

# FINAL TRANSCRIPT

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## **AGE.TO - Q2 2005 Agnico-Eagle Mines Limited Earnings Conference Call**

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### **Steve Butler**

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## PRESENTATION

### **Operator**

Good afternoon ladies and gentlemen, thank you for standing by. Welcome to the Agnico-Eagle Mines second quarter 2005 financial results conference call. [Instructions] I would like to remind everyone that this conference call is being recorded on Thursday, July 28, 2005, at 12:00 p.m. Eastern time. I will now turn the conference over to Mr. Sean Boyd, President and Chief Executive Officer. Please go ahead, sir.

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**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

Thank you, operator, and good afternoon, everyone. For those of you that are following this conference call on the Internet, there are a series of slides on the Internet, and I just wanted to let you know that you will have to advance those on your own. But as I go through the slides, I can keep you up to date to insure that you can follow it very closely. With us in Toronto is Ebe Scherkus, Dave Garofalo, Don Allan, and we have Mark LaGaux [ph]. We've also got a full team, including Alain Blackburn [ph] and our key people on the technical side on site in Val d'Or also available for questions at the end of the formal part of the presentation.

Just by way of overview, it certainly, from a gold output perspective, was another challenging quarter for us. But despite this, the LaRonde Mine has been able to adapt. It's been able to process more tons, it's been able to keep its costs under control and generate very strong cash flow and solid earnings for us. More importantly, for the future of the company, we continue to move our growth projects forward on several fronts, and we can provide you the details on each of the individual projects in a moment, particularly the Goldex project where we have announced yesterday a go-ahead construction decision of a new gold mine.

Before we get into the details of the call and the details of the projects, I'd just like to review at this point our philosophy towards the growth of the company and how we are actually going to go about the job of building a multi-mine gold company. The strategy is anchored by a regional focus, which is obviously centered on LaRonde and the cash flow that's being generated at LaRonde. It's designed to take advantage of the physical infrastructure that we have in northwestern Quebec. It's also designed, probably more importantly, to take advantage of the people resources that we have available to us in the region along with taking advantage of the large land position and the existing projects that we own 100%, both Goldex and Lapa.

This strategy not only will benefit from the synergies in operating in a capital expenditure context, but it is also, as you will see, a very tax-efficient structure because we're generating a lot of income out of LaRonde, and all of the expenditures in the building of things like Goldex can be deducted against future income coming out of LaRonde. And this is a strategy, this regional strategy, that's also relatively easy to manage, given that it's essentially in our back yard and so close to our main technical team in the region, but also our executives in Toronto.

Augmenting this regional focus is an international focus that concentrates, for us, on pro-mining regions, regions that have good infrastructure already in place, and regions that have the potential to become future gold camps. I think in the past couple of years, we've often been asked, what is the ideal size for a gold company? What number do you see as being your ultimate target in terms of gold output? Is it a million ounces? That type of thing. Our view is that the actual number is not as critical as just the fact that we are looking to become a multi-mine company that has a better-than-average cost structure, that has good growth prospects, and that has a focus on exploration. We want to be a company that exploration can really have a meaningful impact on valuation when we get it right.

And we believe we've put all the pieces in place to achieve effective [inaudible]. And as we move forward over the next 12 months, we will be gathering the necessary technical information on all of these growth opportunities so that we'll be able to provide our investors with a better idea of how everything will fit together for us.

But let's get into the details of the conference call. For those on the Internet, we do have a forward-looking statement on page 2, so we caution everybody to read that forward-looking statement.

As far as the highlights of the quarter, as you know, after extensive study and analysis, we have approved construction of the Goldex Mine. We'll provide some details in a moment. And also, despite lower-than-planned gold output, the LaRonde Mine continues to drive very strong cash flows and solid earnings. Our drilling on our Pinos Altos project has returned some high-grade gold intercepts and has also extended the mineralization outside of the known resource. And our bid for Riddarhyttan is proceeding as planned. We're in the final stages of completing the bid documents and of obtaining the necessary regulatory approvals. And the bid material is expected to be mailed and sent out to the Riddarhyttan shareholders in the very near future.

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Moving on to the financial and operating results. From a financial result perspective, we earned almost \$13 million, or 15 cents a share. That was helped by 5 cents mark-to-market on our hedge of byproduct metals. And we also had a deferred tax recovery of 4 cents. I should point out that, in the last quarter, the hedge gain went the other way, in fact, and we had a 4-cent loss. So in the first half of the year, we were essentially a wash in terms of its impact on earnings. I think more important to us is the fact that the mine continues to generate strong operating cash flows for the company, generating \$19 million in the second quarter of 2005.

