.

B) Basis of Presentation

Overview

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

Subsidiaries

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

Joint Arrangements

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) *Business Combinations*

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

B) *Foreign Currency Translation*

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

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

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

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

C) *Cash and Cash Equivalents*

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

D) *Short-term Investments*

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

E) *Inventories*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

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

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

F) Financial Instruments

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

Equity Securities

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

Derivative Instruments and Hedge Accounting

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Expected Credit Loss Impairment Model

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

G) Goodwill

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

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

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

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

Mining Properties

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

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

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

Plant and Equipment

Expenditures for new facilities and improvements that can extend the useful lives of existing facilities are capitalized as plant and equipment at cost. The cost of an item of plant and equipment includes: its purchase

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and the estimate of the costs of dismantling and removing the item and restoring the site on which it is located other than costs that arise as a consequence of having used the item to produce inventories during the period.

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

Amortization of an asset begins when the asset is in the location and condition necessary for it to operate in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale or the date the asset is derecognized. Assets under construction are not amortized until the earlier of the end of the construction period or once commercial production is achieved. Amortization is charged according to either the units-of-production method or on a straight line basis, according to the pattern in which the asset's future economic benefits are expected to be consumed. Amortization does not cease when an asset becomes idle or is retired from active use unless the asset is fully amortized; however, under the units-of-production method of amortization, the amortization charge can be zero when there is no production. The amortization method applied to an asset is reviewed at least annually.

Useful lives of property, plant and equipment are based on the lesser of the estimated mine lives as determined by proven and probable mineral reserves and the mineral resources included in the current life of mine plan and the estimated useful life of the asset. Remaining mine lives at December 31, 2021 range from an estimated 3 to 13 years.

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

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

Mine Development Costs

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Stripping

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

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

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

Production stage stripping costs provide a future economic benefit when:

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

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

Borrowing Costs

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

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

l) Leases

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

J) Development Stage Expenditures

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

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

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

Commercial Production

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

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

When a mine construction project moves into the production stage, amortization commences, the capitalization of certain mine construction costs ceases and expenditures are either capitalized to inventories or expensed as

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

incurred. Exceptions include costs incurred for additions or improvements to property, plant and mine development and open-pit stripping activities.

K) *Impairment and Impairment Reversal of Long-lived Assets*

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

Any impairment charge that is taken on a long-lived asset other than goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, the recoverable amount of the asset is calculated in order to determine if any impairment reversal is required. A recovery is recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. The impairment reversal is allocated on a pro-rata basis to the existing long-lived assets of the CGU based on their carrying amounts. Impairment reversals are recorded in the consolidated statements of income in the period in which they occur.

L) *Debt*

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

M) *Reclamation Provisions*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Environmental remediation liabilities ("ERLs") are differentiated from AROs in that ERLs do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal or constructive obligation to treat environmental contamination resulting from the acquisition, construction or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the value of the ERL. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of income. Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERL in the consolidated statements of income.

N) Post-employment Benefits

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Defined Contribution Plan

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

Defined Benefit Plan

Plan assets are measured at their fair value at the consolidated balance sheet date and are deducted from the present value of plan liabilities to arrive at a net defined benefit liability/asset. The defined benefit obligation reflects the expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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

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

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

O) *Contingent Liabilities and Other Provisions*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P) Stock-based Compensation

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

Employee Stock Option Plan ("ESOP")

The Company's ESOP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of income or in the consolidated balance sheets if capitalized as part of property, plant and mine development over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

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

Incentive Share Purchase Plan ("ISPP")

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

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

Restricted Share Unit ("RSU") Plan

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

Performance Share Unit ("PSU") Plan

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q) Revenue from Contracts with Customers

Gold and Silver

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

The Company recognizes revenue from these sales when control of the gold or silver has transferred to the customer. This is generally at the point in time when the gold or silver is credited to the metal account of the customer. Once the gold or silver has been credited to the customer's metal account, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the gold or silver; therefore, the customer is able to direct the use of and obtain substantially all of the remaining benefits from the gold or silver.

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

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

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

Metal Concentrates

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

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

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

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

R) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition.

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

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

S) Net Income Per Share

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

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

T) Income Taxes

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

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

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

Deferred taxes are not recognized in the following circumstances:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

U) Comparative Figures

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

Recently Issued Accounting Pronouncements

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

In May 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment that clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and mine development to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of property, plant and mine development while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the consolidated statements of income. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The amendments apply retrospectively, but only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. Adoption of the standard on the effective date and applying it retrospectively to the fiscal year beginning January 1, 2021 will result in a restatement to increase revenue from mining operations from the sale of pre-commercial gold production in 2021 by approximately $45.7 million and related production costs by approximately $16.7 million, with a corresponding net increase in the cost of property plant and mine development of approximately $29.0 million.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Uncertainty due to the COVID-19 Pandemic

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

Inputs and assumptions relate to, among other things, interest rates, foreign exchange rates, cost of capital, commodity prices, and the amount and timing of future cash flows, while accounting judgments take into consideration the business and economic uncertainties related to the COVID-19 pandemic and the future response of governments, the Company and others to those uncertainties. In the current environment, the inputs, assumptions and judgements are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions made

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

by management as they relate to potential impact of the COVID-19 pandemic on various financial accounts and note disclosures and could lead to a material adjustment to the carrying value of the assets or liabilities affected. The impact of current uncertainty on judgments, estimates and assumptions includes the Company's valuation of the long-term assets (including the assessment for impairment and impairment reversal), estimation of reclamation provisions, estimation of mineral reserves and mineral resources, and estimation of income and mining taxes. Actual results may differ materially from these estimates.

Impairment and Impairment Reversals

The Company evaluates each asset or CGU (excluding goodwill, which is assessed for impairment annually regardless of indicators and is not eligible for impairment reversals) in each reporting period to determine if any indicators of impairment or impairment reversal exist. When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions with respect to items such as future production levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, amounts of recoverable reserves, mineral resources and exploration potential and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history of the asset or CGU. Judgment is also required in determining the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited or no comprehensive economic study has been completed. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Accordingly, it is possible that some or the entire carrying amount of the assets or CGUs may be further impaired or the impairment charge reversed with the impact recognized in the consolidated statements of income.

Mineral Reserve and Mineral Resource Estimates

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

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

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

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Exploration and Evaluation Expenditures

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

Production Stage of a Mine

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

Contingencies

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

Reclamation Provisions

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

Business Combinations

Business combinations are accounted for using the acquisition method of accounting. The allocation of the purchase price requires estimates as to the fair value of acquired assets and liabilities. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates, including but not limited to the most appropriate valuation methodology, estimates of mineral reserves and mineral resources and exploration potential of the assets acquired, value of resources outside LOM plans including assumptions for market values per ounce, future production levels, future operating costs, capital expenditures and closure costs, discount rates, future metal prices and long term foreign exchange rates. Changes to the preliminary measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date. Refer to note 5 for further details on acquisitions.

Income and Mining Taxes

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

Amortization

Property, plant and mine development comprise a large portion of the Company's total assets and as such the amortization of these assets has a significant effect on the Company's consolidated financial statements. Amortization is charged

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

according to the pattern in which an asset's future economic benefits are expected to be consumed. The determination of this pattern of future economic benefits requires management to make estimates and assumptions about useful lives and residual values at the end of the asset's useful life. Actual useful lives and residual values may differ significantly from current assumptions.

Leases

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

Development Stage Expenditures

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

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

- The level of geological certainty of the mineral deposit;
- Life of mine plans or economic models to support the economic extraction of reserves and mineral resources;
- A preliminary economic assessment, prefeasibility study or feasibility study that demonstrates the reserves and mineral resources will generate a positive commercial outcome;
- Reasonable expectations that operating permits will be obtained; and
- Approval by the Board of development of the project.

Joint Arrangements

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

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

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

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

5. ACQUISITION

TMAC

On February 2, 2021, the Company completed the acquisition of all the issued and outstanding common shares and equity instruments exchangeable for common shares of TMAC under a plan of arrangement pursuant to the *Business Corporations Act* (Ontario). TMAC owned and operated the Hope Bay mine, and also owned exploration properties in the Kitikmeot region of Nunavut.

Management determined that the assets and processes comprised a business and therefore accounted for the transaction as a business combination using the acquisition method of accounting. The aggregate purchase consideration for the acquired assets, net of the liabilities assumed is as follows:

Purchase of TMAC common shares for C$2.20 per share	$225,580

A fair value approach was applied by management in developing estimates of the amounts of identifiable assets of TMAC acquired and liabilities assumed. These estimates of fair value have now been finalized and adjusted retrospectively to the acquisition date, as all relevant information about facts and circumstances that existed at the acquisition date have been received.

The following table sets out the allocation of the purchase price to the assets acquired and liabilities assumed based on management's previously reported preliminary estimates and adjusted final estimates of fair value.

	Preliminary(i)	Adjustments	Adjusted Final
Cash and cash equivalents	$ 39,682	$ –	$ 39,682
Restricted cash	21,796	–	21,796
Inventories	84,576	–	84,576
Other current assets	2,028	–	2,028
Property, plant and mine development	206,507	(23,397)	183,110
Deferred income tax asset	109,700	23,397	133,097
Accounts payable and accrued and other liabilities(ii)	(84,805)	–	(84,805)
Advance due to Agnico Eagle	(105,000)	–	(105,000)
Reclamation provision	(48,904)	–	(48,904)
Total assets acquired, net of liabilities assumed	$ 225,580	$ –	$ 225,580

Notes:

(i) Preliminary estimates of the fair value of assets acquired and liabilities assumed are presented as reported in the Company's condensed interim consolidated financial statements as at the acquisition date.

(ii) Included $50.0 million payable to repurchase the Hope Bay 1.5% net smelter return royalty.

Immediately prior to the closing of the transaction and in accordance with its terms, TMAC long-term debt was retired and the Company partially funded the repayment. The acquisition also triggered a one-time option for TMAC to buy-back a 1.5% net smelter return royalty on the Hope Bay property from Maverix Metals Inc. for $50.0 million, which was exercised prior to closing, with the payment made shortly after the acquisition date.

