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

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

Business Overview

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

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

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

Financial and Operating Results

Balance Sheet Review

Total assets as at March 31, 2016 of $6,716.6 million increased by $33.4 million compared with December 31, 2015 total assets of $6,683.2 million. Cash and cash equivalents increased by $38.6 million to $162.7 million between December 31, 2015 and March 31, 2016 primarily due to $64.4 million proceeds on the exercise of stock options and $21.2 million proceeds from common shares issued, partially offset by a $55.0 million net repayment of long-term debt during the first quarter of 2016. Inventories decreased to $435.4 million at March 31, 2016 compared with $462.0 million at December 31, 2015 primarily due to planned supplies drawdowns at the Meadowbank mine that were delivered during the summer barge shipping season. Available-for-sale securities increased from $31.9 million at December 31, 2015 to $66.4 million at March 31, 2016 due to $29.3 million in unrealized fair value gains and $5.4 million in new investments purchased during the first quarter of 2016, partially offset by $0.2 million in disposals. Other assets increased by $10.3 million from $67.2 million at December 31, 2015 to $77.5 million at March 31, 2016 primarily due to updated mine sequencing plans at the Kittila and Canadian Malartic mines resulting in the reclassification of ore stockpiles from short-term to long-term. Property, plant and mine development decreased from $5,089.0 million at December 31, 2015 to $5,069.2 million at March 31, 2016 primarily due to amortization expense of $145.6 million, partially offset by capital expenditures totaling $100.7 million during the first quarter of 2016.

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

Fair Value of Derivative Financial Instruments

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

Results of Operations

Agnico Eagle reported net income of $27.8 million, or $0.13 per share, in the first quarter of 2016 compared with net income of $28.7 million, or $0.13 per share, in the first quarter of 2015. Agnico Eagle reported adjusted net income of $25.7 million, or $0.12 per share, in the first quarter of 2016 compared with adjusted net income of $31.4 million, or $0.15 per share, in the first quarter of 2015. In the first quarter of 2016, the operating margin (revenues from mining operations less production costs) increased to $246.6 million from $236.3 million in the first quarter of 2015 primarily due to a 1.8% increase in gold production and a 1.3% decrease in production costs, partially offset by a 0.8% decrease in the average realized price of gold between periods. Gold production increased to 411,336 ounces in the first quarter of 2016 compared with 404,210 ounces in the first quarter of 2015 primarily due to increased throughput levels and higher gold grades at the LaRonde and Canadian Malartic mines and a 25.2% increase in tonnes of ore milled at the Kittila mine. Partially offsetting the overall increase in gold production between the first quarter of 2016 and the first quarter of 2015 was a 18.3% decrease in gold production at the Meadowbank mine primarily due to a 14.3% lower gold grade and a decrease in tonnes of ore milled. Cash provided by operating activities amounted to $145.7 million in the first quarter of 2016 compared with $143.5 million in the first quarter of 2015. Total weighted average cash costs per ounce of gold produced amounted to $573 on a by-product basis and $631 on a co-product basis in the first quarter of 2016 compared with $588 on a by-product basis and $651 on a co-product basis in the first quarter of 2015.

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

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

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

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

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

Weighted average total cash costs per ounce of gold produced decreased to $573 on a by-product basis and $631 on a co-product basis in the first quarter of 2016 compared with $588 on a by-product basis and $651 on a co-product basis in the first quarter of 2015 primarily due to the impact on costs of a weaker Canadian dollar, Mexican peso and Euro relative to the US dollar. For a reconciliation of total cash costs per ounce of gold produced on both a by-product basis (deducting by-product metal revenues from production costs) and co-product basis (before by-product metal revenues) to production costs as presented in the condensed interim consolidated statements of income and comprehensive income in accordance with IFRS, see Non-GAAP Financial Performance Measures in this MD&A.