In terms of the first-half financial results, we earned \$23.2 million, amounting to 27 cents a share versus \$21.7, or 26 cents a share in the first half a year earlier. Again, the cash flow was very strong for the first half. The company generated cash flow from operating activities of \$47.2 million. What that enabled us to do is in fact enhance our cash position over the first 6 months of the year. We increased our cash position by \$15 million, and that was after all of our project costs. We ended the quarter with a cash position of \$121 million US. We also have a \$100 million undrawn bank facility -- so very good financial capacity in this company to move forward on our growth objectives.

On page 6, for those following on the Internet, are Q2 operating results. As you know, we produced a little under 62,000 ounces, which was less than planned. Our gold production was negatively impacted by poor ore recovery, particularly in June. And also particularly from the lower levels, where we recovered 86% of the ore, on average, from the mining blocks. This resulted in reduced tonnage from the level 215 area and lower grade. And that lower grade and higher zinc-lead grades to compensate, because we pushed through more zinc tonnage, that also negatively impacted our mill recoveries.

We continue to fine-tune, we continue to adjust our drilling, our blasting, our mucking methods to obtain the optimal balance between ore recovery and dilution. We also continue to work on a lead separation study to deal with the higher lead content, and that study is expected to be completed shortly. So we continue to make minor modifications to the operations and looking at ways that we can improve on the processing side to fine-tune our numbers.

Despite the lower gold output, we did maintain our low-cost production base as our operating costs were within 1% of our budget even after factoring in higher input costs for things like fuel and additional rehabilitation work.

And LaRonde is, in fact, an extremely profitable mine. Our gross profit in the first 6 months of 2005 was \$50 million US.

Moving on to page 8, talking about our full-year forecast for 2005. We've updated our metal pricing assumptions and our exchange rate assumptions based on experience in the first half of 2005. That has adjusted our estimate for cash cost per ounce, and we've also modified, given the performance on our gold production, the second quarter or full year output expectations for gold now at 250,000 to 260,000 ounces. Our actual mine plan that we're working on has a number in excess of 260,000 ounces, but we're trying to be conservative in our estimates.

We still, in the first half of the year, were well within our range. Estimated cost per ton, which is a key number for us -- despite higher input costs, we averaged \$49 for the first half, so we're still expecting to be in the range of \$48 to \$50 per ton CAD for each ton that we mine and process, giving us cash costs to produce an ounce of gold expectation for 2005 of between \$90 and \$100 an ounce. So based on this plan, we still expect to generate very strong cash flows from LaRonde Mine.

Looking at our projects, and dealing with each of them individually. By way of overview, as you know, we have been a one-mine company for many years and at times, that has caused us some difficulties when that mine hasn't performed up to expectations. But we've been active over the last two or three years looking for opportunities that match our profile and match where we want to be. And our focus has been on looking for opportunities that are in pro-mining environments. We are spoiled in Quebec with that environment, so we're looking at places that are very similar to Quebec.

We're looking for projects that are very well matched to our technical skills. We're also looking with geology that give us camp potential, like we have in Quebec, with growing gold resources.

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We want to be in a place where the infrastructure is very good. We don't want to go in and have to build a lot of outside infrastructure; try to keep our capital costs down.

And we're also looking at places where we can acquire a large property position and a database of information so we can carry out a very aggressive exploration program, which has been what has driven our success in Quebec.

So we believe we have those opportunities in Mexico and Finland, and we'd like to talk about those today. But we'd like to feature Goldex because that's the basis of what will be our second gold mine in Val d'Or, Quebec.

Goldex is a project that has several key attributes. We have extensively studied and analyzed that project over many, many years. It's our most advanced project in our pipeline. And we own it 100%. For an underground opportunity, it has a relatively short preproduction period of 3 years. The ore body -- it's simple; the geometry's simple. It's not too deep. It's very simple to develop. We can utilize existing underground infrastructure; there is an existing shaft and some underground development in place. That will allow us to accelerate development prior to the installation and operation of a new production shaft. The project benefits from economies of scale. Because of its dimensions, we can bulk mine it. And we're looking of a rate of about 7500 short tons a day, or 6900 metric tons.

That project will certainly benefit from the experience that we have gained at LaRonde in mining LaRonde at over 8,000 tons a day. So that gives us quite a good comfort factor with respect to the Goldex project. It is metallurgically quite simple -- 65% of the gold is estimated to come from a gravity circuit; the remainder will be from a sulfide concentrate that we will ship to LaRonde. So we're taking advantage of the proximity of LaRonde to extract synergies between the two projects. From an operating point of view, the synergies will help us to keep not only our operating costs down but also our CapEx. And this project will benefit from all of the experience at LaRonde, because Goldex gets started with an extremely experienced senior team that is in place and is in a position to build and operate Goldex. And we'll go through some of these individuals in a minute.