The Company incurred acquisition-related costs of $2.9 million which are recorded in other expenses in the consolidated statements of income.

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

5. ACQUISITION (Continued)

The results of operations have been consolidated with those of the Company from the date of acquisition and included in the Hope Bay operating segment. Pro forma disclosures as if TMAC was acquired at the beginning of the fiscal year have not been presented as they are not considered material to the Company's consolidated financial statements.

6. FAIR VALUE MEASUREMENT

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

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

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

During the year ended December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

The following table sets out the Company's financial assets and liabilities measured at fair value on a recurring basis as at December 31, 2021 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	$ –	$ 13,545	$ –	$ 13,545
Equity securities (FVOCI)	244,876	24,074	–	268,950
Share purchase warrants (FVPL)	–	74,559	–	74,559
Fair value of derivative financial instruments	–	12,305	–	12,305
Total financial assets	$244,876	$124,483	$ –	$369,359
Financial liabilities:				
Fair value of derivative financial instruments	$ –	$ 22,089	$ –	$ 22,089
Total financial liabilities	$ –	$ 22,089	$ –	$ 22,089

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

6. 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 December 31, 2020 using the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trade receivables	$ –	$ 11,867	$ –	$ 11,867
Equity securities (FVOCI)	255,316	27,040	–	282,356
Share purchase warrants (FVPL)	–	92,747	–	92,747
Fair value of derivative financial instruments	–	35,516	–	35,516
Total financial assets	$255,316	$167,170	$ –	$422,486
Financial liabilities:				
Fair value of derivative financial instruments	$ –	$ 904	$ –	$ 904
Total financial liabilities	$ –	$ 904	$ –	$ 904

Valuation Techniques

Trade Receivables

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

Equity securities and share purchase warrants

Equity securities representing shares of publicly traded entities are recorded at fair value using quoted market prices (classified within Level 1 of the fair value hierarchy). Equity securities representing shares of non-publicly traded entities are recorded at fair value using external broker-dealer quotations corroborated by option pricing models (classified within Level 2 of the fair value hierarchy). The Company also holds share purchase warrants of certain publicly traded entities where it has an investment in equity securities. Share purchase warrants are classified within Level 2 of the fair value hierarchy are recorded at fair value using option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. Equity securities and share purchase warrants are presented in the investments line item in the consolidated balance sheets.

Derivative Financial Instruments

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

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

6. FAIR VALUE MEASUREMENT (Continued)

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

Long-term debt is recorded on the consolidated balance sheets at December 31, 2021 at amortized cost. The fair value of long-term debt is determined by applying a discount rate, reflecting the credit spread based on the Company's credit rating to future related cash flows which is categorized within Level 2 of the fair value hierarchy. As at December 31, 2021, the Company's long-term debt had a fair value of $1,724.1 million (2020 – $1,824.3 million) (Note 14).

Lease obligations are recorded on the consolidated balance sheets at December 31, 2021 at amortized cost. The fair value of lease obligations is the present value of the future lease payments discounted at the Company's current incremental borrowing rate. It is remeasured when there is a change in the lease term, future lease payments or changes in the assessment of whether the Company will exercise a purchase, extension or termination option. The fair value of lease obligations is not materially different from the carrying amounts as a result of the difference between the incremental borrowing rates used at the initial recognition date and the current market rates at December 31, 2021.

Loans receivable and other non-current receivables are included in the other asset line item in the consolidated balance sheets at amortized cost. The fair value of loans and other receivables is the present value of future cash inflows discounted at a market interest rate. The fair value of these financial assets is not materially different from the carrying amounts as at December 31, 2021 (Note 8B).

7. INVENTORIES

	As at December 31, 2021	As at December 31, 2020
Ore in stockpiles and on leach pads	$ 140,288	$ 80,722
Concentrates and dore bars	125,738	111,100
Supplies	612,918	438,652
Total current inventories	$ 878,944	$630,474
Non-current ore in stockpiles and on leach pads (Note 8B)[i]	274,576	198,044
Total inventories	$1,153,520	$828,518

Note:

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

During the year ended December 31, 2021, a charge of $28.7 million (2020 – $23.5 million) was recorded within production costs to reduce the carrying value of inventories to their net realizable value.

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

8. OTHER ASSETS

A) Other Current Assets

	As at December 31, 2021	As at December 31, 2020
Federal, provincial and other sales taxes receivable	$ 81,450	$ 67,666
Prepaid expenses	90,681	72,502
Other receivables	24,594	17,299
Other	2,121	1,745
Total other current assets	$198,846	$159,212

B) Other Assets

	As at December 31, 2021	As at December 31, 2020
Non-current ore in stockpiles and on leach pads	$274,576	$198,044
Non-current prepaid expenses	27,481	26,945
Non-current loans receivable	37,942	21,247
Non-current other receivables	10,098	8,238
Other	3,101	4,780
Total other assets	$353,198	$259,254

On December 18, 2019, the Company entered into a loan agreement with Orla Mining Ltd. ("Orla") to provide a five year credit facility bearing interest at 8.8% per annum payable quarterly, maturing on December 18, 2024 and collateralized by certain mining assets of Orla. The aggregate loan amount is $40.0 million. The loan is accounted for at amortized cost using the effective interest rate method.

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

9. PROPERTY, PLANT AND MINE DEVELOPMENT

	Mining Properties	Plant and Equipment	Mine Development Costs	Total
As at December 31, 2019	$ 2,008,551	$ 3,187,795	$ 1,807,319	$ 7,003,665
Additions	204,239	285,083	498,624	987,946
Disposals	–	(15,248)	–	(15,248)
Amortization	(180,007)	(348,993)	(121,945)	(650,945)
Transfers between categories	126,630	117,062	(243,692)	–
As at December 31, 2020	$ 2,159,413	$ 3,225,699	$ 1,940,306	$ 7,325,418
Additions	76,403	183,670	684,804	944,877
Acquisition (Note 5)	91,204	91,906	–	183,110
Disposals	–	(13,603)	–	(13,603)
Amortization	(231,729)	(414,353)	(147,439)	(793,521)
Transfers between categories	(570)	194,247	(193,677)	–
As at December 31, 2021	$ 2,094,721	$ 3,267,566	$ 2,283,994	$ 7,646,281
As at December 31, 2020				
Cost	$ 3,680,992	$ 6,528,830	$ 2,798,411	$13,008,233
Accumulated amortization and impairments	(1,521,579)	(3,303,131)	(858,105)	(5,682,815)
Carrying value – December 31, 2020	$ 2,159,413	$ 3,225,699	$ 1,940,306	$ 7,325,418
As at December 31, 2021				
Cost	$ 3,833,970	$ 6,942,383	$ 3,289,532	$14,065,885
Accumulated amortization and impairments	(1,739,249)	(3,674,817)	(1,005,538)	(6,419,604)
Carrying value – December 31, 2021	$ 2,094,721	$ 3,267,566	$ 2,283,994	$ 7,646,281

During the year ended December 31, 2021, net additions to Plant and Equipment included $41.0 million of right-of-use assets for lease arrangements entered into during the year (2020 – $9.7 million).

As at December 31, 2021, major assets under construction, and therefore not yet being depreciated, included in the carrying value of property, plant and mine development was $579.3 million (2020 – $387.6 million).

During the year ended December 31, 2021, the Company produced and sold pre-commercial production ounces of gold from the Tiriganiaq open pit deposit at the Meliadine mine and the Amaruq underground project at the Meadowbank Complex. The Company deducts revenues from mining operations earned prior to commercial production from the cost of the related property, plant and mine development. During the year ended December 31, 2021, the Company earned $45.7 million of pre-commercial production revenue (2020 – $59.2 million).

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

9. PROPERTY, PLANT AND MINE DEVELOPMENT (Continued)

During the year ended December 31, 2021, the Company disposed of property, plant and mine development with a carrying value of $13.6 million (2020 – $15.2 million). The net loss on disposal of $9.5 million (2020 – $14.2 million) was recorded in the other expenses line item in the consolidated statements of income.

Geographic Information:

	As at December 31, 2021	As at December 31, 2020
Canada	$5,529,486	$5,166,239
Finland	1,435,881	1,428,331
Sweden	13,812	13,812
Mexico	659,469	714,576
United States	7,633	2,460
Total property, plant and mine development	$7,646,281	$7,325,418

10. INVESTMENTS

	As at December 31, 2021	As at December 31, 2020
Equity securities	$268,950	$282,356
Share purchase warrants	74,559	92,747
Total investments	$343,509	$375,103

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

	As at December 31, 2021		
	Equity securities	Share purchase warrants	Total
Orla Mining Ltd.	$ 89,974	$26,317	$116,291
Rupert Resources Ltd.	76,883	42,768	119,651
White Gold Corp.	17,403	99	17,502
Royal Road Minerals Ltd.	12,849	–	12,849
Other[(i)]	71,841	5,375	77,216
Total investments	$268,950	$74,559	$343,509

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

10. INVESTMENTS (Continued)

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

Note:
(i) The balance is comprised of 20 (2020 – 17) equity investments that are each individually immaterial.

Disposal of Equity Securities

During the year ended December 31, 2021, the Company sold its interest in certain equity securities as they no longer fit the Company's investment strategy. The fair value at the time of sale was $4.3 million and the Company recognized a cumulative net loss on disposal of $5.9 million ($5.1 million, net of tax) which was transferred from other reserves to deficit in the consolidated balance sheets. There were no disposals of equity securities in the year ended December 31, 2020.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2021	As at December 31, 2020
Trade payables	$189,069	$167,127
Wages payable	70,584	58,068
Accrued liabilities	104,551	95,860
Other liabilities	50,469	42,746
Total accounts payable and accrued liabilities	$414,673	$363,801

In 2021 and 2020, the other liabilities balance consisted primarily of various employee benefits, employee payroll tax withholdings and other payroll taxes.

