Agnico Eagle Mines Limited

Q3 2026 Conference Call

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PRESENTATION

Operator

Good morning. My name is Julie (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Agnico Eagle Mines Limited Q3 2026 Conference Call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be a question-and-answer session. If you'd like to ask the question during this time, simply press *, then the number 1 on your telephone keypad. If you'd like to withdraw your question, please press *, 2. Thank you.

Mr. Ammar Al-Joundi, you may begin your conference.

Ammar Al-Joundi — President and Chief Executive Officer, Agnico Eagle Mines Limited

Thank you, Operator.

Good morning and thank all of you for joining our Agnico Eagle third quarter 2026 conference call.

Before we begin, I'd like to remind everyone that we will be making a number of forward-looking statements, so please keep that in mind and refer to the disclaimers at the beginning of this presentation. Next slide, please.

My team and I are pleased to report another solid operating quarter. Gold production of 814,000 ounces came in at the midpoint of our adjusted production guidance for the quarter, and cash costs of $1,133 came in 1 percent above the top end of our cost guidance.

This is no small accomplishment in a quarter where oil is $100 a barrel, where the price of diesel has almost doubled, and where trade, tariffs, and war are challenging established supply chains and logistics.

Importantly, even in this difficult environment, we remain on track to deliver our full year 2026 production and cost guidance, albeit at the lower end and the upper end of production and costs respectively.

I'm proud of and thankful to our teams for continuing to deliver what Agnico Eagle is best known for—that's reliable, consistent results even in challenging times.

This quarter, we delivered solid gold production and solid cost control. When combined with gold prices averaging about $4,300 an ounce, these solid operational results have, as you would expect, allowed us to deliver another quarter of strong cash flows and strong shareholder returns.

That said, with results largely in line with expectations and with no big surprises, this morning, we wanted to spend less time talking about this past quarter, and we want to spend more time talking about the substantial and important value drivers of our business going forward.

One of the key differentiators of Agnico Eagle over the past 20-plus years has been our growth and, in particular, our growth per share. This morning, we want to talk about how we plan to continue this growth with our actions and our investments. These are actions and investments which are happening now, aimed at growing production by 20 percent to 30 percent over the next decade and to above 4 million ounces per year starting in the early to mid-2030s.

This morning, we want to focus on that growth. I've asked Dom and Natasha to briefly recap the quarterly operating performance, but to spend more time detailing some of the concrete progress we continue to make moving forward some of these key growth projects.

Together, our four largest projects, Detour underground, filling the mill at Malartic, building Hope Bay, and building Upper Beaver, are forecast to contribute an additional 1.3 million to 1.5 million

ounces per year of long-life, high-margin ounces by the mid-2030s, all in jurisdictions where we've been operating for decades with teams in place and, in most cases, leveraging off existing infrastructure.

Again, this is not about growth for the sake of growth. This is about highly profitable growth per share with not only the best returns in the business, but with the best risk-adjusted returns in the business.

Some of you on the line have suggested that 1.3 million to 1.5 million ounces of additional growth (sic) production by the mid-2030s is an ambitious growth plan. It is and, yes, building mines and expanding production is not easy. But these are very good projects with exceptional returns, and we are well past the planning stage. We are actively investing in making this happen right now. And while there is a way to go, progress so far is good—very good—and you'll get a feel for that when Dom and Natasha present their sections this morning.

And as we see exceptional opportunities for profitable growth beyond these projects, Guy and his team, who continue to deliver quarter after quarter some of the best exploration results in the business, continue to do so, again, best return on capital, best risk-adjusted return on capital. Guy will talk a little bit more about some of these exciting drill results a little later.

But before we get into all of that, Jamie will briefly review another quarter of strong financial results, another quarter of strengthening the balance sheet and increasing returns to our shareholders, and another quarter of investing capital into the best growth pipeline we've ever had, and to what we believe, as Jamie likes to say, at these gold prices, we can do it all.

Jamie?

Jamie Porter — Executive Vice President, Finance & Chief Financial Officer, Agnico Eagle Mines Limited

Thank you, Ammar, and good morning, everyone.

The third quarter again demonstrated the quality, consistency, and resilience of our business. We delivered solid operational results and cost control, generating free cash flow of $852 million.

Gold production totalled 814,000 ounces for the quarter and was in line with our forecast. With year-to-date production of approximately 2.5 million ounces, we are well positioned to achieve the lower end of our full year production guidance.

Our operational performance resulted in strong quarterly financial results, including adjusted net income of approximately $1.3 billion or $2.62 per share, and adjusted EBITDA of approximately $2.5 billion.

Total cash costs in the third quarter were $1,133 per ounce, and all-in sustaining costs were $1,648 per ounce. Year-to-date costs remain within our full year guidance range, and we continue to expect full year costs to finish within the upper end of our guidance range, despite industry-wide inflationary pressures, which reflects our strong cost discipline across our operations.

During the quarter, elevated diesel prices increased total cash costs by more than $30 per ounce, relative to budget. While we are not immune to higher fuel costs, our exposure is significantly lower than the industry average, given our access to grid power in Ontario and Quebec and our predominantly underground mining portfolio, which is less diesel-intensive than open-pit operations. Diesel currently represents approximately 11 percent of our operating costs.

As we look ahead, our teams remain focused on productivity, operational optimization, and disciplined cost management to help offset external cost pressures. Together with the quality of our asset portfolio and strong operational execution, this focus continues to support strong margins and cash flow generation.