What we also like about Goldex is it's a deposit that's still open. There's good exploration upside. And it fits our model, the model that we used at LaRonde. When we started LaRonde, most of you know that we only had outlined 800,000 ounces. Since production began in 1988 at LaRonde, we've mined over 2.6 million ounces, and we've got over 7 million ounces of additional gold in reserve and resource outlined. So the experience that we've had, and others have had, in the Abitibi region of Quebec is that once you get an underground platform established, that's when the real value creation starts through an aggressive exploration program, and we certainly expect to be doing that at Goldex.

As a result of the extensive work that we've carried out over many, many years at Goldex, we have a very good understanding of the ore body. In fact, the reserve calculation was based on a lot of data points -- on 329 drill holes, on over 230,000 feet of drilling, on over 56,000 assay values, on over 2,600 chip samples, and over 168,000 tons of bulk sampled material. So we've done an extensive amount of work on this project.

Our feasibility study -- our base case is based on 400 gold, and at \$1.30 CAD-US dollar exchange rate. It has been reviewed by an independent group of engineers. The base case gives us an internal rate of return after tax of 15%. Our capital cost is \$135 million US, which is up slightly from our original scoping study to take into consideration rising input costs. Our mine site operating costs of \$17 a ton CAD also increased modestly from about \$16 in the original scoping study, also due to higher input costs.

On average, the ore value at Goldex values about \$35 a ton CAD, which matches up nicely with the operating cost per ton estimate of \$17 per ton. That's a very solid operating margin for this project. And we've been able to keep the operating and capital costs relatively in line, really because the project is in our backyard and it's relatively straightforward in terms of its layout and its mine plan.

We expect to start production the second half of 2008. We estimate that the average annual production will be about 170,000 ounces of gold. The estimated average cash cost would be \$200 an ounce. The total cost, including depreciation and amortization,

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would add about another \$85 an ounce to it. So a total cost, all in, of \$285, which is still very low by industry standards. And the reserve base at Goldex is 22 million tons, grading .07 ounces per ton, with a total contained ounce of 1.6 million ounces. And, as we indicated earlier, the deposit is still open.

On page 13, we have some sensitivities to the gold price and to the grade. The grade base case is .07. As you know, our recent bulk sampling work returned a realized grade of .08, so we're attempting to be conservative. And we're showing a base case rate of return of 15% at \$400 gold. Even at \$300 gold, it has a positive rate of return. And even if the grade was even 5 to 10% lower, at \$400 gold, we would have a rate of return of 10%. So it's a project that has robust economics for us right in our own backyard with low political risk.

Project team is important. The industry is challenged by getting top technical people. We certainly have already established a top technical team at Goldex led by Rosaire Imand [ph], who will be the project manager and eventual mine manager. He's been with us for many, many years and started with us at our Jutel [ph] Mine a couple of hours north of LaRonde. He's backed up by mine superintendent Christian Provencher, who many of you know, being in our engineering -- the chief engineer at LaRonde. Our construction manager has been with us for many years and has built several mines, Pierre Beureau [ph]. Paul Cousin [ph], our project metallurgist, used to run our mill at LaRonde -- a lot of experience in constructing mills at LaRonde, very involved in the initial construction and expansion at LaRonde. The mill superintendent will be Julie Fornier [ph], who you also know from the mine trips, who has had very senior metallurgic positions at LaRonde. Our senior engineer, Hugh Destinee [ph], senior geologist Dan Duquette [ph], who was at LaRonde but also started with us at Goldex several years ago before going to LaRonde. And John Guy Palchet [ph] is our maintenance super. So a well-rounded team with extensive experience, not only in operating gold mines, but also in the construction of something very complex like a LaRonde.

Summary on Goldex is the economics are very robust, the mine team is experienced and in place, it's in a pro-mining region very close to LaRonde, as you know. It gives us a very qualified pool of labor available to us. The metallurgy and the mine plant are straightforward. The lead time's relatively short for an underground mine. And we can finance that project internally, more importantly.

Lapa is potentially our second new mine. Our shaft is now down almost 900 feet. We've excavated the first station. As you know, Lapa has a probable reserve of 1.2 million ounces. Located 7 miles east of LaRonde. It's got an indicated resource of a little over 100,000 ounces and an inferred resource of a little more than 400,000 ounces. We're in the middle of the shaft-sinking first-phase program of \$30 million and we'll be in a position in the second half of '06 to complete our feasibility work and likely make a decision on the project very early on in 2007. It has the potential to add about 125,000 ounces to our production base at total costs, cash costs, about \$200 an ounce.