12. RECLAMATION PROVISION

Agnico Eagle's reclamation provision includes both asset retirement obligations and environmental remediation liabilities. Reclamation provision estimates are based on current legislation, third party estimates, management's estimates and feasibility study calculations. Assumptions based on current economic conditions, which the Company believes are reasonable, have been used to estimate the reclamation provision. However, actual reclamation costs will ultimately depend on future economic conditions and costs for the necessary reclamation work. Changes in reclamation provision estimates during the period reflect changes in cash flow estimates as well as assumptions including discount and inflation

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

12. RECLAMATION PROVISION (Continued)

rates. The discount rates used in the calculation of the reclamation provision at December 31, 2021 ranged between 0.36% and 1.56% (2020 – between –0.10% and 0.92%).

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

	As at December 31, 2021	As at December 31, 2020
Asset retirement obligations – non-current, beginning of year	$635,648	$419,417
Asset retirement obligations – current, beginning of year	11,320	9,377
Current year additions and changes in estimate, net[i]	72,181	198,843
Current year accretion	6,554	3,502
Liabilities settled	(3,213)	(1,892)
Foreign exchange revaluation	(10,985)	17,721
Reclassification from non-current to current, end of year	(4,547)	(11,320)
Asset retirement obligations – non-current, end of year	$706,958	$635,648

Note:
(i) Current year additions include $48.9 million related to the acquisition of TMAC.

The following table reconciles the beginning and ending carrying amounts of the Company's environmental remediation liability. The settlement of the obligation is estimated to occur through to 2032.

	As at December 31, 2021	As at December 31, 2020
Environmental remediation liability – non-current, beginning of year	$16,135	$ 7,929
Environmental remediation liability – current, beginning of year	3,950	3,078
Current year additions and changes in estimate, net	1,048	10,480
Liabilities settled	(2,816)	(1,539)
Foreign exchange revaluation	174	137
Reclassification from non-current to current, end of year	(3,000)	(3,950)
Environmental remediation liability – non-current, end of year	$15,491	$16,135

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

13. LEASES

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

The following table sets out the carrying amounts of right-of-use assets included in property, plant and mine development in the consolidated balance sheets and the movements during the period:

	As at December 31, 2021	As at December 31, 2020
Balance, beginning of year	$112,715	$117,581
Additions and modifications, net of disposals[(i)]	41,024	9,688
Amortization	(19,717)	(14,554)
Balance, end of year	$134,022	$112,715

Note:

(i) Additions to right-of-use assets include $1.8 million related to the acquisition of TMAC.

The following table sets out the lease obligations included in the consolidated balance sheets:

	As at December 31, 2021	As at December 31, 2020
Current	$ 32,988	$ 20,852
Non-current	98,445	99,423
Total lease obligations	$131,433	$120,275

Future minimum lease payments required to meet obligations that have initial or remaining non-cancellable lease terms are set out in the table below. Because leases with variable lease payments do not give rise to fixed minimum lease payments, no amounts are included below for these leases.

	As at December 31, 2021	As at December 31, 2020
Within 1 year	$ 33,952	$ 20,464
Between 1 – 3 years	37,825	28,090
Between 3 – 5 years	16,674	17,846
Thereafter	47,807	57,301
Total undiscounted lease obligations	$136,258	$123,701

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

13. LEASES (Continued)

The Company recognized the following amounts in the consolidated statements of income with respect to leases:

	Year Ended December 31,	
	2021	2020
Amortization of right-of-use assets	$ 19,717	$ 14,554
Interest expense on lease obligations	$ 2,252	$ 1,997
Variable lease payments not included in the measurement of lease obligations	$137,369	$117,317
Expenses relating to short-term leases	$ 3,883	$ 4,926
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	$ 1,105	$ 792

During the year ended December 31, 2021, the Company recognized $290.8 million (2020 – $221.9 million) in the consolidated statements of cash flows with respect to leases.

14. LONG-TERM DEBT

	As at December 31, 2021	As at December 31, 2020
Credit Facility(i)(ii)	$ (3,851)	$ (2,768)
2020 Notes(i)(iii)	198,585	198,505
2018 Notes(i)(iii)	348,316	348,145
2017 Notes(i)(iii)	298,670	298,454
2016 Notes(i)(iii)	349,053	348,790
2015 Note(i)(iii)	49,755	49,690
2012 Notes(i)(iii)	199,745	199,575
2010 Notes(i)(iii)	124,950	124,850
Total debt	$1,565,223	$1,565,241
Less: current portion	225,000	–
Total long-term debt	$1,340,223	$1,565,241

Notes:

(i) Inclusive of unamortized deferred financing costs.

(ii) There were no amounts outstanding under the Credit Facility (as defined below) as at December 31, 2021 and December 31, 2020. The December 31, 2021 and December 31, 2020 balances relate to deferred financing costs which are being amortized on a straight-line basis until the maturity date of December 22, 2026 (2020 – June 23, 2023).

(iii) The terms 2020 Notes, 2018 Notes, 2017 Notes, 2016 Notes, 2015 Note, 2012 Notes and 2010 Notes are defined below.

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

14. LONG-TERM DEBT (Continued)

Scheduled Debt Principal Repayments

	2022	2023	2024	2025	2026	Thereafter	Total
2020 Notes	$ –	$ –	$ –	$ –	$ –	$200,000	$ 200,000
2018 Notes	–	–	–	–	–	350,000	350,000
2017 Notes	–	–	–	40,000	–	260,000	300,000
2016 Notes	–	100,000	–	–	200,000	50,000	350,000
2015 Note	–	–	–	50,000	–	–	50,000
2012 Notes	100,000	–	100,000	–	–	–	200,000
2010 Notes	125,000	–	–	–	–	–	125,000
Total	$225,000	$100,000	$100,000	$90,000	$200,000	$860,000	$1,575,000

Credit Facility

On December 22, 2021, the Company amended its $1.2 billion unsecured revolving bank credit facility (the "Credit Facility") to, among other things, extend the maturity date from June 22, 2023 to December 22, 2026 and amend pricing terms. The amendment also increased the amount of the uncommited accordion facility available to the Company from $300 million to $600 million.

As at December 31, 2021 and December 31, 2020, no amounts were outstanding under the Credit Facility. As at December 31, 2021, $1.199.1 million was available for future drawdown under the Credit Facility (December 31, 2020 – $1.199.1 million). Credit Facility availability is reduced by outstanding letters of credit which were $0.9 million as at December 31, 2021 (2020 – 0.9 million). During the year ended December 31, 2021, Credit Facility drawdowns totaled $595.0 million and repayments totaled $595.0 million. During the year ended December 31, 2020, Credit Facility drawdowns totaled $1,075.0 million and repayments totaled $1,075.0 million.

The Credit Facility is available in multiple currencies through prime rate and base rate advances, priced at the applicable rate plus a margin that ranges from 0.00% to 1.00%, through LIBOR advances, bankers' acceptances and financial letters of credit, priced at the applicable rate plus a margin that ranges from 1.00% to 2.00% and through performance letters of credit, priced at the applicable rate plus a margin that ranges from 0.60% to 1.20%. The lenders under the Credit Facility are each paid a standby fee at a rate that ranges from 0.09% to 0.25% of the undrawn portion of the facility. In each case, the applicable margin or standby fees vary depending on the Company's credit rating and/or the Company's total net debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio.

2020 Notes

On April 7, 2020, the Company closed a $200.0 million private placement of guaranteed senior unsecured notes (the "2020 Notes") with a weighted average maturity of 11 years and weighted average yield of 2.83%.

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

14. LONG-TERM DEBT (Continued)

The following table sets out details of the individual series of the 2020 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$100,000	2.78%	4/7/2030
Series B	100,000	2.88%	4/7/2032
Total	$200,000		

2018 Notes

On April 5, 2018, the Company closed a $350.0 million private placement of guaranteed senior unsecured notes (the "2018 Notes").

The following table sets out details of the individual series of the 2018 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$ 45,000	4.38%	4/5/2028
Series B	55,000	4.48%	4/5/2030
Series C	250,000	4.63%	4/5/2033
Total	$350,000		

2017 Notes

On June 29, 2017, the Company closed a $300.0 million private placement of guaranteed senior unsecured notes (the "2017 Notes").

The following table sets out details of the individual series of the 2017 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$ 40,000	4.42%	6/29/2025
Series B	100,000	4.64%	6/29/2027
Series C	150,000	4.74%	6/29/2029
Series D	10,000	4.89%	6/29/2032
Total	$300,000		

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

14. LONG-TERM DEBT (Continued)

2016 Notes

On June 30, 2016, the Company closed a $350.0 million private placement of guaranteed senior unsecured notes (the "2016 Notes").

The following table sets out details of the individual series of the 2016 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$100,000	4.54%	6/30/2023
Series B	200,000	4.84%	6/30/2026
Series C	50,000	4.94%	6/30/2028
Total	$350,000		

2015 Note

On September 30, 2015, the Company closed a private placement of a $50.0 million guaranteed senior unsecured note (the "2015 Note") with a September 30, 2025 maturity date and a yield of 4.15%.

2012 Notes

On July 24, 2012, the Company closed a $200.0 million private placement of guaranteed senior unsecured notes (the "2012 Notes").

The following table sets out details of the individual series of the 2012 Notes:

	Principal	Interest Rate	Maturity Date
Series A	$100,000	4.87%	7/23/2022
Series B	100,000	5.02%	7/23/2024
Total	$200,000		

2010 Notes

On April 7, 2010, the Company closed a $600.0 million private placement of guaranteed senior unsecured notes (the "2010 Notes" and, together with the 2020 Notes, 2018 Notes, the 2017 Notes, the 2016 Notes, the 2015 Note and the 2012 Notes, the "Notes").

On April 7, 2020 the Company repaid $360.0 million of the 2010 Series B 6.67% Notes at maturity.

As at December 31, 2021, $125.0 million of the 2010 Series C 6.77% Notes remained outstanding with a maturity date of April 7, 2022.