We turn to Slide 5. Our capital allocation strategy remains disciplined and balanced, with a clear focus on investing in high-return growth projects, maintaining financial strength, and providing strong returns to shareholders. Ultimately, our job is to make money for our shareholders, and that principle remains at the centre of how we allocate capital.

We continue to make tangible progress across our key value drivers at Detour Lake, Odyssey, Hope Bay, and Upper Beaver, with approximately $1.6 billion invested in development capital year to date to advance these high-return growth projects.

As the CFO of Agnico Eagle, I recognize that we're investing a record amount of our owners' capital into our growth pipeline, but I'm confident that this is the right thing to do, given the quality of our growth pipeline and the potential for these projects to generate strong long-term returns for shareholders.

At current spot prices, these projects are expected to generate returns of approximately 25 percent to 50 percent, while supporting our anticipated production growth of 20 percent to 30 percent beginning in the early 2030s.

Importantly, we have the financial strength to fund this growth, and we believe this growth will translate into meaningful long-term value on a per-share basis. With a net cash position of approximately $3.4 billion at September 30th, our balance sheet provides us with the flexibility to advance our high-return project pipeline while continuing to return capital to shareholders.

This quarter, strong free cash flow generation supported total shareholder returns of approximately $478 million in dividends and share repurchases, representing about 56 percent of free cash flow. This brings year-to-date shareholder returns to 51 percent of free cash flow, above our initial target of 40 percent.

Our priority remains on delivering a stable dividend and reinvesting in the business while using share buybacks opportunistically when market conditions are attractive. At current spot gold prices and subject to the needs of the business, we now expect to return more than 50 percent of free cash flow to shareholders for the full year 2026.

We take particular pride in our dividend track record, having paid a dividend for 43 consecutive years. Since 1983, Agnico Eagle has returned over $7 billion to shareholders through dividends and share repurchases. We're proud of this track record. We remain committed to disciplined, balanced capital allocation, with investments focused on generating sustainable long-term value on a per-share basis.

With that, I'll turn the call over to Dom.

Dominique Girard — Executive Vice President, Chief Operating Officer – Nunavut, Quebec & Europe, Agnico Eagle Mines Limited

Thank you, Jamie. Good morning, everyone.

In my section, I will cover the Quebec, Nunavut, and Finland business. And the key message I would like you to take away from my remarks is the project execution is solid, so we have a resilience into our operation, and there's a strong momentum behind our project execution. As Ammar mentioned, it is happening now.

First highlight on operation, Barnat pit. It is a good example of the resilience I just mentioned. On July 1st, the team had a movement of the rock into the Barnat pit, and within 24 hours of the rock movement, the team did the assessment, and they established a safe path forward. So the plan was completed on September 27th, including building rock catch bench, and that was done slightly ahead of the plan. So the mining is restarted, and we're now mining safely into the Barnat pit. Good work, team.

The other highlight I would like to do for the quarter is the good work done by the Kittila team, especially the mill team. You could see—this is the picture you can see there with the smoke or the vapour coming out of (unintelligible).

The team worked systematically over the last years to improve their mill recovery. That was not an easy challenge, and in September, they achieved the highest monthly recovery in the last five years. It is demonstrating the capacity of the team to address complex challenges, and it is giving us confidence as they will gradually take on the next challenge at developing Ikkari Project.

Turning now to the projects. Next slide. Investors often ask whether we have the capacity to execute our, let's say, ambitious growth plan. The pictures you're going to see in the coming slide speak for themselves. Execution is well underway and our key projects are firing on all cylinders.

Starting at Malartic, we are on target for the first production via the shaft in Q2 2027, with over 70 percent of the construction completed. If we go in the picture on the right, it is the equipment we've used to do the shaft sinking in the last three years, sinking that shaft. So that shovel has dug a 6.5-metre diameter hole to 1.5 metres—no, 1.5 kilometres deep—and we completed that first phase of sinking with our team four months ahead of the schedule.

Moving to the bottom picture in the middle, you could see the production hoist. It is the focus right now, moving switching gears from the sinking hoist to the production hoist. This Blair hoist will be the biggest in the world with a 20-foot-diameter drum and 2 times 12,000 horsepower motor that you could see on each side.

Moving at the top picture, you can see the operation complex, which is now completed with 300 new offices and 1,200 baskets for the drying for the employees. The paste plant is completed.

And also, Guy, we are building a brand-new modern core shack, so keep the drill running. Despite the Shaft 1, a potential Shaft 2, Marban, and Wasamac, we still have room at the mill.

Next slide for Hope Bay. The project is moving from investment decision to a disciplined execution. It is the fourth mine we're building in Nunavut, and I'm very happy with the team and the strong plan we have in hand. Detailed engineering is now achieving 75 percent, and in the coming presentation, I'm going to move to talk more about the construction progress, where we achieved 13 percent at the end of September.

Going to the picture, the first two at the top are two infrastructures we need to complete in 2028. This is the plan, so we're in good position. The first one is the multiservice building, where we are going to accommodate the garage, offices, and the metallurgical lab, so it is the former or the old mill that was used at the time.

On the right picture, it is a 37-megawatt power plant, brand-new, that we're building. So that picture is the end of September but today, 25 percent of the structural seal is already completed, and we're starting to put some cladding into it. So we're in good position.