An update on LaRonde II. It's a large gold reserve, as you know. We continue to convert resource to reserve. We continue to encounter higher-grade metal values in the polymetallic and gold envelope at depth. We have worked actively on the feasibility study and completed many of the sub-studies within the overall pre-feasibility study, essentially working on determining which is the best option -- internal winze versus new shaft. And we're leaning towards the internal winze option because what that allows us to do is take advantage of the existing infrastructure that's in place at LaRonde. And we will decide on which option makes most sense within a couple of months, and have that option fully engineered by the end of this year.

On Pinos Altos in Mexico. It's on page 18, for those of you following the slides. This gives us an exciting new project with some very good exploration results -- an exploration upside in a pro-mining region. The property's located in the Sierra Madre in Northern Mexico. It's under option from Pinos [ph], where we can acquire 100% of the property. Pinos has outlined an existing gold and silver resource. The existing resource, the gold resource, is 800,000 ounces of indicated gold resource. It also has an inferred gold resource of 400,000 ounces. The property also has a significant quantity of silver resource. It has an indicated silver resource of 17 million ounces, and it has an inferred silver resource of over 8 million ounces. So it's an attractive project to us, and that's why we got involved with it. And we began drilling in April-May of this year. So it's in the very early stages, and the program has been focused on outlining an open-pit resource. We drilled 21 holes, 2 of which are still in progress, on the

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open-pit resource outline. We have drilled three holes on resource conversion deeper into the zone. And we've also drilled a couple of exploration holes; one is complete and one is in progress. And we're looking for extensions of the resource at depth.

On page 19 is a longitudinal section which outlines 3 of the key drill holes, and we'll just point out and discuss in a little bit more detail some of these holes. Hole No. 11 was drilled and was designed to test the Santo Niño zone at a depth of approximately 400 feet, so in an open-pit, or potential open-pit, outline. This whole intersected point, 2-7 ounces of gold per ton, and 2-1/2 ounces of silver. Over 155 feet of true thickness. So a very substantial thickness and a very substantial high-grade intersection. Hole No. 3, which was drilled at a depth of around 1,400 feet to target the Santo Niño zone at depth. In that hole, we encountered native silver; we encountered telluride and gold. And this hole returned .58 ounces of gold per ton and over 32 ounces of silver per ton over 85 feet, so another significant and sizeable intersection. And Hole No. 14 was the first hole that was looking for extensions of the resource. It was drilled about 500 feet below the limits of the known resource, and it intersected some strong alteration and visible gold. It ran .12 gold over 49 feet, and we're still waiting for the silver results here.

So it's a deposit that's open as we've encountered mineralization outside of the current resource outline, and it's also a deposit that has the potential to return high-grade precious metal value. So we're excited about continuing to drill it. We're going to add another drill to the program. Just to summarize the option terms, under the option agreement, we're required to spend \$2.8 million on an exploration program. We've spent \$1.2 million to date; we've got another \$1.6 million to spend. We can acquire the property for \$39 million cash plus 1.8 million shares of Agnico by the middle of December 2005. This purchase price effectively values the current gold equivalent resource at about \$43 an ounce. So it's a project we're excited about, and we'll be keeping you informed about our drilling progress there as we move through the fall.

The Riddarhyttan opportunity, which we announced a bid for in early May. That bid is proceeding as planned. If the bid's successful, it will be completed, it's our expectation, before the end of 2005. We sent out a press release just before noon today just to clarify the status of the filings. So we certainly are in a position to have regulatory approval in hand within the next couple of weeks, and we'll be in a position, then, to mail the bid materials to the Riddarhyttan shareholders.

Some of you have followed this closely in the last month or so. The company, Riddarhyttan, announced an increase in their resource and I'll take you through some of the details there. There are still 5 drills in operation at the property. The resource now stands-- there's a measured resource of 500,000 ounces; there's an indicated resource of 1.5 million ounces, and there's an inferred resource of 1.7 million ounces. Essentially, the deposit continues to grow at depth as it's drilled. Not only at depth, but along strike. And as most of you know, the property is about 15 kilometers long and essentially the drilling's been focused on about 4 kilometers. That's what's attracting us to the project, is that it fits our technical skill set and it also has exploration upside at the project. So we'll keep you posted as to the bid, and we'll certainly advise when the materials will be mailed to the Riddarhyttan shareholders, which we expect to be very soon.

In summary, LaRonde continues to generate very strong cash flows and solid earnings. We are excited about Goldex and the opportunity it gives us to take that first step to become a multi-mine gold company. We have a potential second new mine at Lapa, and that underground program has gone well. We've been able to increase our reserves in the region. We now have a reserve position of 7.9 million ounces, and certainly the international projects, both at Pinos and Riddarhyttan, give us the potential to significantly increase our overall reserve position. And the Suurikuusikko project and the Pinos Altos project give us some good exploration upside in this company. And in fact, as we sit now, we have the largest exploration budget ongoing in the history of this company. So we're active on very many fronts, not only in Mexico, not only through our interest in Suurikuusikko through our investment in Riddarhyttan, but also in Nevada in and around the Cortez -- pipeline Cortez trend. We have 7 or 8 properties we're drilling now. So it's a very focused program, and we look for good things to come from that program.