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

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

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

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

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

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

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

LaRonde mine

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

Lapa mine

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

Goldex mine

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

Meadowbank mine

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

Canadian Malartic mine

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

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

Kittila mine

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

Pinos Altos mine

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

Creston Mascota deposit at Pinos Altos

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

La India mine

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

Liquidity and Capital Resources

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

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

Operating Activities

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

Investing Activities

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

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

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

Financing Activities

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

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

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

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

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

On September 23, 2015, the Company entered into a standby letter of credit facility with a financial institution providing for a further C$150.0 million uncommitted letter of credit facility (as amended, the "New LC Facility"). The New LC Facility may be used by the Company to support the reclamation obligations of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest or the performance obligations (other than with respect to indebtedness for borrowed money) of the Company, its subsidiaries or any entity in which the Company has a direct or indirect interest that are not directly related to reclamation obligations. Payment and performance of the Company's obligations under the New LC Facility are supported by guarantees issued by Export Development Canada under a contract insurance bonding program agreement (the "EDC Facility") in favour of the lender. As at March 31, 2016, $74.5 million had been drawn under the New LC Facility.

On July 31, 2015, the Company amended its credit agreement with another financial institution relating to its uncommitted letter of credit facility (as amended, the "Existing LC Facility"). The amount available under the Existing LC Facility increased from C$175.0 million to C$200.0 million. Effective September 28, 2015, the amount available under the Existing LC Facility was increased to C$250.0 million. The obligations of the Company under the Existing LC Facility are guaranteed by certain of its subsidiaries. The Existing LC Facility may be used to support the reclamation obligations or non-financial or performance obligations of the Company or its subsidiaries. As at March 31, 2016, $184.2 million had been drawn under the Existing LC Facility.

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

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

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

Risk Profile

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

Non-GAAP Financial Performance Measures

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

Adjusted Net Income

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

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

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

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

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

Company's mining operations. As market prices for gold are quoted on a per ounce basis, using the total cash cost per ounce of gold produced on a by-product basis measure allows management to assess a mine's cash generating capabilities at various gold prices. Management is aware that these per ounce measures of performance can be affected by fluctuations in exchange rates and, in the case of total cash costs per ounce of gold produced on a by-product basis, by-product metal prices. Management compensates for these inherent limitations by using these measures in conjunction with minesite costs per tonne (discussed below) as well as other data prepared in accordance with IFRS. Management also performs sensitivity analyses in order to quantify the effects of fluctuating metal prices and exchange rates.

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

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

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

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

Total Production Costs by Mine

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

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

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 45,854	$ 45,865
Adjustments:		
Inventory and other adjustments(iv)	4,619	6,678
Cash operating costs (co-product basis)	$ 50,473	$ 52,543
By-product metal revenues	(10,646)	(11,134)
Cash operating costs (by-product basis)	$ 39,827	$ 41,409
Gold production (ounces)	75,337	58,893
Total cash costs per ounce of gold produced ($ per ounce)(ii):		
Co-product basis	$ 670	$ 892
By-product basis	$ 529	$ 703

LaRonde Mine — Minesite Costs per Tonne(iii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 45,854	$ 45,865
Inventory and other adjustments(v)	(2,357)	866
Minesite operating costs	$ 43,497	$ 46,731
Minesite operating costs (thousands of C$)	C$59,228	C$57,789
Tonnes of ore milled (thousands of tonnes)	577	558
Minesite costs per tonne (C$)(iii)	C$ 103	C$ 104

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$12,784	$13,985
Adjustments:		
Inventory and other adjustments(iv)	1,727	749
Cash operating costs (co-product basis)	$14,511	$14,734
By-product metal revenues	(13)	(17)
Cash operating costs (by-product basis)	$14,498	$14,717
Gold production (ounces)	21,709	25,920
Total cash costs per ounce of gold produced ($ per ounce)(ii):		
Co-product basis	$ 668	$ 568
By-product basis	$ 668	$ 568

Lapa Mine — Minesite Costs per Tonne(iii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 12,784	$ 13,985
Inventory and other adjustments(v)	1,559	548
Minesite operating costs	$ 14,343	$ 14,533
Minesite operating costs (thousands of C$)	C$19,481	C$18,077
Tonnes of ore milled (thousands of tonnes)	161	152
Minesite costs per tonne (C$)(iii)	C$ 121	C$ 119