Now, something I'm very, very proud and happy and would like to congratulate the team about, the achievement of the very big sea lift that we did. Everything has been done on target. That starts from doing good engineering, procurement, and expediting, having the teams going around the world to go to the suppliers to make sure the quality is good, and they going to deliver on time.

And also, the Becancour Port team, they received 220,000 cubic metres of stock, which is the equivalent of 2,000 to 3,000 truckloads. And also, the team site that unloads safely and in perfect coordination all those truckloads at the Roberts Bay jetty that you could see there.

And the last picture on the bottom right, it is a blade of the first turbine we're going to install in Nunavut. That's going to be the biggest one into Nunavut and probably into the Arctic.

You could see we've used a system to lift the blade, and that was the first time in Canada that was used. This is to help us to turn the curves with those huge blades. And this has been done as planned, so that's going to be a 4.2 megawatt that is going to be ready early in 2028.

This is an interesting project, where it's going to be operated and owned by our Kitikmeot Inuit Association, or partner's, business that we're going to run that one.

To conclude, I also would like to report that we renewed our IIBA with the Kitikmeot Inuit Association. This is a very good one, win-win, where we're covering the entire 80-kilometre belt, and this is going up to 2056. So, Guy, we are ready for other discoveries, other new gold deposits along the belt.

On that, I will pass on to Natasha for the remaining presentation.

Natasha Vaz — Executive Vice President, Chief Operating Officer – Ontario, Australia & Mexico, Agnico Eagle Mines Limited

Thanks, Dom, and good morning, everyone.

I'll cover the operational highlights for Ontario, Australia, and Mexico.

So the regions delivered another strong quarter, exceeding their plans.

Detour's excellent performance was a function of a few factors. We saw improved productivities. We continued mining in a high-grade portion of the deposit, and we saw some localized positive grade reconciliation as well. As expected, the operation has now transitioned into a lower-grade mining sequence that we anticipate to continue throughout the fourth quarter.

At Macassa, we were in a higher-grade sequence, but we also saw some tangible improvements from their optimization efforts in the mill.

And at Fosterville, we continued to see some strong results, a function of improved mine productivities and positive grade reconciliation at both the Robbins Hill deposit and the Phoenix deposit.

So the records that were achieved in the quarter, they were a direct correlation with the continuous improvement efforts that are currently underway at all of our sites. We've spoken about a few of these initiatives over the past quarters, and we see a few more on this slide.

I won't go into the details, but I do want to say a quick thank-you. Thank you to all the teams for their collaboration and their commitment in driving these results, and for continuously looking for ways of doing better, for raising the bar, and doing your best to control the things that we can control. We really, really appreciate it.

Okay. Moving to the next slide, I'll give you an update on the projects in Ontario.

And I'll start with Detour and the site's progress towards becoming a 1-million-ounce producer annually. And this, of course, has the Detour project, the underground project, playing a big part of this plan.

This quarter was a strong one for the team. With the help of Macassa, who offered support by sending some of their development miners, the team at Detour fully internalized the development contract for the exploration ramp. And this is a very good example of how our regional strategy enables our sites to easily collaborate and to leverage and share things like infrastructure, parts, lessons learned, and in this case, sharing skill sets. This internalization resulted in the team achieving a quarterly record in development performance.

Now in terms of the development itself, it is currently progressing from two active headings with dedicated crews, supporting advancement of the exploration ramp and also the crosscut to access the first mineralized zone.

And looking forward, the bulk sample is expected to be completed by the first half of 2027. And that data from the bulk sample will then be incorporated into the mine plan for Domain 54, and this is the area that could enable underground production as early as 2028.

Now in addition to that, overburden removal for the conveyor ramp portal near the mill continued this quarter. We also advanced construction activities for some key site infrastructure, and that includes the camp expansion, water and wastewater treatment facilities, and the multiservice building.

Now I started working with the Detour team in 2020, and I continue to be impressed by what they have accomplished. Since then, the team has doubled mineral reserves and mineral resources. They've increased mill throughput from 22 million tonnes per year to 28 million tonnes per year and is now making very good progress in the next phase of the operation with the goal of becoming a 1-million-ounce producer by the early 2030s. And in addition to that, we continue to see further potential beyond this.

Now Guy's going to speak to the exploration program shortly, but the continued exploration success gives us significant optionality at Detour that we're in the early stages of evaluating. This could include a higher milling capacity, potentially a larger open pit, and a larger underground mine maybe than the one that we had—than the one that we had first envisioned.

There's still a lot of work to do here, but we expect to provide you with a project outlook in 2027.

Now over at Upper Beaver, the team progressed well on both the exploration ramp and shaft in the quarter. The ramp has advanced over 600 metres in the quarter, reaching a depth of 210 metres and achieving a fifth consecutive quarterly record in development performance.

Shaft sinking was also good. They delivered a solid quarterly performance, reaching a depth of just over 730 metres. We expect to reach the 760 level and then commence the shaft station excavation on 760 this quarter as well.

Now following the results of the high-intensity drilling program that was done earlier this year, we're currently evaluating opportunities to expand exploration activities, which includes extending the shaft to a depth of 1,200 metres, and this will support infill drilling and potentially even grow the mineral resource at depth.

So to conclude, our operations delivered another strong quarter, and our projects are continuing to advance well with encouraging exploration potential emerging across our portfolio.

And with that, I'll turn the call over to Guy.