Operator, I'd like to open the line up for questions now.

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## QUESTIONS AND ANSWERS

### Operator

Thank you. [Instructions] Your first question comes from Haytham Hodaly from Salman Partners. Please go ahead.

**Haytham Hodaly** - *Salman Partners - Analyst*

Good morning, Sean. How are you?

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Hi, Haytham.

**Haytham Hodaly** - *Salman Partners - Analyst*

Just a couple of quick questions. First, I guess, let's talk about Goldex. What form of ore at Goldex would be shipped to LaRonde and stuff that doesn't get picked up by the gravity circuit? What further processing will it actually require at LaRonde, and how much of the costs associated with \$135 CapEx at Goldex will be actually used to expand LaRonde?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

With 65% of the ore being recovered by gravity, 35% of the remaining ore will be sent in the form of a concentrate. So I think by volume, you're looking at about maybe 5% of the total ore volume that will be sent to LaRonde in terms of a pyrite slurry. And that will go directly into the leaching section of LaRonde. So in terms of actual modifications or capital required at LaRonde, they are very minor. They would be in the order of about \$4 million. The overall capital cost, Canadian, of the processing plant would be around \$57 million.

**Haytham Hodaly** - *Salman Partners - Analyst*

Okay, perfect; thank you, Ebe. Just a quick question with regards to the second half of this year. Can you give us an idea of just what your gold-silver-zinc-lead grades are expecting and what your recoveries are? Or at least, how they've changed since the second quarter has been finished?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

We're in the mode of constant improvement. I think one of the issues that we have to deal with at LaRonde, and that makes projections difficult, is that we have done very well with respect to dilution just on the bottom part of the mine. We've reduced our average dilution from 18 percent down to 8%. However, that has had a negative impact of changing our ore recovery, as Sean mentioned, from 94% to 86%. So it is for that reason we feel on a positive note that now we were able to really contain our dilution. But as a result of that, we have left some ore on the hanging wall and foot wall. So I would think in terms of actual production, gold production, we're, as Sean mentioned, our gold number's actually higher than the range that we mentioned. But we're being conservative and we feel, with respect to the other metals, that they would mirror what we produced in the first half.

**Haytham Hodaly** - *Salman Partners - Analyst*

Okay, perfect. And that answered my questions for now. Thank you.

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**Operator**

Your next question comes from Tony Lesiak of UBS Securities. Please go ahead.

**Tony Lesiak** - UBS Securities - Analyst

Hi. I guess a question for Ebe, first of all. Could you comment on-- you mentioned June production was probably the lowest on the gold side for LaRonde. What was it? And how does it look in July?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

Actually, July looks positive. I think if you look at-- we haven't talked about it, but if you looked at our quarterly production, it increased on a month-to-month basis with probably our best month being in June. And also some of the highest head grades that we encountered were realized in June.

**Tony Lesiak** - UBS Securities - Analyst

Okay. No, I thought I heard earlier that June was the lowest.

**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

No, June was the lowest in terms of getting the recoveries, the ore recoveries, from the lower level. But in terms of actual gold output, it was the best month. But we expected it to be better.

**Tony Lesiak** - UBS Securities - Analyst

Okay. The other thing I didn't really understand was, if you're going to be mining more zinc, why is your silver forecast down?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

I would say it's a balance of also some of the lower parts where we have a lot of zinc-- I mean, a lot of silver associated with the gold. So it's actually just a metal mix and the variation of where those blocks are extracted, Tony.

**Tony Lesiak** - UBS Securities - Analyst

Okay. All right, now a question for, I guess, Alain [ph] for Pinos Altos. Now, you've indicated the potential here for I guess an open pit resource. Can you comment on how the drilling compares to the previous drilling by Pinos Altos and how deep you're looking at open-pit mining?

**Alain Blackburn** - Agnico-Eagle Mines Limited

Now we're looking for a [unintelligible]. We don't have the [unintelligible] yet, but what we have in hand presently, every hole that we drill in the open pit seems better than previous holes. We're just trying to revise the data. But from the open pit, there were these [unintelligible] they open at this moment.

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**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Tony, the resource number that was published by Pinos does not include any resource in a potential open pit. Their focus had always been in an underground context here.

**Tony Lesiak** - *UBS Securities - Analyst*

Okay, so their resource started at what depth?

**Unidentified Male Speaker** - *Agnico-Eagle Mines Limited*

The resource started probably at about 150 meters, 200 meters below the surface.