Covenants

Payment and performance of Agnico Eagle's obligations under the Credit Facility and the Notes are guaranteed by each of its material subsidiaries and certain of its other subsidiaries (the "Guarantors").

The Credit Facility contains covenants that limit, among other things, the ability of the Company to incur additional indebtedness, make distributions in certain circumstances and sell material assets.

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

14. LONG-TERM DEBT (Continued)

The note purchase agreements pursuant to which the Notes were issued (the "Note Purchase Agreements") contain covenants that restrict, among other things, the ability of the Company to amalgamate or otherwise transfer its assets, sell material assets, carry on a business other than one related to mining and the ability of the Guarantors to incur indebtedness.

The Credit Facility and Note Purchase Agreements also require the Company to maintain a total net debt to EBITDA ratio below a specified maximum value and the Note Purchase Agreements (other than the 2018 and 2020 Notes) require the Company to maintain a minimum tangible net worth.

The Company was in compliance with all covenants contained in the Credit Facility and Note Purchase Agreements throughout the years-ended and as at December 31, 2021 and 2020.

Finance Costs

Total finance costs consist of the following:

	Year Ended December 31,	
	2021	**2020**
Interest on Notes	$72,795	$77,739
Stand-by fees on credit facilities	5,546	5,107
Amortization of credit facilities financing and note issuance costs	3,778	3,594
Interest on Credit Facility	1,549	5,304
Accretion expense on reclamation provisions	6,554	3,502
Interest on lease obligations, other interest and penalties	5,329	2,684
Interest capitalized to assets under construction	(3,509)	(2,796)
Total finance costs	$92,042	$95,134

Total borrowing costs capitalized to assets under construction during the year ended December 31, 2021 were at a capitalization rate of 1.20% (2020 – 1.18%).

15. OTHER LIABILITIES

Other liabilities consist of the following:

	As at December 31, 2021	As at December 31, 2020
Pension benefit obligations	$51,210	$49,822
Other	19,051	13,514
Total other liabilities	$70,261	$63,336

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

15. OTHER LIABILITIES (Continued)

Defined Benefit Obligations

The Company provides the Executives Plan for certain current and former senior officers, the Retirement Program for eligible employees in Canada, and the Mexico Plans for eligible employees in Mexico, each of which are considered defined benefit plans under IAS 19 – Employee Benefits. The funded status of the plans are based on actuarial valuations performed as at December 31, 2021. The plans operate under similar regulatory frameworks and generally face similar risks.

The Executives Plan pension formula is based on final average earnings in excess of the amounts payable from the registered plan. Assets for the Executives Plan consist of deposits on hand with regulatory authorities that are refundable when benefit payments are made or on the ultimate wind-up of the plan.

The Company provides a Retirement Program for certain eligible employees that provides a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. An eligible employee is entitled to a benefit if they have completed at least 10 years of service as a permanent employee and are 57 years of age or older. The Retirement Program is not funded.

The Mexico Plans provide a lump-sum payment upon retirement. The payment is based on age and length of service at retirement. Eligible employees are entitled to a benefit if they have completed 15 years of service as a permanent employee and are 60 years of age or older. The Mexico Plans are not funded.

The funded status of the Company's defined benefit obligations for 2021 and 2020, is as follows:

	Year Ended December 31,	
	2021	**2020**
Reconciliation of plan assets:		
Plan assets, beginning of year	$ 2,768	$ 2,594
Employer contributions	3,584	2,800
Benefit payments	(3,325)	(2,570)
Administrative expenses	(130)	(115)
Interest on assets	72	77
Net return on assets excluding interest	(72)	(77)
Effect of exchange rate changes	8	59
Plan assets, end of year	$ 2,905	$ 2,768

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

15. OTHER LIABILITIES (Continued)

	Year Ended December 31,	
	2021	**2020**
Reconciliation of defined benefit obligation:		
Defined benefit obligation, beginning of year	$44,105	$29,336
Current service cost	2,624	12,827
Past service cost	5,351	–
Benefit payments	(3,325)	(2,570)
Interest cost	1,240	809
Actuarial (gains) losses arising from changes in economic assumptions	(2,785)	1,861
Actuarial losses arising from changes in demographic assumptions	992	882
Actuarial gains arising from Plan experience	(2,842)	(321)
Effect of exchange rate changes	(516)	1,281
Defined benefit obligation, end of year	44,844	44,105
Net defined benefit liability, end of year	$41,939	$41,337

The components of Agnico Eagle's pension expense recognized in the consolidated statements of net income relating to the defined benefit plans are as follows:

	Year Ended December 31,	
	2021	**2020**
Current service cost	$2,624	$12,827
Past service cost	5,351	–
Administrative expenses	130	115
Interest cost on defined benefit obligation	1,240	809
Interest on assets	(72)	(77)
Pension expense	$9,273	$13,674

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

15. OTHER LIABILITIES (Continued)

The remeasurements of the net defined benefit liability recognized in other comprehensive income relating to the Company's defined benefit plans are as follows:

	Year Ended December 31,	
	2021	2020
Actuarial (gains) losses relating to the defined benefit obligation	$(4,634)	$2,584
Net return on assets excluding interest	72	77
Total remeasurements of the net defined benefit liability	$(4,562)	$2,661

In 2022, the Company expects to make contributions of $2.8 million and benefit payments of $2.5 million, in aggregate, related to the defined benefit plans. The weighted average duration of the Company's defined benefit obligation in Canada is 12.6 years at December 31, 2021 (2020 – 14.4 years). The weighted average duration of the Company's defined benefit obligation for the Mexico Plans is 5.9 years at December 31, 2021 (2020 – 3.7 years).

The following table sets out significant assumptions used in measuring the Company's Executives Plan defined benefit obligations:

	As at December 31, 2021	As at December 31, 2020
Assumptions:		
Discount rate – beginning of year	2.5%	3.0%
Discount rate – end of year	3.0%	2.5%

The following table sets out significant assumptions used in measuring the Company's Retirement Program defined benefit obligations:

	As at December 31, 2021	As at December 31, 2020
Assumptions:		
Discount rate – beginning of year	1.8%	2.8%
Discount rate – end of year	2.5%	1.8%
Range of mine closure dates	2026 – 2032	2026 – 2032
Termination of employment per annum	2.0% – 10.0%	2.0% – 10.0%

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

15. OTHER LIABILITIES (Continued)

The following table sets out significant assumptions used in measuring the Company's defined benefit obligations for the Mexico Plans:

	As at December 31, 2021	As at December 31, 2020
Assumptions:		
Discount rate	7.5%	5.5%
Range of mine closure dates	2023 – 2027	2023 – 2026

Other significant actuarial assumptions used in measuring the Company's Retirement Program defined benefit obligations as at December 31, 2021 and December 31, 2020 include assumptions of the expected retirement age of participants.

The following table sets out the effect of changes in significant actuarial assumptions on the Company's defined benefit obligations:

	As at December 31, 2021
Change in assumption:	
0.5% increase in discount rate	$(1,703)
0.5% decrease in discount rate	$ 1,839

The summary of the effect of changes in significant actuarial assumptions was prepared using the same methods and actuarial assumptions as those used for the calculation of the Company's defined benefit obligation related to the Executives Plan, the Retirement Program and the Mexico Plans as at the end of the fiscal year, except for the change in the single actuarial assumption being evaluated. The modification of several actuarial assumptions at the same time could lead to different results.

Other Plans

In addition to its defined benefit pension plans, the Company maintains two defined contribution plans – the Basic Plan and the Supplemental Plan. Under the Basic Plan, Agnico Eagle contributes 5.0% of certain employees' base employment compensation to a defined contribution plan. In 2021, $17.0 million (2020 – $13.6 million) was contributed to the Basic Plan, $0.2 million of which related to contributions for key management personnel (2020 – $0.2 million). The Company also maintains the Supplemental Plan for designated executives at the level of Vice-President or above. The Supplemental Plan is funded by the Company through notional contributions equal to 10.0% of the designated executive's earnings for the year (including salary and short-term bonus). In 2021, the Company made $1.5 million (2020 – $1.3 million) in notional contributions to the Supplemental Plan, $0.9 million (2020 – $1.0 million) of which related to contributions for key management personnel. The Company's liability related to the Supplemental Plan is $10.6 million at December 31, 2021 (2020 – $11.5 million). At retirement date, the notional account balance is converted to a pension payable in five annual installments.

16. EQUITY

Common Shares

The Company's authorized share capital includes an unlimited number of common shares with no par value. As at December 31, 2021, Agnico Eagle's issued common shares totaled 245,435,804 (December 31, 2020 – 243,301,195), of which 433,947 common shares are held in trusts as described below (2020 – 416,881).

The common shares held in trusts relate to the Company's RSU plan, PSU plan and a Long Term Incentive Plan ("LTIP") for certain employees of the Partnership and CMC. The trusts have been evaluated under IFRS 10 – *Consolidated Financial Statements* and are consolidated in the accounts of the Company, with shares held in trust offset against the Company's issued shares in its consolidated financial statements. The common shares purchased and held in trusts are excluded from the basic net income per share calculations until they have vested. All of the non-vested common shares held in trusts are included in the diluted net income per share calculations, unless the impact is anti-dilutive.

The following table sets out the maximum number of common shares that would be outstanding if all dilutive instruments outstanding as at December 31, 2021 were exercised:

Common shares outstanding at December 31, 2021	245,001,857
Employee stock options	4,482,941
Common shares held in trusts in connection with the RSU plan (Note 17C), PSU plan (Note 17D) and LTIP	433,947
Total	249,918,745

Net Income Per Share

The following table sets out the weighted average number of common shares used in the calculation of basic and diluted net income per share:

	Year Ended December 31,	
	2021	2020
Net income for the year	$543,009	$511,607
Weighted average number of common shares outstanding – basic (in thousands)	243,708	241,508
Add: Dilutive impact of common shares related to the RSU plan, PSU plan and LTIP	598	695
Add: Dilutive impact of employee stock options	426	869
Weighted average number of common shares outstanding – diluted (in thousands)	244,732	243,072
Net income per share – basic	$ 2.23	$ 2.12
Net income per share – diluted	$ 2.22	$ 2.10

Diluted net income per share has been calculated using the treasury stock method. In applying the treasury stock method, outstanding employee stock options with an exercise price greater than the average quoted market price of the common shares for the period outstanding are not included in the calculation of diluted net income per share as the impact would be anti-dilutive.