Guy Gosselin — Executive Vice President, Exploration, Agnico Eagle Mines Limited

Thank you, Natasha, and good morning, everyone.

I'm very happy again to report some great exploration results this quarter, and especially on some new projects, as we got our first few results in the asset recently acquired in Finland around the Ikkari project, and at the Boston deposit at Hope Bay, where we have conducted our first drill campaign since Agnico Eagle acquired the project five years ago.

But once again, I must also report some great results at Odyssey and Detour Lake that continue to show exploration of sites to go above and beyond our current plan to bring these two sites at a million ounces of gold per year.

We had another very strong quarter in terms of drilling, safely completing more than 330 kilometres of diamond drilling with more than 120 rigs, for a year-to-date total of 1.1 million metres, well on our way to achieve our budget of 1.4 million metres of drilling. And we are in a very good position to

replace and grow our global mineral reserve and resources at the end of the year, as we have now been doing for the last several years in a row.

Looking now into some specific projects.

On Slide 12, in Malartic, drilling continues around the East Gouldie and Odyssey projects, as well as in the regional drill targets around, such as the adjacent Marban project.

We continue to get some strong exploration results in the East Gouldie at depth, with 2.8 grams over 34 metres at 1,950 metres, which is approximately 100 metres below the current shaft depth and 100 metres to the west of the current planned ultimate depth of the first shaft.

In the adjacent Eclipse Zone, some broad intercepts returning 3.8 over 36 metres per length, as well as in the Artemis, that is one of the internal zones between Odyssey North and Odyssey South within the porphyry, with 9.5 grams over 18.9 metres at around 1,000 metres depth, supporting our view of significant additional exploration upside, not only in the lateral extension of the main East Gouldie Zone, but also in those internal subparallel secondary structures, like the Eclipse and Artemis zones, close to the planned mine infrastructure.

Now, on Slide 13, at Detour Lake, the high-intensity drilling in Domain 54, close to the exploration ramp west of the open pit, was completed, and the results are being analyzed and will be integrated as part of our year-end mineral reserve and mineral resources update exercise to be disclosed in February.

Drilling is now back, continuing the resources conversion and some expansion drilling towards the west and at depth.

I would like to bring your attention in particular to a few holes like the drill hole 1405 in the saddle area at the bottom of the resources pit in light blue on this graph, with 11.9 grams over 5.4 metres at 580 metres depth; and a few hundred metres west of this one, in the west portion of the open pit again,

in drill hole 1367, that returned a spectacular 19 grams over 26 metres at 330 metres depth, very close from the current limit of the current reserve pit. As discussed by Natasha, that could be further optimized through our ongoing review of the full potential of the asset.

At Hope Bay, on Slide 14, we've completed 84,000 metres of drilling, year to date. In Madrid Patch 7, some great results again, up to 8.5 grams over 8.6 metres at 500 metres depth, and 37 grams over 2.8 in drill hole 500 at almost 700 metres depth. That demonstrates that the system remains open at depth.

But I'm also very pleased, the report that we have drilled at Boston this year. In Q2 and Q3, we've reopened the camp, completing more than 7,500 metres of drilling in eight drill holes. The highlights were pretty good at around 300 metres, both in the north and south portion of the deposit, with 11 grams over 12 metres, and 17 grams over 4.5.

Drilling this year aim to tests of deposits in proximity to the existing resources to better understand the mineralized context, as well as some of the surface prospection work in the southern part of the belt, where we are preparing a much more aggressive drill program in—field and drill program in 2027. So stay tuned for some more good news to come in exploration at Hope Bay.

And last but not least, at Ikkari, our recently acquired project in Finland on Slide 15. Activities are ramping up smoothly with three rigs actually turning and, pretty soon, five or six in the fourth quarter, when we'll get access to drill platform when ground will be frozen in wetland area.

Drilling to date aimed to conduct a fair bit of condemnation drilling on potential new sites for waste rock and tailing storage facility to the south of the deposit, as well as testing a couple of deep drill holes, in particular in the Helmi and Ikkari deposit areas.

And at Helmi, we got some very interesting results in the first hole we've got, with an uncapped average grade of 15 grams over 10 metres, or 3.2 grams cap, because within that intercept, there was a 1-metre sample that returned 185 grams with a structure hosting VG, showing that the Helmi is still wide open at depth, as we thought when we've made the acquisition, seeing at the Ikkari, in the Ikkari structure, some deep potential, like in our well known Kittila asset.

So we are off for a good start, and I can't wait to go to site in about a week to see the team, get to see some of those drill holes at depth, and discuss the plan for 2027, as we have the desire to deploy a very aggressive drill program over there in the next three to five years to test the full potential of the belt.

And on that, I will return the microphone to Ammar for some closing remarks.

Ammar Al-Joundi

Thank you, Guy. Really very exciting stuff. Well done, as always.

And thank you to the rest of the team and to all of our people for delivering another solid quarter, not just operationally, but in developing these key value drivers that really are exceptional.

As you can see, we continue to work hard for all our stakeholders, and we'll continue to build off the same foundational pillars that have defined our strategy and have served us well for almost 70 years.

We will continue to focus on the best mining jurisdictions, based on geologic potential and political stability.

We will be disciplined with our owners' money, making investment decisions based on technical and regional knowledge, creating value through the drill bit and through smart acquisitions where and when it makes sense.