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

In the areas where there was previous mining-- because there is ancient (well, not ancient) about circa 1900 and 1950s mining in the shallower parts. Their drilling was concentrated more below those mining levels at 350 meters depth down to about 600 meters, 650 meters depth. So the drilling that we're doing is shallow, and it's also deeper, and also within the resource section.

**Tony Lesiak** - *UBS Securities - Analyst*

So there really is no use in comparing the previous resource to what you're doing now with the shallow drilling because none of the shallow results are in the resource?

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

That's correct. So this is what makes it exciting.

**Tony Lesiak** - *UBS Securities - Analyst*

Okay. So what depth are you looking at, potentially, open-pit mining to?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

We're looking at potential depths of about 300 feet to 400 feet -- just above where the underground workings start.

**Tony Lesiak** - *UBS Securities - Analyst*

Okay. And can you give us a sense of what types of-- I guess you've got a full data set from some of the previous holes. You said the drilling was better. Can you characterize that?

**Unidentified Males Speaker**

the hole that Sean quoted at Hole No. 3 is probably-- Hole No. 3? Pinos Altos 3, which was drilled in the resource area. That's the best intersection ever at Pinos Altos. Maybe we were lucky. But that's probably the best. In the open-pit area, we don't have any holes to compare with. There are no holes drilled at depths of less than 300 feet. So we can't compare them to anything.

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But as far as being a resource area, the drill holes were at least confirming the similar grades, and in some areas we'd come back with results and thicknesses that have been better than were in the resource estimates, in my opinion. Over.

Tony Lesiak. Okay. And when's the next, I guess, series of results expected?

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**Unidentified Male Speaker** - *Agnico-Eagle Mines Limited*

We receive results on a weekly basis, and I guess we'll just-- at the right moment, we will release other results.

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**Tony Lesiak** - *UBS Securities - Analyst*

Okay, thanks very much.

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**Operator**

Your next question comes from David Stein of Sprott Securities. Please go ahead.

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**Dave Stein** - *Sprott Securities - Analyst*

Thanks, guys. My first question, I guess, will go for LaRonde first on the quarter. Could you comment on what your NSRs were for the base metals, and whether that's changed from recent quarters?

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**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Are you talking, David, as a proportion--

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**Dave Stein** - *Sprott Securities - Analyst*

As a percentage of the full-- full revenue, I guess.

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**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

I'd say it's about 20% zinc, 10% copper.

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**Dave Stein** - *Sprott Securities - Analyst*

What I'm looking for is, like, what percentage do you get paid back from your zinc that you send to the smelter, etc.?

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**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

We have Jean Robitas [ph] on the line. Maybe he can give us a bit of a-- he's our marketing manager. Jean-- Operator, can you bring Jean Robitas? He's with Dan Racine on--

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**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

Yes, I'm-- Do you hear me?

**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

Go ahead, Jean.

**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

The presently, as usual, for the zinc concentrate, we are paid for 85% of the metal content. The gold and silver are [unintelligible] the zinc concentrate as usual, so as our previous contract. Nothing changed recently, add the exception of the smelting charge that the markets have been-- see a pretty low cost recently.

**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

So I guess the answer-- I think I know where you're coming from, David. I think in terms of the percentage of gross revenue that we actually get paid for, I would say it's somewhere in the 50 to 55% range on zinc. And on the copper, Jean, any idea there what our total gross, our percentage of gross that we get after treatment charges?

**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

I will use a little bit-- we are paid for a little bit over 50%.

**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

Okay. Does that answer your question--?

**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

Excluding the silver and gold content.

**Dave Stein** - Sprott Securities - Analyst

Okay, yeah. No, that's great. And I guess the lead that you talked about in this quarter-- I mean, is that a new thing, and is that affecting your-- is that a penalty that you guys have to endure, then, at the smelter?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

That is not a new thing. It is something that we have lived with for the past couple of years, and it actually gets worse when we hit some of the high-grade zinc stopes in the upper part of the mine. So we believe-- we will have a study in hand the end of this month, of July, or early in August, and we will be looking at ways where we can isolate the lead content.

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**Dave Stein** - *Sprott Securities - Analyst*

Okay. So presumably, that would also improve the [unintelligible] zinc as well, as well as getting the lead -- getting paid for the lead. Okay.

Moving on, just in terms of the Goldex project. Can I just, I guess, verify-- like, you said that \$57 million of the CapEx would be for the processing plant, \$4 million to do the tweaks at LaRonde. Would the remainder be spent on underground development?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

Including the new shaft, yes.

**Dave Stein** - *Sprott Securities - Analyst*

Okay. And, like, in terms of developing Lapa going forward, was there anything that you guys inherited from taking over Barrick's [ph] properties in the way of used equipment or anything that you guys could be using?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

We are. Why we've been able to keep the lid on the Goldex CapEx has been that some of the Mouska mining equipment will be recycled and used at Goldex. Also, since we're planning on upgrading some of the fleet at LaRonde, we hope to recycle that to rebuild it and be able to have it available for Lapa as well.