For the year ended December 31, 2021, 2,806,786 (2020 – nil) employee stock options were excluded from the calculation of diluted net income per share as their impact would have been anti-dilutive.

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

17. STOCK-BASED COMPENSATION

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

The Company's ESOP provides for the grant of stock options to directors, officers, employees and service providers to purchase common shares. Under the ESOP, stock options are granted at the fair market value of the underlying shares on the day prior to the date of grant. The number of common shares that may be reserved for issuance to any one person pursuant to stock options (under the ESOP or otherwise), warrants, share purchase plans or other arrangements may not exceed 5.0% of the Company's common shares issued and outstanding at the date of grant.

On April 24, 2001, the Compensation Committee of the Board adopted a policy pursuant to which stock options granted after that date have a maximum term of five years. In 2021, the shareholders approved a resolution to increase the number of common shares reserved for issuance under the ESOP to 38,700,000 common shares.

Of the 1,590,750 stock options granted under the ESOP in 2021, 397,688 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2026, vest in equal installments on each anniversary date of the grant over a three-year period. Of the 1,583,150 stock options granted under the ESOP in 2020, 395,164 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2025, vest in equal installments on each anniversary date of the grant over a three-year period. Upon the exercise of stock options under the ESOP, the Company issues common shares from treasury to settle the obligation.

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

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,421,404	C$65.27	4,122,300	C$54.86
Granted	1,590,750	89.59	1,583,150	80.04
Exercised	(471,765)	58.40	(2,170,460)	56.33
Forfeited	(57,448)	80.35	(113,586)	63.88
Outstanding, end of year	4,482,941	C$74.43	3,421,404	C$65.27
Options exercisable, end of year	2,077,187	C$68.28	852,588	C$60.61

The average share price of Agnico Eagle's common shares during the year ended December 31, 2021 was C$76.00 (2020 – C$87.92).

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

17. STOCK-BASED COMPENSATION (Continued)

The weighted average grant date fair value of stock options granted in 2021 was C$18.95 (2020 – C$13.68). The following table sets out information about Agnico Eagle's stock options outstanding and exercisable as at December 31, 2021:

	Stock Options Outstanding			Stock Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
C$55.10 – C$58.04	1,676,155	1.55 years	C$56.15	1,198,500	1.37 years	C$56.57
C$79.98 – C$89.59	2,806,786	3.57 years	85.35	878,687	3.45 years	84.26
C$55.10 – C$89.59	4,482,941	2.81 years	C$74.43	2,077,187	2.25 years	C$68.28

The Company has reserved for issuance 4,482,941 common shares in the event that these stock options are exercised.

The number of common shares available for the grant of stock options under the ESOP as at December 31, 2021 was 5,068,748.

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

	Year Ended December 31,	
	2021	2020
Risk-free interest rate	0.54%	1.90%
Expected life of stock options (in years)	2.4	2.4
Expected volatility of Agnico Eagle's share price	38.0%	27.5%
Expected dividend yield	2.2%	1.2%

The Company uses historical volatility to estimate the expected volatility of Agnico Eagle's share price. The expected term of stock options granted is derived from historical data on employee exercise and post-vesting employment termination experience.

Compensation expense related to the ESOP amounted to $20.2 million for the year ended December 31, 2021 (2020 – $15.9 million).

Subsequent to the year ended December 31, 2021, 1,641,225 stock options were granted under the ESOP, of which 410,306 stock options vested within 30 days of the grant date. The remaining stock options, all of which expire in 2027, vest in equal installments on each anniversary date of the grant over a three-year period.

B) Incentive Share Purchase Plan ("ISPP")

On June 26, 1997, the Company's shareholders approved the ISPP to encourage Participants to purchase Agnico Eagle's common shares at market value. In 2009, the ISPP was amended to remove non-executive directors as eligible Participants.

17. STOCK-BASED COMPENSATION (Continued)

Under the ISPP, Participants may contribute up to 10.0% of their basic annual salaries and the Company contributes an amount equal to 50.0% of each Participant's contribution. All common shares subscribed for under the ISPP are issued by the Company. The total compensation cost recognized in 2021 related to the ISPP was $9.2 million (2020 – $6.9 million).

In 2021, 497,767 common shares were subscribed for under the ISPP (2020 – 351,086) for a value of $27.5 million (2020 – $20.7 million). In May 2019, the Company's shareholders approved an increase in the maximum number of common shares reserved for issuance under the ISPP to 8,100,000 from 7,100,000. As at December 31, 2021, Agnico Eagle has reserved for issuance 372,602 common shares (2020 – 870,369) under the ISPP.

C) Restricted Share Unit ("RSU") Plan

In 2009, the Company implemented the RSU plan for certain employees. Effective January 1, 2012, the RSU plan was amended to include directors and senior executives of the Company as eligible participants.

A deferred compensation balance is recorded for the total grant date value on the date of each RSU plan grant. The deferred compensation balance is recorded as a reduction of equity and is amortized as compensation expense over the vesting period of up to three years.

In 2021, 317,114 (2020 – 307,732) RSUs were granted with a grant date fair value of $74.45 (2020 – $60.80). In 2021, the Company funded the RSU plan by transferring $23.6 million (2020 – $18.7 million) to an employee benefit trust that then purchased common shares of the Company in the open market. The grant date fair value of the RSUs generally approximates the cost of purchasing the shares in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding.

Compensation expense related to the RSU plan was $21.5 million in 2021 (2020 – $21.7 million). Compensation expense related to the RSU plan is included as part of the general and administrative line item in the consolidated statements of income.

Subsequent to the year ended December 31, 2021, 366,586 RSUs were granted under the RSU plan.

D) Performance Share Unit ("PSU") Plan

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

In 2021, 148,500 (2020 – 170,500) PSUs were granted with a grant date fair value of $92.75 (2020 – $74.55). The Company funded the PSU plan by transferring $10.8 million (2020 – $10.4 million) to an employee benefit trust that then purchased common shares of the Company in the open market. Once vested, the common shares in the trust are distributed to settle the obligation along with a cash payment reflecting the accumulated amount that would have been paid as dividends had the common shares been outstanding.

Compensation expense related to the PSU plan was $10.4 million in 2021 (2020 – $12.5 million). Compensation expense related to the PSU plan is included as part of the general and administrative line item in the consolidated statements of income.

Subsequent to the year ended December 31, 2021, 157,500 PSUs were granted under the PSU plan.

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

18. OTHER RESERVES

The following table sets out the movements in other reserves for the year ended December 31, 2021 and 2020:

	Equity securities reserve	Cash flow hedge reserve	Total
Balance at December 31, 2019	$ (47,922)	$ –	$ (47,922)
Net change in cash flow hedge reserve	–	(11,964)	(11,964)
Net change in fair value of equity securities	145,138	–	145,138
Balance at December 31, 2020	$ 97,216	$(11,964)	$ 85,252
Net change in cash flow hedge reserve	–	1,175	1,175
Transfer of net loss on disposal of equity securities to deficit	5,057	–	5,057
Net change in fair value of equity securities	(37,208)	–	(37,208)
Balance at December 31, 2021	$ 65,065	$(10,789)	$ 54,276

The cash flow hedge reserve represents the settlement of an interest rate derivative related to the Senior Notes issued in 2020. The reserve will be amortized over the term of the Notes. Amortization of the reserve is included in the finance costs line item in the consolidated statements of income.

19. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES

Agnico Eagle is a gold mining company with mining operations in Canada, Mexico and Finland. The Company earns a significant proportion of its revenues from the production and sale of gold in both dore bar and concentrate form. The remainder of revenue and cash flow is generated by the production and sale of by-product metals. The revenue from by-product metals is primarily generated by production at the LaRonde mine in Canada (silver, zinc and copper) and the Pinos Altos mine in Mexico (silver).

The cash flow and profitability of the Company's operations are significantly affected by the market price of gold and, to a lesser extent, silver, zinc and copper. The prices of these metals can fluctuate significantly and are affected by numerous factors beyond the Company's control.

During the year ended December 31, 2021, four customers each contributed more than 10.0% of total revenues from mining operations for a combined total of approximately 86.4% of revenues from mining operations in the Northern and Southern business units. However, because gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sale of its product.

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

19. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

The following table sets out sales to individual customers that exceeded 10.0% of revenues from mining operations:

	Year Ended December 31,	
	2021	2020
Customer 1	$1,127,187	$ 798,698
Customer 2	858,983	799,405
Customer 3	733,177	628,940
Customer 4	586,196	419,499
Total sales to customers exceeding 10.0% of revenues from mining operations	$3,305,343	$2,646,542
Percentage of total revenues from mining operations	86.4%	84.3%

Trade receivables are recognized once the transfer of control for the metals sold has occurred and reflect the amounts owing to the Company in respect of its sales of concentrates to third parties prior to the satisfaction in full of the payment obligations of the third parties. As at December 31, 2021, the Company had $13.5 million (2020 – $11.9 million) in receivables relating to provisionally priced concentrate sales.

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

	Year Ended December 31,	
	2021	2020
Revenue from contracts with customers	$3,821,683	$3,137,795
Provisional pricing adjustments on concentrate sales	2,195	318
Total revenues from mining operations	$3,823,878	$3,138,113

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

	Year Ended December 31,	
	2021	2020
Revenues from contracts with customers:		
Gold	$3,714,917	$3,047,019
Silver	69,876	73,904
Zinc	13,679	2,312
Copper	23,211	14,560
Total revenues from contracts with customers	$3,821,683	$3,137,795

19. REVENUES FROM MINING OPERATIONS AND TRADE RECEIVABLES (Continued)

In 2021, precious metals (gold and silver) accounted for 99.0% of Agnico Eagle's revenues from mining operations (2020 – 99.5%). The remaining revenues from mining operations consisted of net by-product metal revenues from non-precious metals.