We are uniquely well positioned with a high-quality project pipeline, leveraging existing assets in the best regions in the world, where we believe we have a competitive advantage.

And we will continue to be focused on creating value on a per-share basis and on being leaders in our industry in returning capital to shareholders, as evidenced by over 43 years of consecutive dividend payments and increasing share buybacks.

Two years ago, we talked about an ambitious vision to meaningfully grow production per share with the clear aim of generating exceptional additional value for our shareholders. We talked about our vision to grow Detour to over a million ounces a year. We talked about our vision to grow Malartic to over a million ounces a year. We talked about the potential for Hope Bay to be over 400,000 ounces a year. And we talked about our vision to build Upper Beaver and open up a whole new mining camp.

This was an ambitious plan, but we knew we had the quality of projects, the quality of teams and, importantly, the conviction to make it happen.

Today, our teams are transforming these visions into actions. Today, we're investing heavily into these projects. We're making good progress. We will stay focused, and we will not be distracted.

We look forward to talking more about all of this with more detail at our Capital Markets Day on November 18th, and I encourage all of you who can make it to attend.

Thank you, all, again, for joining us on this call, and thank many of you that have, for decades, supported us and trusted us. We'll always work hard to maintain that trust, and we will never take that trust for granted.

Operator, may I now ask that we open up the call for questions?

Q&A

Operator

Thank you. Ladies and gentlemen, if you'd like to ask the question, please press *, 1 on your telephone keypad. If you'd like to withdraw your question, press *, 2.

One moment, please, for your first question.

Your first question comes from Fahad Tariq from Jefferies. Please go ahead.

Fahad Tariq — Jefferies

Hi. Thanks for taking my question. In the press release, there was a lot of commentary on the diesel cost and consumable cost inflation that you're seeing. I didn't see as much about labour cost inflation. Maybe you could touch on that as well, and how you're thinking about it for 2027? Thanks.

Ammar Al-Joundi

Well, I mean, that's an excellent question, Fahad, and I would say that over the next 10 years, labour is something that is going to be right up at the top of things that resource companies and certainly mining companies and certainly Agnico Eagle are going to be focused on.

We're not seeing, at this point, material increases in labour costs. The bigger challenge is an availability of high-quality labour. And the canary in the coal mine—as you know, you've been in this industry for a while—is usually on the exploration side with drillers because they tend to be more transient.

So internally, things are going pretty well. We continue to have, I think, a very good, very happy workforce; low turnover. We're not yet seeing material increases with our workforce, but that's an excellent question.

And what I will say is we are investing a lot of time and effort thinking about how we maintain our competitive advantage with workforce over the next 10 years-plus.

Fahad Tariq

Okay. Great. And then just switching gears to Malartic for a moment. With the first shaft production expected in the second quarter of next year, do you expect any potential, I guess, production makeup for the loss of Barnat ounces? Is that possible for next year? Thanks.

Dominique Girard

No. We don't see something, let's say, concrete right now. If we're doing better, maybe, but I will not say it at this stage, where we are with that.

Fahad Tariq

Okay. Great. Thank you.

Operator

Your next question comes from Richard Garchitorena from Barclays. Please go ahead.

Richard Garchitorena — Barclays

Thanks. Good morning, everybody. Just wanted to ask, in terms of production at Nunavut. Meliadine performing in line with the plan, however, Meadowbank impacted by lower-than-expected grades. Just wondering, what were the specific drivers of lower grades and the lower mill throughput?

And is this reflected in your production guidance for 2027 that you've already provided?

Dominique Girard

Hi, Richard. Dominique speaking.

We're still working on the budget onto the next year. But really, what happened, it is really in a specific area in the IVR pits, where we've had the discrepancy between the model and what we see. Our teams are on that to update the model and to make sure that we have the right plan. But that doesn't affect at all the underground in the Whale Tail pit. It's a localized area into the IVR pit.

Richard Garchitorena

Okay. Great. And maybe if I could just follow up on the cost question. You basically provided guidance for the upper end of your prior guidance of the $1,400 to $1,550. You also talked about some additional input pressures on the consumables side. Maybe you could talk a little bit about that?

And then, also, there was a mention of a $5-per-ounce increase from US retaliatory tariffs. What is that specifically? And, I guess, should we just basically assume that's going to be—if there's a trade deal, obviously, that would roll off? Thank you.

Jamie Porter

Yeah. So maybe—it's Jamie here. I'll start with the last part of your question.

So, yeah, the impact that we disclosed, $5 an ounce, is the impact of the tariffs on our Q4 costs. If there isn't a trade deal, we'd actually expect that impact to increase in 2027.

Across the—we tried to provide some colour on what we're seeing in terms of overall cost inflation. The biggest cost increase is with respect to diesel, which now represents about 11 percent of our costs. And we disclosed the impact for Q3. The higher diesel price relative to what we budgeted had an impact of about $30 an ounce. That could be $50 to $60 an ounce in Q4 and for full year 2027, could be as much as $80 an ounce. So it's about a 7 percent increase potentially year over year.

And then we walked through some of the other inflation pressures we're seeing across other consumables. But overall, as I mentioned in my remarks, we are less exposed to diesel than the majority of our peers, just given the fact that we benefit from majority of our production coming from northern Ontario, northern Quebec, where we're on the grid, clean hydroelectric and nuclear power.

So I'd say this is something that's going to impact—diesel pressures are going to impact the entire industry, and we are insulated somewhat from it. We are going through our budgeting process now.