**Dave Stein** - *Sprott Securities - Analyst*

Okay, that's good. That's all I've got right now; thanks a lot, guys.

**Operator**

Your next question comes from Doug Pollet [ph] of Pollet and Co. Please go ahead.

**Doug Pollet** - *Pollet and Co. - Analyst*

Thanks very much. I see you've got-- for capital expenditures this year, you've written down \$60 million. Could you tell me how that's going to be allocated out?

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Yeah, about \$19 million of that is Goldex-related, and that's sort of the initial phases of construction on Goldex. About \$16 million is-- actually, about \$15, \$16 million is sustaining capital at LaRonde, and the balance of that is really project expenditures in the region.

**Doug Pollet** - *Pollet and Co. - Analyst*

Okay, that's it; thanks very much.

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**Operator**

Your next question comes from Michael Fowler of Desjardines Securities. Please go ahead.

**Michael Fowler** - *Desjardines Securities - Analyst*

Yeah, I'm just curious, here. Your mining cost at LaRonde is around about \$50 a ton, and you're estimating at Goldex \$17 a ton with a similar throughput, but of course there are differences in depth to the deposit. Presumably your mining method will be slightly different as well. So could you just give us a breakdown as to the components of that per-ton cost?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

Okay. Our overall cost is just under \$17 per short ton -- this is Canadian. And we're looking at development of about 73 cents a ton; stoping just slightly over \$3 a ton; underground services \$4.78 a ton; milling and environmental, including LaRonde, \$5.88 per ton; and general services and overhead, \$2.54 per ton. For us, the key element has always been the actual mining cost, which we have estimated to be \$3.04 a ton.

And we have benchmarked that against the other mining companies in the Abitibi and in Quebec, and with that number, we fall right into the middle of the actual mining cost range. The development numbers on a per-ton basis, what we have used in the study is identical cost per foot or per meter with respect to development. These are actual numbers that we have from contractor bids at LaRonde, contractor bids at Lapa, and actual unit costs by LaRonde crews at LaRonde.

**Michael Fowler** - *Desjardines Securities - Analyst*

Yeah, Ebe. And also, can you just describe the mining method that you will use?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

The mining method is a long hole open stoping. Since Goldex is in the shape of an apple around 1,500 feet long, it's about 400 to 500 feet thick and it's about 1,000 feet high. So what we have proposed to do is basically divide the deposit into 9 sections, like 3 main vertical pillars. What we propose to do is to mine the eastern and western limits of the deposit and keep the central pillar in as a pillar, a temporary pillar. As the eastern and western sections gradually get mined up, then we will start blasting the central pillar. So ultimately, the whole deposit will be blasted after a period of about 4 to 5 years. And then we will start the extraction process. So we will only have one production level with a series of draw points whereupon we will then monitor the level of broken ore within the stope and extract the ore, the remaining odd 20 million tons.

**Michael Fowler** - *Desjardines Securities - Analyst*

Okay, thanks. That was a good answer. And then, just coming back to the recoveries. When you were talking about recoveries, were you talking about mine recovery or were you talking about mill recoveries? I understood it as being mine recovery.

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

I'm talking about ore recovery -- mine recovery from the stopes themselves.

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**Michael Fowler** - *Desjardines Securities - Analyst*

Got it. Thanks very much.

**Operator**

Your next question comes from Mike Jalonen of Merrill Lynch. Please go ahead.

**Mike Jalonen** - *Merrill Lynch - Analyst*

Hi, Sean.

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Hi, Mike.

**Mike Jalonen** - *Merrill Lynch - Analyst*

Just-- your multi-mine strategy looks pretty interesting, and obviously diversification's always good, away from one mine, although LaRonde's a very good mine. And you're building two mines now, or will be. And you have two other projects you could be building, I guess, in 2006, by the looks of it. Four mines at the same time. Lots of capital. And then there's LaRonde II. Is there a chance down the road, all these developments, that you might stop mining at LaRonde and focus on the internal winze if you go that way? Because you have production from four other sources and not rush the deep development of LaRonde, I'm trying to say?

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

I think that LaRonde II is still looking very interesting to us as we analyze it, and I think that we're looking at it as a way to extend the mine life at LaRonde, to take it beyond-- essentially through 2020-plus. So that's why we're favoring the internal winze option, which would simply be an extension and not be an overlap where we're looking to augment production from LaRonde II.

But each decision on each of the projects will be driven by rates of return and relative risks, and we'll always, obviously, prioritize them. But we have no plan to defer something like LaRonde II to way off in the future because we still need to complete the analysis. And that analysis will be finished by the end of the year, and then we'll decide what makes sense.