20. CAPITAL AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management policy is to support the delivery of the Company's financial targets while minimizing the potential adverse effects on the Company's performance.

Risk management is carried out by a centralized treasury department under policies approved by the Board. The Company's financial activities are governed by policies and procedures and its financial risks are identified, measured and managed in accordance with its policies and risk tolerance.

A) Market Risk

Market risk is the risk that changes in market factors, such as interest rates, commodity prices and foreign exchange rates, will affect the value of Agnico Eagle's financial instruments. The Company can choose to either accept market risk or mitigate it through the use of derivatives and other economic hedging strategies.

i. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations that have floating interest rates.

There is no impact on income before income and mining taxes or equity of a 1.0% increase or decrease in interest rates, based in financial instruments in place as at December 31, 2021.

ii. Commodity Price Risk

a. Metal Prices

Agnico Eagle's revenues from mining operations and net income are sensitive to metal prices. Changes in the market price of gold may be attributed to numerous factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. Changes in the market prices of by-product metals (silver, zinc and copper) may be attributed to factors such as demand and global mine production levels.

In order to mitigate the impact of fluctuating by-product metal prices, the Company occasionally enters into derivative financial instrument contracts under its Board-approved Risk Management Policies and Procedures. The Company has a long-standing policy of no long-term forward gold sales. However, the policy does allow the Company to use other economic hedging strategies, where appropriate, to mitigate by-product metal pricing risks. The Company's policy does not allow speculative trading. As at December 31, 2021, there were no metal derivative positions.

b. Fuel

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of its diesel fuel costs (see Note 21 for further details on the Company's derivative financial instruments).

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

20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

iii. Foreign Currency Risk

The Company receives payment for all of its metal sales in US dollars and pays most of its operating and capital costs in Canadian dollars, Euros or Mexican pesos. This gives rise to significant foreign currency risk exposure. The Company enters into currency economic hedging transactions under the Board-approved Foreign Exchange Risk Management Policies and Procedures to hedge part of its foreign currency exposure. The policy does not permit the hedging of translation exposure (that is, the gains and losses that arise from the accounting translation of Canadian dollar, Euro or Mexican peso denominated assets and liabilities into US dollars), which does not give rise to cash exposure. The Company's foreign currency derivative financial instrument strategy includes (but is not limited to) the use of purchased puts, sold calls, collars and forwards that are not held for speculative purposes (see Note 21 for further details on the Company's derivative financial instruments).

The following table sets out the translation impact, based on financial instruments in place as at December 31, 2021, on income before income and mining taxes and equity for the year ended December 31, 2021 of a 10.0% weakening in the exchange rate of the US dollar relative to the Canadian dollar, Euro and Mexican peso, with all other variables held constant. A 10.0% strengthening of the US dollar against the foreign currencies would have had the equal but opposite effect as at December 31, 2021.

	Positive (negative) impact on Income before Income and Mining Taxes and Equity
Canadian dollar	$ (3,730)
Euro	$(13,588)
Mexican peso	$ 3,118

B) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments, trade receivables, loan receivable and certain derivative financial instruments. The Company holds its cash and cash equivalents and short-term investments in highly rated financial institutions resulting in a low level of credit risk. For trade receivables and derivative financial instruments, historical levels of default have been negligible, resulting in a low level of credit risk. The Company mitigates credit risk by dealing with recognized credit-worthy counterparties and limiting concentration risk. For derivative financial instrument liabilities, the Company assumes no credit risk when the

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

20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

fair value of an instrument is negative. The loan receivable extended to Orla is collateralized by pledged assets which mitigates the level of credit risk. The maximum exposure to credit risk is equal to the carrying amount of the instruments as follows:

	As at December 31, 2021	As at December 31, 2020
Cash and cash equivalents	$185,786	$402,527
Short-term investments	5,288	3,936
Trade receivables	13,545	11,867
Derivative financial instrument assets	12,305	35,516
Loan receivable – Orla	37,942	21,247
Total	$254,866	$475,093

C) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its risk of a shortage of funds by monitoring its credit rating and projected cash flows taking into account the maturity dates of existing debt and other payables. The Company manages exposure to liquidity risk by maintaining cash balances, having access to undrawn credit facilities and access to public debt markets. Contractual maturities relating to lease obligations are set out in Note 13 and contractual maturities relating to long-term debt are set out in Note 14. Other financial liabilities have maturities within one year of December 31, 2021.

D) *Capital Risk Management*

The Company's primary capital management objective is to maintain an optimal capital structure to support current and long-term business activities and to provide financial flexibility in order to maximize value for equity holders.

Agnico Eagle's capital structure comprises a mix of lease financing, long-term debt, and total equity as follows:

	As at December 31, 2021	As at December 31, 2020
Lease obligations	$ 131,433	$ 120,275
Long-term debt	1,565,223	1,565,241
Total equity	5,980,835	5,683,213
Total	$7,677,491	$7,368,729

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the requirements of financial covenants. To effectively manage its capital requirements, Agnico Eagle has in place a rigorous planning, budgeting and forecasting process to ensure it has the appropriate liquidity to meet its operating and growth objectives. The Company has the ability to adjust its capital structure by various means.

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

20. CAPITAL AND FINANCIAL RISK MANAGEMENT (Continued)

See Note 14 for details related to Agnico Eagle's compliance with its long-term debt covenants.

E) Changes in liabilities arising from financing activities

	As at December 31, 2020	Changes from Financing Cash Flows	Foreign Exchange	Other(i)	As at December 31, 2021
Long-term debt	$1,565,241	(2,553)	—	2,535	$1,565,223
Lease obligations	120,275	(25,020)	(4,846)	41,024	131,433
Total liabilities from financing activities	$1,685,516	(27,573)	(4,846)	43,559	$1,696,656

Note:

(i) Includes the amortization of deferred financing costs on long-term debt reflected in finance costs and lease obligation additions.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Currency Risk Management

The Company uses foreign exchange economic hedges to reduce the variability in expected future cash flows arising from changes in foreign currency exchange rates. The Company is primarily exposed to currency fluctuations relative to the US dollar as a significant portion of the Company's operating costs and capital expenditures are denominated in foreign currencies, primarily the Canadian dollar, the Euro and the Mexican peso. These potential currency fluctuations increase the volatility of, and could have a significant impact on, the Company's production costs and capital expenditures. The economic hedges relate to a portion of the foreign currency denominated cash outflows arising from foreign currency denominated expenditures.

As at December 31, 2021, the Company had outstanding derivative contracts related to $2,375.2 million of 2022 and 2023 expenditures (December 31, 2020 – $1,188.0 million). The Company recognized mark-to-market adjustments in the loss (gain) on derivative financial instruments line item in the consolidated statements of income. The Company did not apply hedge accounting to these arrangements.

Mark-to-market gains and losses related to foreign exchange derivative financial instruments are recorded at fair value based on broker-dealer quotations corroborated by option pricing models that utilize period-end forward pricing of the applicable foreign currency to calculate fair value.

The Company's other foreign currency derivative strategies in 2021 and 2020 consisted mainly of writing US dollar call options with short maturities to generate premiums that would, in essence, enhance the spot transaction rate received when exchanging US dollars for Canadian dollars and Mexican pesos. All of these derivative transactions expired prior to period-end such that no derivatives were outstanding as at December 31, 2021 or December 31, 2020. The call option premiums were recognized in the loss (gain) on derivative financial instruments line item in the consolidated statements of income.

Commodity Price Risk Management

To mitigate the risks associated with fluctuating diesel fuel prices, the Company uses derivative financial instruments as economic hedges of the price risk on a portion of diesel fuel costs associated primarily with its Nunavut operations' diesel fuel exposure as it relates to operating costs. There were derivative financial instruments outstanding as at December 31, 2021 relating to 10.9 million gallons of heating oil (December 31, 2020 – 24.0 million). The related mark-to-market adjustments prior to settlement were recognized in the loss (gain) on derivative financial instruments line item in the consolidated statements of income. The Company did not apply hedge accounting to these arrangements.

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

21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

Share Purchase Warrants

The Company holds warrants to acquire equity securities of certain issuers in the mining industry. These warrants are not part of the Company's core operations, and accordingly, gains and losses from these investments are not representative of the Company's performance during the year.

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

	Year Ended December 31,	
	2021	2020
Premiums realized on written foreign exchange call options	$ (2,276)	$ (1,779)
Unrealized loss (gain) on warrants	16,736	(82,003)
Realized (gain) loss on currency and commodity derivatives	(47,754)	5,988
Unrealized loss (gain) on currency and commodity derivatives	44,397	(30,079)
Loss (gain) on derivative financial instruments	$ 11,103	$(107,873)

22. OTHER EXPENSES

The following table sets out amounts recognized in the other expenses line item in the consolidated statements of income:

	Year Ended December 31,	
	2021	2020
Loss on disposal of property, plant and mine development (Note 9)	$ 9,451	$14,182
Interest income	(3,937)	(4,867)
Temporary suspension and other costs due to COVID-19	13,353	33,540
Acquisition costs	12,943	–
Gain on sale of exploration properties	(10,000)	–
Other	(68)	5,379
Total other expenses	$ 21,742	$48,234

On March 19, 2021, the Company completed the sale of certain non-strategic exploration properties in exchange for aggregate consideration of $10.0 million in cash and shares of the purchasers, receivable over time on the transaction anniversary each year until March 19, 2024. As all exploration costs related to these properties were expensed when incurred, the carrying value of the properties at the transaction closing was nil and the Company recognized a gain on sale equal to the consideration amount of $10.0 million.

In the year ended December 31, 2021 the Company incurred transaction costs of $2.9 million in connection with the acquisition of TMAC (Note 5) and $10.0 million in connection with the prospective acquisition of Kirkland (Note 28).