And obviously, our job is to do our best to try to make our operations more efficient and offset some of that inflation. And hopefully, we'll be successful in doing that.

Richard Garchitorena

Thank you.

Operator

Your next question comes from Bennett Moore from J.P. Morgan. Please go ahead.

Bennett Moore — J.P. Morgan

Good morning, Ammar and team. Thank you for taking my question. Congrats on the quarterly execution.

I guess, as we look at year-to-date drill results across the portfolio, [audio gap] or even net growth, and maybe which assets may be the key driver on that front?

Ammar Al-Joundi

Bennett, you broke up a little bit. I guess Guy heard better than I did. Guy, do you want to …

Guy Gosselin

Yeah. Well, basically, those are pretty much the one I covered. So we are anticipating good progress in reserve and resources addition, both at Malartic, Detour. Hope Bay, we're going to be updating our reserve at year-end.

And there's also a fair bit of positive replacement at the existing operations, such as Meliadine, Kittila, Macassa. So we're in pretty good shape overall in terms of reserve and resources replacement.

Bennett Moore

Thanks for that, Guy. And then, I guess, on capital allocation, with now targeting above 50 percent of free cash flow towards shareholder returns this year. Given the strong financial position, should we view this as maybe a threshold that's likely to extend into 2027?

Jamie Porter

Yeah. That's a good question. I think we're well on track. On a year-to-date basis, we've returned 51 percent of our free cash flow, and we now target being over 50 percent for the full year. I think 50 percent is a reasonable threshold looking ahead to 2027.

But again, that's something that, as we work through our budgeting process and have discussions with our board, that we'll ultimately decide on and publish in conjunction with our February guidance release.

Ammar Al-Joundi

And clearly, it'll also be a function of the gold price.

Bennett Moore

Understood. Thank you for the context and looking forward to the Capital Markets Day.

Ammar Al-Joundi

Great.

Operator

Your next question comes from Lawson Winder from Bank of America Securities. Please go ahead.

Lawson Winder — Bank of America Securities

Yep. Thank you, Operator. And good morning, Ammar, Jamie, and team. Nice to hear from you. Solid quarter.

I wanted to ask about Detour Lake. So we've had several quarters now of suggestions about what the larger underground could be and that it could come on in early 2028. So considering that and moving parts within the other assets, is the current 2028 gold production guidance starting to look a little stale with, potentially, some upside?

Natasha Vaz

Hi, Lawson. This is Natasha.

So we're working through the budget and the life of mine and, specifically, the three-year plan right now. So we should have those results by the end of this year.

In the meantime, though, we do have a specific team dedicated to both understanding how much of that, maybe, incremental underground production we can bring in from an upper, shallower area of the underground as early as 2028.

And then we have another team looking at the big evaluation of what that full potential could be for Detour, that looks like, potentially, the increase of the underground or maybe even a pushback for the open pit or potentially also, an increased milling capacity. So we'll probably give you an update on that in 2027.

Lawson Winder

I mean, could we see some early results from the study we're expecting in mid-2027 on Detour factored into the three-year guidance that we will get in February?

Natasha Vaz

No. It's still very early stages on that, Lawson.

Lawson Winder

Okay. Well, that's very clear. And then just also with respect to Detour—and the production to date has been really solid. And it certainly seems that the mine can still reach the midpoint of the guidance despite the extended shutdown that you've announced this quarter. Does that ring true for you?

And then, does the additional maintenance in Q4 have any positive knock-on for 2027 production?

Natasha Vaz

Yes. So, yeah, you're correct. This is just a preventative maintenance that we're bringing forward from next year. We're taking advantage of the shutdown that we're doing in November. It's basically a gear replacement on one of our SAGs. So we have a seven-day shutdown, but we want to extend it a little bit because we have the materials, and we have the team already on-site doing some work. So we just thought maybe let's take the opportunity to do it because of Detour's strong performance this year.

So, yeah, we expect to meet the production guidance. And for next year, we're working through the budget plan right now to factor that in.

Lawson Winder

Okay. That's really helpful. And then just on the capital return. Jamie, this probably would be for you. Can we take the 50 percent free cash flow payout for 2026 as a potential new run rate that could carry into 2027 and beyond?

Jamie Porter

Yeah. Look, I mean, we had—we addressed that question. I mean, we're very confident in the 50 percent for this year. We haven't established a set target yet for '27 and '28. And, as Ammar said, it depends on the gold price and the level of capital spending and everything else. But I don't think it's an unreasonable assumption at this point.

Lawson Winder

Okay. Thanks for clearing that up. Thanks very much, everybody.

Operator

Your next question comes from Matthew Murphy from BMO Capital Markets. Please go ahead.

Matthew Murphy — BMO Capital Markets

Hi, there. I don't want to steal any thunder from November 18th, but you've been doing a lot of exploration. You've been getting positive results. Just wondering what studies we might see. Like, is it fair to think Malartic's second shaft is probably the first sort of concrete thing you can put a pin in?

I guess Detour, we'll get the update on the longer-term mine plan in 2027, and what's the goal. Is it to have a—is it to provide a mine plan to the Street to understand what the upside could be? Or are these projects still sort of moving targets, just given the exploration success that's ongoing?

Ammar Al-Joundi

Yeah. I mean, we don't want to steal the thunder. And they're fair questions.