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$15,732	$14,866
Adjustments:		
Inventory and other adjustments(iv)	624	973
Cash operating costs (co-product basis)	$16,356	$15,839
By-product metal revenues	(6)	(7)
Cash operating costs (by-product basis)	$16,350	$15,832
Gold production (ounces)	32,340	29,250
Total cash costs per ounce of gold produced ($ per ounce)(ii):		
Co-product basis	$ 506	$ 542
By-product basis	$ 506	$ 541

Goldex Mine — Minesite Costs per Tonne(iii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 15,732	$ 14,866
Inventory and other adjustments(v)	351	761
Minesite operating costs	$ 16,083	$ 15,627
Minesite operating costs (thousands of C$)	C$21,706	C$19,317
Tonnes of ore milled (thousands of tonnes)	636	566
Minesite costs per tonne (C$)(iii)	C$ 34	C$ 34

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$52,210	$57,096
Adjustments:		
Inventory and other adjustments[(iv)]	5,446	2,541
Cash operating costs (co-product basis)	$57,656	$59,637
By-product metal revenues	(659)	(1,689)
Cash operating costs (by-product basis)	$56,997	$57,948
Gold production (ounces)	72,311	88,523
Total cash costs per ounce of gold produced ($ per ounce)[(ii)]:		
Co-product basis	$ 797	$ 674
By-product basis	$ 788	$ 655

Meadowbank Mine — Minesite Costs per Tonne[(iii)]

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 52,210	$ 57,096
Inventory and other adjustments[(v)]	2,758	1,694
Minesite operating costs	$ 54,968	$ 58,790
Minesite operating costs (thousands of C$)	C$73,058	C$70,627
Tonnes of ore milled (thousands of tonnes)	946	990
Minesite costs per tonne (C$)[(iii)]	C$ 77	C$ 71

Canadian Malartic Mine — Total Cash Costs per Ounce of Gold Produced[(i)(ii)]

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$40,814	$41,186
Adjustments:		
Inventory and other adjustments[(iv)]	1,309	2,851
Cash operating costs (co-product basis)	$42,123	$44,037
By-product metal revenues	(1,095)	(1,142)
Cash operating costs (by-product basis)	$41,028	$42,895
Gold production (ounces)	73,613	67,893
Total cash costs per ounce of gold produced ($ per ounce)[(ii)]:		
Co-product basis	$ 572	$ 649
By-product basis	$ 557	$ 632

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 40,814	$ 41,186
Inventory and other adjustments[(v)]	1,076	2,605
Minesite operating costs	$ 41,890	$ 43,791
Minesite operating costs (thousands of C$)	C$57,545	C$54,320
Tonnes of ore milled (thousands of tonnes)	2,380	2,339
Minesite costs per tonne (C$)[(iii)]	C$ 24	C$ 23

Kittila Mine — Total Cash Costs per Ounce of Gold Produced[(ii)]

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$36,027	$31,999
Adjustments:		
Inventory and other adjustments[(iv)]	(1,024)	(1,543)
Cash operating costs (co-product basis)	$35,003	$30,456
By-product metal revenues	(47)	(35)
Cash operating costs (by-product basis)	$34,956	$30,421
Gold production (ounces)	48,127	44,654
Total cash costs per ounce of gold produced ($ per ounce)[(ii)]:		
Co-product basis	$ 727	$ 682
By-product basis	$ 726	$ 681

Kittila Mine — Minesite Costs per Tonne[(iii)]

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$36,027	$31,999
Inventory and other adjustments[(v)]	(1,197)	(1,659)
Minesite operating costs	$34,830	$30,340
Minesite operating costs (thousands of €)	€31,109	€26,714
Tonnes of ore milled (thousands of tonnes)	432	345
Minesite costs per tonne (€)[(iii)]	€ 72	€ 77

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$23,856	$24,212
Adjustments:		
Inventory and other adjustments(iv)	1,635	3,244
Cash operating costs (co-product basis)	$25,491	$27,456
By-product metal revenues	(8,972)	(9,579)
Cash operating costs (by-product basis)	$16,519	$17,877
Gold production (ounces)	48,117	50,106
Total cash costs per ounce of gold produced ($ per ounce)(ii):		
Co-product basis	$ 530	$ 548
By-product basis	$ 343	$ 357