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

22. OTHER EXPENSES (Continued)

In the year ended December 31, 2021, other costs due to the COVID-19 pandemic include primarily payroll costs of Nunavut-based employees who were not permitted to return to work to prevent or curtail community transmission of COVID-19. In the year ended December 31, 2020, temporary suspension and other costs due to COVID-19 included primarily payroll and other incidental costs associated with maintaining the sites and properties placed on temporary suspension or reduced operations, and payroll costs associated with employees who were not working during the period of reduced or suspended operations.

23. SEGMENTED INFORMATION

Agnico Eagle operates in a single industry, namely exploration for and production of gold. The Company's primary operations are in Canada, Mexico and Finland. The Company identifies its reportable segments as those operations whose operating results are reviewed by the Chief Operating Decision Maker ("CODM"), the Chief Executive Officer for the purpose of allocating resources and assessing performance and that represent more than 10.0% of the combined revenue from mining operations, income or loss or total assets of all operating segments. Each of the Company's significant operating mines and projects are considered to be separate operating segments. Certain operating segments that do not meet the quantitative thresholds are still disclosed where the Company believes that the information is useful. The CODM also reviews segment income (defined as revenues from mining operations less production costs, exploration and corporate development expenses and impairment losses and reversals) on a mine-by-mine basis. The following are the Company's reportable segments organized according to their relationship with the Company's three business units and reflect how the Company manages its business and how it classifies its operations for planning and measuring performance:

Northern Business:	LaRonde mine, LaRonde Zone 5 mine, Goldex mine, Meadowbank Complex, Meliadine mine, Hope Bay mine, Canadian Malartic joint operation and Kittila mine
Southern Business:	Pinos Altos mine, Creston Mascota mine and La India mine
Exploration:	United States Exploration office, Europe Exploration office, Canada Exploration offices and Latin America Exploration office

Revenues from mining operations and production costs for the reportable segments are reported net of intercompany transactions.

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

23. SEGMENTED INFORMATION (Continued)

Corporate and other assets and specific income and expense items are not allocated to reportable segments.

	Year Ended December 31, 2021			
	Revenues from Mining Operations	Production Costs	Exploration and Corporate Development	Segment Income (Loss)
Northern Business:				
LaRonde mine	$ 654,577	$ (232,392)	$ –	$ 422,185
LaRonde Zone 5 mine	121,236	(56,380)	–	64,856
Goldex mine	241,404	(96,181)	–	145,223
Meadowbank Complex	589,769	(406,489)	–	183,280
Meliadine mine	636,085	(236,763)	–	399,322
Hope Bay mine	115,439	(83,118)	–	32,321
Canadian Malartic joint operation	645,607	(242,589)	(5,367)	397,651
Kittila mine	414,656	(192,742)	–	221,914
Total Northern Business	3,418,773	(1,546,654)	(5,367)	1,866,752
Southern Business:				
Pinos Altos mine	259,446	(141,488)	–	117,958
Creston Mascota mine	27,784	(8,165)	–	19,619
La India mine	117,875	(60,381)	–	57,494
Total Southern Business	405,105	(210,034)	–	195,071
Exploration	–	–	(147,147)	(147,147)
Segment totals	$3,823,878	$(1,756,688)	$(152,514)	$1,914,676
Total segments income				$1,914,676
Corporate and other:				
Amortization of property, plant and mine development				(738,129)
General and administrative				(142,003)
Finance costs				(92,042)
Loss on derivative financial instruments				(11,103)
Environmental remediation				(576)
Foreign currency translation loss				(5,672)
Other expenses				(21,742)
Income before income and mining taxes				$ 903,409

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

23. SEGMENTED INFORMATION (Continued)

	Year Ended December 31, 2020			
	Revenues from Mining Operations	**Production Costs**	**Exploration and Corporate Development**	**Segment Income (Loss)**
Northern Business:				
LaRonde mine	$ 543,864	$ (169,824)	$ –	$ 374,040
LaRonde Zone 5 mine	111,244	(47,899)	–	63,345
Goldex mine	227,181	(82,654)	–	144,527
Meadowbank Complex	366,743	(284,976)	(1,168)	80,599
Meliadine mine	569,063	(245,700)	–	323,363
Canadian Malartic joint operation	478,542	(195,312)	(18,637)	264,593
Kittila mine	372,132	(169,884)	–	202,248
Total Northern Business	2,668,769	(1,196,249)	(19,805)	1,452,715
Southern Business:				
Pinos Altos mine	244,283	(124,678)	–	119,605
Creston Mascota mine	77,762	(35,088)	–	42,674
La India mine	147,299	(68,137)	–	79,162
Total Southern Business	469,344	(227,903)	–	241,441
Exploration	–	–	(93,687)	(93,687)
Segment totals	$3,138,113	$(1,424,152)	$(113,492)	$1,600,469
Total segments income				$1,600,469
Corporate and other:				
Amortization of property, plant and mine development				(631,101)
General and administrative				(116,288)
Finance costs				(95,134)
Gain on derivative financial instruments				107,873
Environmental remediation				(27,540)
Foreign currency translation loss				(22,480)
Other expenses				(48,234)
Income before income and mining taxes				$ 767,565

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

23. SEGMENTED INFORMATION (Continued)

The following table sets out total assets by segment:

	Total Assets as at	
	December 31, 2021	**December 31, 2020**
Northern Business:		
LaRonde mine	$ 946,218	$ 852,171
LaRonde Zone 5 mine	93,699	71,545
Goldex mine	315,266	296,713
Meadowbank Complex	1,194,368	1,037,459
Meliadine mine	2,270,942	2,198,564
Hope Bay mine	461,483	–
Canadian Malartic joint operation	1,508,675	1,542,916
Kittila mine	1,600,278	1,590,795
Total Northern Business	8,390,929	7,590,163
Southern Business:		
Pinos Altos mine	466,334	458,786
Creston Mascota mine	5,068	8,008
La India mine	233,376	228,120
Total Southern Business	704,778	694,914
Exploration	501,673	434,809
Corporate and other	589,396	894,869
Total assets	$10,186,776	$9,614,755

The following table sets out the carrying amount of goodwill by segment for the years ended December 31, 2021 and December 31, 2020:

	Canadian Malartic Joint Operation	**Exploration**	**Total**
Cost	$ 597,792	$60,000	$ 657,792
Accumulated impairment	(250,000)	–	(250,000)
Carrying amount	$ 347,792	$60,000	$ 407,792

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

23. SEGMENTED INFORMATION (Continued)

The following table sets out capital expenditures by segment:

	Year Ended December 31, 2021	2020
Northern Business:		
LaRonde mine	$138,784	$109,262
LaRonde Zone 5 mine	16,953	9,823
Goldex mine	48,696	36,753
Meadowbank Complex	151,471	162,339
Meliadine mine	121,607	125,955
Hope Bay mine	50,958	–
Canadian Malartic joint operation	130,544	52,642
Kittila mine	123,152	199,115
Total Northern Business	782,165	695,889
Southern Business:		
Pinos Altos mine	49,422	24,482
La India mine	20,601	21,626
Total Southern Business	70,023	46,108
Corporate and other	15,496	17,345
Total capital expenditures	$867,684	$759,342

The following table sets out revenues from mining operations by geographic area[(i)]:

	Year Ended December 31, 2021	2020
Canada	$3,004,117	$2,296,637
Mexico	405,105	469,344
Finland	414,656	372,132
Total revenues from mining operations	$3,823,878	$3,138,113

Note:

(i) Presented based on the location of the mine from which the product originated.

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

23. SEGMENTED INFORMATION (Continued)

The following table sets out non-current assets by geographic area:

	As at December 31, 2021	As at December 31, 2020
Canada	$6,720,595	$6,168,927
Mexico	671,691	736,908
Finland	1,458,838	1,447,157
Sweden	16,128	13,812
United States	17,136	763
Total non-current assets	$8,884,388	$8,367,567

24. IMPAIRMENT

Goodwill impairment tests

Canadian Malartic Joint Operation

The estimated recoverable amount of the Canadian Malartic joint operation CGU as at December 31, 2021 and 2020 was determined on the basis of fair value less costs to dispose of the Canadian Malartic mine. The estimated recoverable amount of the Canadian Malartic mine was calculated by discounting the estimated future net cash flows over the estimated life of the mine, consisting of both open pit and underground operations, using a nominal discount rate of 6.00% (2020 – 6.40%). The recoverable amount calculation was based on an estimate of future production levels applying short-term gold prices of $1,600 to $1,800 per ounce and long-term gold prices of $1,600 per ounce (in real terms) (2020 – short-term gold prices of $1,800 to $1,900 and long term gold prices of $1,500), foreign exchange rates of US$0.79:C$1.00 (2020 – US$0.78:C$1.00), an inflation rate of 2.0% (2020 – 2.0%), and capital, operating and reclamation costs based on applicable life of mine plans. Certain mineralization was valued by a cashflow extension approach where the mineralization is expected to have sufficiently similar economics to the mineralization of the Canadian Malartic mine.

At December 31, 2021 and 2020, the Canadian Malartic joint operation segment estimated recoverable amount exceeded its carrying amount. The discounted cash flow approach uses significant unobservable inputs and is therefore considered Level 3 fair value measurement under the fair value hierarchy.

CMC Exploration Assets

As a result of the acquisition of the additional 50.0% of the CMC Exploration Assets on March 28, 2018, the Company separated the CMC Exploration Assets from the Canadian Malartic joint operation into a distinct goodwill test performed for the Exploration segment as at December 31, 2021 and 2020. The estimated recoverable amount of the CMC Exploration Assets CGU was calculated by reference to comparable market transactions or by discounting the estimated future net cash flows over the estimated life of the mine using a nominal discount rate of 7.90% (2020 – 8.10%). The recoverable amount calculation was based on an estimate of future production levels applying gold prices of $1,600 per ounce (in real terms) (2020 – $1,500), foreign exchange rates of US$0.79:C$1.00 (2020 – US$0.78:C$1.00), an inflation rate of 2.0% (2020 – 2.0%), and capital, operating and reclamation costs based on applicable life of mine plans. At December 31, 2021 and 2020, the CMC Exploration Assets CGU estimated recoverable amount exceeded its carrying amount.