I think the objective of that day is two things. One is we are spending a lot of our owners' money on developing these projects, and they're going well. And we want to, frankly, make sure our owners know that their money's being well spent and that the projects are going well.

And two, we will—and I won't go into detail. We will talk about some additional ideas that we have that we want to highlight and surface because there's some pretty interesting stuff. So we'll just maybe leave it at that, but that's sort of the objective.

Matthew Murphy

Okay. We'll look forward to that.

And then just one on the balance sheet. You finished the quarter with $3.4 billion net cash. So what's the thinking around increasing the size of the credit facility and the shelf prospectus? Is this just like preparation for peak CapEx with so much going on?

Jamie Porter

Yeah. No. I'd say it's really just rightsizing our overall liquidity. I mean, we had an opportunity—the bank market's quite competitive currently, so we had an opportunity to upsize the facility on very attractive terms without really increasing our incremental costs much so, really, just giving us the liquidity that I think makes sense for a company of our size and scale.

Our capital spending is going up. We'll be north of $3 billion this year in total capital, and that's likely to increase over the next few years. But we're fortunate in that we're very profitable, and we're going to be able to fund that from operating cash flow and have the balance sheet very defensively positioned. So if the gold price were to drop meaningfully, we've still got the financial wherewithal to be able to move forward.

Ammar Al-Joundi

Yeah. I would—look, having spent a number of years as a CFO myself, I think Jamie is doing a great job just having a very strong financial position and a very strong balance sheet. I would not read into that any particular reason outside of just trying to do the right thing and have the right amount of liquidity for the Company. It's just, frankly, he's just doing a good job as a CFO. Not as good as me—

Matthew Murphy

Got it. Okay—

Ammar Al-Joundi

Not as good as me, Matthew, but a good job.

Matthew Murphy

Thank you.

Operator

Your next question comes from John Tumazos from John Tumazos Very Independent Research. Please go ahead.

John Tumazos — John Tumazos Very Independent Research

Thank you for taking my question. I'd like you to help me with some algebra. At Hope Bay, with the CapEx plus the monies already spent, Agnico will have spent over $3 billion. And for Lapland, the acquisition was $4 billion so that, by the time you build a mine, it might be over $6 billion. I'm comparing that to the current balance sheet of discovery mining, which is $2.4 billion total assets.

Should I interpret that you're going to produce 3 times more gold than you're indicating at Hope Bay and Lapland to justify the CapEx? Or should I interpret that the Company with the $2.4 billion dollar balance sheet will have 5 times your ROE? Or both? And forgive me for—

Ammar Al-Joundi

Well, John, you always—

John Tumazos

—being a little mischievous.

Ammar Al-Joundi

You're always a little mischievous and that's okay.

Look, you can spend your entire life looking at what somebody else is doing and saying, well, they're doing this, but we're doing that. That's a—with respect, that's not constructive. We've delivered

a lot of value to shareholders by not—as Sean used to say, not looking over our shoulder at what other people are doing.

If we can—maybe, the best answer is this. If we can build projects making somewhere between 25 percent and 60 percent return on capital, we will do them until the cows come home. If you can find somebody at 80 percent, invest in that. But we're pretty happy at the 25 percent to 60 percent.

John Tumazos

So I got to run those numbers on Hope Bay and Lapland to get, say, 40 percent midpoint.

Ammar Al-Joundi

So we've already run the numbers and, to the extent our general counsel allows us to, we're happy to share them.

John Tumazos

Thank you. I'm a shareholder in both. Thank you.

Ammar Al-Joundi

Good. Thank you.

Operator

Your next question comes from Tanya Jakusconek from Scotiabank. Please go ahead.

Tanya Jakusconek — Scotiabank

Oh, great. Thank you so much for taking my questions. I'm going to say good morning, everyone. Still have a few more minutes for the morning. Wanted to ask on the costs again and then wanted to come back on labour because that's very important.

Just from the costs, Jamie, should I be thinking that the rate you exit 2026, that higher cost rate and kind of factoring in above-average inflation for 2027 of maybe 5 percent, is what would be a good base for 2027 costing?

Jamie Porter

Yeah. Yeah. Tanya, I mean, again, I don't want to commit to giving you any guidance on what the percentage increase year over year is going to be, just given we haven't gone—we haven't finalized our budgets yet and provided public guidance on that.

I would say, if you look at the level of cost increases that we've seen, so Q3 of 2026 relative to Q1, that reflects a lot of the higher diesel costs and other inflation that we're seeing. If you look at—I mentioned diesel earlier. It's 11 percent of our costs, and it's effectively doubled relative to what we budgeted at this time last year. So, it's up 50 percent, 60 percent, relative to what our actual realized will be this year. That's a 7 percent-to-8 percent increase on diesel right there.

Beyond that, I don't know where we're going to end up on labour and other consumables and everything else but, yeah, 5 percent or 6 percent is a reasonable assumption. And again, our job is to try to offset that. So we'll see how much of that cost inflation we can reduce through productivity and operational efficiency.

Ammar Al-Joundi

Yeah. I would just add to that, Tanya, and it's a fair question. And historically, it's the right thing to do. You sort of start, well, you ended the year at this, and let's add whatever assumption we want to that.

The big variable on this is diesel. We have no idea if diesel's going to be $100 a barrel or $50 a barrel or ... I mean, for what it's worth, I don't think anybody here, at least at Agnico, thought this thing

was going to go on as long as it did. And we really don't have any—we don't have any more insight into long-term diesel prices in 2027, I think, than anyone else.