Pinos Altos Mine — Minesite Costs per Tonne(iii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$23,856	$24,212
Inventory and other adjustments(v)	1,296	2,681
Minesite operating costs	$25,152	$26,893
Tonnes of ore processed (thousands of tonnes)	502	584
Minesite costs per tonne (US$)(iii)	$ 50	$ 46

Creston Mascota deposit at Pinos Altos — Total Cash Costs per Ounce of Gold Produced(ii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$ 5,781	$ 5,606
Adjustments:		
Inventory and other adjustments(iv)	310	467
Cash operating costs (co-product basis)	$ 6,091	$ 6,073
By-product metal revenues	(782)	(547)
Cash operating costs (by-product basis)	$ 5,309	$ 5,526
Gold production (ounces)	11,551	12,448
Total cash costs per ounce of gold produced ($ per ounce)(ii):		
Co-product basis	$ 527	$ 488
By-product basis	$ 460	$ 444

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

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$5,781	$5,606
Inventory and other adjustments(v)	195	399
Minesite operating costs	$5,976	$6,005
Tonnes of ore processed (thousands of tonnes)	516	527
Minesite costs per tonne (US$)(iii)	$ 12	$ 11

La India Mine — Total Cash Costs per Ounce of Gold Produced(ii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$10,915	$12,465
Adjustments:		
Inventory and other adjustments(iv)	1,054	(245)
Cash operating costs (co-product basis)	$11,969	$12,220
By-product metal revenues	(1,796)	(1,132)
Cash operating costs (by-product basis)	$10,173	$11,088
Gold production (ounces)	28,231	26,523
Total cash costs per ounce of gold produced ($ per ounce)(ii):		
Co-product basis	$ 424	$ 461
By-product basis	$ 360	$ 418

La India Mine — Minesite Costs per Tonne(iii)

(thousands of United States dollars, except as noted)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Production costs	$10,915	$12,465
Inventory and other adjustments(v)	819	(409)
Minesite operating costs	$11,734	$12,056
Tonnes of ore processed (thousands of tonnes)	1,396	1,378
Minesite costs per tonne (US$)(iii)	$ 8	$ 9

Notes:

(i) On June 16, 2014, Agnico Eagle and Yamana jointly acquired 100.0% of Osisko by way of the Arrangement. As a result of the Arrangement, Agnico Eagle and Yamana each indirectly own 50.0% of CMC and the Partnership, which now holds the Canadian Malartic mine. The information set out in this table reflects the Company's 50.0% interest in the Canadian Malartic mine.

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

(iii) Minesite costs per tonne is not a recognized measure under IFRS and this data may not be comparable to data reported by other gold producers. This measure is calculated by adjusting production costs as shown in the condensed interim consolidated statements of income and comprehensive income for unsold concentrate inventory production costs, and then dividing by tonnes of ore milled. As the total cash costs per ounce of gold produced measure can be affected by fluctuations in by-product metal prices and exchange rates, management believes that the minesite costs per tonne measure provides additional information regarding the performance of mining operations, eliminating the impact of varying production levels. Management also uses this measure to determine the economic viability of mining blocks. As each mining block is evaluated based on the net realizable value of each tonne mined, in order to be economically viable the estimated revenue on a per tonne basis must be in excess of the minesite costs per tonne. Management is aware that this per tonne measure of performance can be impacted by fluctuations in processing levels and compensates for this inherent limitation by using this measure in conjunction with production costs prepared in accordance with IFRS.

(iv) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. As total cash costs per ounce of gold produced are calculated on a production basis, an inventory adjustment is made to reflect the sales margin on the portion of concentrate production not yet recognized as revenue. Other adjustments include the addition of smelting, refining and marketing charges to production costs.

(v) This inventory and other adjustment reflects production costs associated with unsold concentrates.

All-in Sustaining Costs per Ounce of Gold Produced

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

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

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

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

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

Notes:

(i) Under the Company's revenue recognition policy, revenue is recognized on concentrates when legal title and risk is transferred. As total cash costs per ounce of gold produced are calculated on a production basis, this inventory adjustment reflects the sales margin on the portion of concentrate production not yet recognized as revenue.

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