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

24. IMPAIRMENT (Continued)

Key Assumptions

The determination of the recoverable amount within level 3 of the fair value hierarchy, includes the following key applicable assumptions:

- Discount rates were based on each asset group's weighted average cost of capital, of which the two main components are the cost of equity and the after-tax cost of debt. Cost of equity was calculated based on the capital asset pricing model, incorporating the risk-free rate of return based on local government marketable bond yields as at the valuation date, the Company's beta coefficient adjustment to the market equity risk premium based on the volatility of the Company's return in relation to that of a comparable market portfolio, plus a size premium and Company-specific risk factor. Cost of debt was determined by applying an appropriate market indication of the Company's borrowing capabilities and the corporate income tax rate applicable to each asset group's jurisdiction;
- Gold price estimates were determined using forecasts of future prices prepared by industry analysts, which were available as at or close to the valuation date;
- Foreign exchange estimates are based on a combination of currency forward curves and estimates that reflect the outlooks of major global financial institutions;
- Estimated production levels, and future operating and capital costs are based on detailed life of mine plans and also take into account management's expected development plans; and
- Estimates of the fair value attributable to mineralization in excess of life of mine plans are based on various assumptions, including determination of the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where only limited economic study has been completed.

25. INCOME AND MINING TAXES

Income and mining taxes expense is made up of the following components:

	Year Ended December 31,	
	2021	2020
Current income and mining taxes	$181,812	$180,202
Deferred income and mining taxes:		
Origination and reversal of temporary differences	178,588	75,756
Total income and mining taxes expense	$360,400	$255,958

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

25. INCOME AND MINING TAXES (Continued)

The income and mining taxes expense is different from the amount that would have been calculated by applying the Canadian statutory income tax rate as a result of the following:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Combined federal and composite provincial tax rates	26%	26%
Expected income tax expense at statutory income tax rate	$234,887	$199,568
Increase (decrease) in income and mining taxes resulting from:		
Mining taxes	119,692	94,511
Impact of foreign tax rates	(9,531)	(7,471)
Permanent differences	(5,718)	(19,197)
Impact of foreign exchange on deferred income tax balances	21,070	(11,453)
Total income and mining taxes expense	$360,400	$255,958

The following table sets out the components of Agnico Eagle's net deferred income tax assets:

	As at December 31, 2021	As at December 31, 2020
Mining properties	$ 9,439	$ –
Net operating loss carry forwards	107,489	–
Reclamation provisions and other liabilities	16,680	–
Total net deferred income tax assets	$133,608	$ –

The following table sets out the components of Agnico Eagle's net deferred income and mining tax liabilities:

	As at December 31, 2021	As at December 31, 2020
Mining properties	$1,514,017	$1,390,600
Net operating and capital loss carry forwards	(27,459)	(100,026)
Mining taxes	(98,807)	(90,706)
Reclamation provisions and other liabilities	(175,001)	(163,807)
Total net deferred income and mining tax liabilities	$1,212,750	$1,036,061

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

25. INCOME AND MINING TAXES (Continued)

Changes in net deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 are as follows:

	As at December 31, 2021	As at December 31, 2020
Net deferred income and mining tax liabilities – beginning of year	$1,036,061	$ 948,142
Income and mining tax impact recognized in net income	179,720	76,197
Income tax impact recognized in other comprehensive income and equity	(3,542)	11,722
Deferred income tax assets acquired on the purchase of TMAC	(133,097)	–
Net deferred income and mining tax liabilities – end of year	$1,079,142	$1,036,061

The Company operates in different jurisdictions and, accordingly, it is subject to income and other taxes under the various tax regimes in the countries in which it operates. The tax rules and regulations in many countries are highly complex and subject to interpretation. The Company may be subject, in the future, to a review of its historic income and other tax filings and, in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules and regulations to the Company's business conducted within the country involved.

The deductible temporary differences in respect of which a deferred tax asset has not been recognized in the consolidated balance sheets are as follows:

	As at December 31, 2021	As at December 31, 2020
Other deductible temporary differences	$420,154	$214,520

The Company has $469.1 million (2020 – $411.4 million) of taxable temporary differences associated with its investments in subsidiaries for which deferred income tax has not been recognized, as the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

The Company is subject to taxes in Canada, Mexico and Finland, each with varying statutes of limitations. Prior taxation years generally remain subject to examination by applicable taxation authorities.

26. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL

During the year ended December 31, 2021, employee benefits expense recognized in the statements of income was $736.9 million (2020 – $657.0 million). In 2021 and 2020, there were no related party transactions other than compensation of key management personnel. Key management personnel include the members of the Board and the senior leadership team.

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

26. EMPLOYEE BENEFITS AND COMPENSATION OF KEY MANAGEMENT PERSONNEL (Continued)

The following table sets out the compensation of key management personnel:

	Year Ended December 31,	
	2021	2020
Salaries, short-term incentives and other benefits	$13,582	$16,964
Post-employment benefits	1,581	1,634
Share-based payments	23,475	28,631
Total	$38,638	$47,229

27. COMMITMENTS AND CONTINGENCIES

As part of its ongoing business and operations, the Company has been required to provide assurance in the form of letters of credit for environmental and site restoration costs, custom credits, government grants and other general corporate purposes. As at December 31, 2021, the total amount of these guarantees was $533.2 million.

Certain of the Company's properties are subject to royalty arrangements. Set out below are the Company's most significant royalty arrangements related to operating mines:

- The Company has a royalty agreement with the Finnish government relating to the Kittila mine. Starting 12 months after the Kittila mine's operations commenced, the Company has been required to pay 2.0% net smelter return royalty, defined as revenue less processing costs.
- The Partnership is committed to pay a royalty on production or metal sales from certain properties in Quebec, Canada. The type of royalty agreements include, but are not limited to, net smelter return royalties, with percentages ranging from 1.5% to 5.0%.
- The Company is committed to pay a 5.0% net profits interest royalty on production from the Terrex property at the LaRonde mine in Quebec, Canada.
- The Company is committed to pay a 2.0% net smelter return royalty on the metal sales from the LaRonde Zone 5 mine in Quebec, Canada.
- The Company is committed to pay a 1.2% net smelter return royalty on sales from the Meliadine mine in Nunavut, Canada.
- The Company is committed to two royalty arrangements on production from the Amaruq satellite deposit at the Meadowbank Complex in Nunavut, Canada, a 1.4% net smelter return royalty and a 12.0% net profits interest royalty.
- The Company is committed to three royalty arrangements on production from the Hope Bay property in Nunavut, Canada, two 1% net smelter return royalties and a 12% net profit interest royalty.
- The Company is committed to pay a royalty on production from certain properties in Mexico. The type of royalty agreements include, but are not limited to, net smelter return royalties, with percentages ranging from 2.5% to 3.5% at the Pinos Altos and Creston Mascota mines and with percentages ranging from 2.0% to 3.0% at the La India mine.

The Company regularly enters into various earn-in and shareholder agreements, often with commitments to pay net smelter return and other royalties.

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

27. COMMITMENTS AND CONTINGENCIES (Continued)

The Company had the following contractual commitments as at December 31, 2021, of which $62.3 million related to capital expenditures:

	Contractual Commitments
2022	$ 73,151
2023	7,221
2024	4,283
2025	4,067
2026	2,340
Thereafter	13,777
Total	$104,839

28. SUBSEQUENT EVENTS

Dividends Declared

On February 23, 2022, Agnico Eagle announced that the Board approved the payment of a quarterly cash dividend of $0.40 per common share (a total value of approximately $181.7 million), payable on March 15, 2022 to holders of record of the common shares of the Company on March 7, 2022.

Acquisition of Kirkland

On February 8, 2022, the Company completed the acquisition of all the issued and outstanding shares of Kirkland in exchange for the issuance of Agnico Eagle common shares to former Kirkland shareholders. Each Kirkland shareholder received 0.7935 of a common share of Agnico as consideration for each Kirkland share, which resulted in the issuance of 209,274,263 Agnico common shares.

The Company has determined that this transaction represents a business combination with Agnico identified as the acquirer. Kirkland owns and operates the Detour Lake and Macassa mines in Canada and the Fosterville mine in Australia, and also owns exploration properties in Canada and Australia. Agnico will consolidate the operating results, cash flows and net assets of Kirkland from February 8, 2022. The Company will report the financial statement impact of the acquisition, including the allocation of the purchase price based on the fair values of identifiable assets acquired and liabilities assumed as at the acquisition date, in its interim financial statements for the first quarter ending March 31, 2022.

Suspension of mining operations at Hope Bay

The Company announced in February 2022 that production activities at the Hope Bay mine will be suspended for the remainder of 2022 and 2023 and the Company's primary focus during this time will be accelerating exploration at the Hope Bay property and the evaluation of future production scenarios for Hope Bay. Care and maintenance activities will continue during the period of suspension.

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Shareholder Information

Auditors
Ernst & Young LLP

Solicitors
Davies Ward Philips & Vineberg LLP
(Toronto and New York)

Listings
New York Stock Exchange and
the Toronto Stock Exchange

Stock Symbol: AEM

Transfer Agent
Computershare Trust Company of Canada
1-800-564-6253

Investor Relations
(416) 947-1212

Annual Meeting of Shareholders
Friday, April 29, 2022 at 11:00 AM

Hybrid Format:
Arcadian Court
401 Bay Street
Simpson Tower, 8th Floor
Toronto, Ontario, Canada
M5H 2Y4

and online at:
https://meetnow.global/MX6S7HV

IMPORTANT NOTICE
The Company is conducting a hybrid Meeting that will allow registered shareholders and duly appointed proxyholders to participate both online and in person. The Company is providing the virtual format in order to provide shareholders with an equal opportunity to attend and participate at the Meeting, regardless of the particular constraints, circumstances or risks that they may be facing as a result of COVID-19. Details on how to participate will be made available in advance of the Meeting.

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