We have hedged some of it. We've bought some of it. We use less than most of our peers. But if I was in your position, that is going to be the tough one to model. And I'd probably just be honest with your readers and say, who knows where diesel's going to go.

Tanya Jakusconek

Yeah. No. I appreciate that. Yeah. Appreciate that that's the moving part of it. I was just trying to understand whether that's a good base to start from.

Labour's something that you can have some sort of control over, not the inflation of labour, but hiring of people. We've spoken a lot, Ammar, about all of these projects coming in. Can you maybe review with us the labour requirements for all of these projects? Because we've got a couple of new mines, and so we've got to hire there. Some expansions as well, we've got to hire there. Just I'm—like building mines isn't easy, so we need the people. So maybe some insights into how we (sic) going to build this labour force?

Dominique Girard

Good morning, Tanya. That's Dominique speaking.

It's a good question. And, as Ammar mentioned, we're thinking and working on that, and we have good teams to think and to plan accordingly.

If I go back, when we staffed Meliadine, what we did, we had a hub within the hiring team that have been helped to really see across Canada. Well, it was a (unintelligible) also that was—it may be easier than some other mines, but we've been able to hire over 800 employees in some years.

Today, this is more a challenge than when we've did the Meliadine. And when you look, let's say, where we're expanding at the Odyssey, we're going to have more in the same kind of area, Marban, Wasamac, Upper Beaver. So we really strengthened that team. Now they're not just covering Nunavut. They're just across Canada for all operations and all projects. We have the—they have the horsepower to target different key areas.

One challenge that we have is housing. And this is something we're looking how could we help; how could we work with the municipalities about housing. The plans are still in the oven; they're not yet ready, but this is something we're working.

And we're lucky because Agnico has a good name, a good brand. And we're—keep trying having, let's say, a desired company for our employees, and. But it is more challenging.

Tanya Jakusconek

Yeah. Like I remember, like, I think we could—remind me, Dominique, how many people we need for the Hope Bay operations. And I know you were hiring from western Canada. Maybe, how the progress is going there?

And what do we need for Upper Beaver and how the progress is going there as well?

Dominique Girard

Well, I don't have the exact number for ... Well, I could come back to you with the—

Tanya Jakusconek

(unintelligible)

Dominique Girard

—of the numbers.

Tanya Jakusconek

The investor day would be fine if that's a good place to put this question.

Ammar Al-Joundi

Yeah. Yeah. I mean, so far at Hope Bay, it's been going pretty well.

So, Dominique said something very quickly, but very important. He said we have a plan, and I got to give the team credit. I mean, nothing happens if you don't have a plan—and we've been working on this for a long time—especially, I mean, if you want to build something in Nunavut, so it's given us some experience.

So Hope Bay is going pretty well. We've been able—as exactly like you said, Tanya, we've accessed the western labour pool and it's gone, I would say, better than anticipated. And we're getting very good momentum. I don't know the exact number of hires, but I think the camp is, what, 800 or 900 beds. So roughly double that, ballpark, is going to be the workforce.

And then, I don't know, Natasha, did you want to talk about Ontario?

Natasha Vaz

Sure. So in Ontario, Upper Beaver, we're sitting around maybe 700 people there. And in that district, in the Kirkland Lake district, we're working on the housing infrastructure because in order for us to attract people, we need to find places for them to live. So we've been working—Andre and the team have been working very closely with the municipality to acquire land and starting to build complexes that can help us facilitate that.

Tanya, there's a number of initiatives ongoing, whether it's short term, medium term, long term on the labour. Dominique talked about the centralized recruitment hub and the housing and critical infrastructure that we are working on, on all the regions. But there are other things that we're doing.

There's a targeted immigration program specifically focused on the hardest-to-find skill sets. In this case, it's the trades, the heavy-duty mechanics. We're utilizing that strategy for the short term at Macassa. We're also trialling it at Detour. And like I mentioned, Macassa sent some of the team to Detour underground to help train them. And so we're building up capacity that way.

We're also working on a skills development program. So whether you're training an operator at Detour or you're going through the stope school at Macassa, this actually helps. It's a long-term approach, but we're guaranteeing people a job. And so far, we're having good success rates.

Tanya Jakusconek

It's good to hear. Thank you.

Operator

And your last question for today comes from Anita Soni from CIBC World Markets. Please go ahead.

Anita Soni — CIBC World Markets

Hi. Thanks for hanging in there and taking my question. Most of them have been asked and answered, but I just wanted to ask about reserve resource pricing as you go into next year. Do you have an idea of where that might land at this stage?

Guy Gosselin

Hi, Anita. It's Guy speaking.

So as discussed, we are taking into consideration some of the inflation into our inputs on fuel and the rest of it. We are in a process of finalizing our view, but our objective remains the same, to keep the cutoff grade stable. So whatever we're going to do is not going to drive cutoff grade lower, and it's kind of going to impact our view of what we want to mine in the next few years.

Anita Soni

All right. Thank you.

Operator

And there are no further questions at this time. I will turn the call back over to Ammar for closing remarks.

Ammar Al-Joundi

Once again, thank you, everyone, for joining us. We know there's a lot going on today, and we appreciate you hanging in there and have a great day. Thank you.

Operator

Ladies and gentlemen, this concludes today's conference call. You may now disconnect. Thank you.