The benefit of something like a winze would mean a lot less capital in the early years versus a new shaft, where you'd have to sink a lot of money in early. So part of our job here, as we look at these opportunities and as we gather the information, the critical information on each one of them over the next 6 to 12 months, is to come up with a way that they fit together nicely, both from a point of view of managing people and human resources and managing the financial resources so that we can build these things with as little dilution as possible.

And that's why Goldex is a good first step. We don't need outside financing for that. We have bank facilities to go further on some of these other projects. So we're trying to do it in a very step-by-step fashion. And what we have decided not to do, by choosing these particular projects, is not go out and make a bet-the-company-type transaction and roll the dice on a much, much larger transaction.

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**Mike Jalonen** - Merrill Lynch - Analyst

Okay. Thanks for that. And then, moving to Finland -- I guess my homeland way back when. The Suurikuusikko property (sorry -- my father should be speaking, not me). But just wondering if you had any sort of mine plan that you guys envision around that, because there's obviously a lack of data that I've seen on a potential mine there. Yet you've got a large -- well, not a large, but \$130 million acquisition cost, which is significant. And it's -- you put that without any mine plan around that, it has a negative impact on [unintelligible] at this point.

**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

Yeah. It's still early because we're in the middle of that bid process, as you know. We've made some good progress through that bid process in getting documents and regulators. And as we said in our sort of update-press release just before noon, we certainly expect to be in a position to mail those documents to the Riddarhyttan shareholders. And hopefully-- the offer has to stay open for a minimum of 20 days. Hopefully, at the end of that period we get the percentage that we're looking for, and then we can start to roll out our ideas.

But it's certainly our expectation that, given the news that's come out of there in the last month or so, is this deposit, which is no surprise, continues to grow. It continues to grow at depth. They've added resource, but they've added inferred resource. And inferred resource is not going to help us in putting together a mine plan or putting a feasibility on it.

So our expectation is that we'll have to increase the rate of drilling, step up the program, and look at ways of potentially building an open pit to start and maybe putting an underground ramp in to get a better feel for how extensive the reserve resource position is. So there's still key information that needs to be gathered there. We're not in a good position during the bid process to get that information until we really own the property.

**Mike Jalonen** - Merrill Lynch - Analyst

Okay. Thank you for that.

**Operator**

Your next question comes from Chantelle Groslene [ph] with Haywood Securities. Please go ahead.

**Chantelle Groslene** - Haywood Securities - Analyst

Good afternoon. On Goldex, could you be a little bit more specific as to when you plan to be in production in 2008?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

We're planning to be in production in the second half.

**Chantelle Groslene** - Haywood Securities - Analyst

Okay. And are you going to release that feasibility study, or file it?

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**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

We will have to file it, so it'll be released.

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Within 30 days or so, I would think, Chantelle.

**Chantelle Groslene** - *Haywood Securities - Analyst*

Oh, okay.

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

But as a side note, we did have a very thorough independent review completed on it, and there were no show-stoppers.

**Chantelle Groslene** - *Haywood Securities - Analyst*

And who was that third party?

**Ebe Scherkus** - *Agnico-Eagle Mines Limited - EVP and COO*

They were Roscoe Fossil [ph] Associates.

**Chantelle Groslene** - *Haywood Securities - Analyst*

Okay. Moving to Pinos Altos, I think you mentioned that the resource is starting at about 150 meters below surface -- is that right?

**Unidentified Male Speaker** - *Agnico-Eagle Mines Limited*

Just-- Because it was never stated, just from my recollections looking at the wire frames. Looking at the wire frames, I believe it's-- certainly the diamond drilling didn't start-- doesn't start in that particular area for about 150 meters. The resource estimate was done on several zones on the property. Close by, but several zones. The most important zone was the Santo Niño zone. And that's where many of the results-- that's where we concentrated our efforts. The \$2.8 million -- a lot of it's done there. We're also spending a little bit of money in other areas along the structure that holds the Santo Niño. But in the Pinos Altos June 2003 resource estimate, over 75% of the resource was in the Santo Niño zone.

**Chantelle Groslene** - *Haywood Securities - Analyst*

To what depth is that zone going to?

**Unidentified Male Speaker** - *Agnico-Eagle Mines Limited*

It was down to-- well, their lowest drill hole was roughly 600 meters depth. Roughly 600 meters depth. Their shallowest drill hole in that particular area was probably 150 meters. So the resource, then, was concentrated in an area roughly 150 meters to

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600 meters. And the drilling that we're doing is more shallow. There's some within the resource area, and there's deeper. And that's what were released yesterday.

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**Chantelle Groslene** - *Haywood Securities - Analyst*

Okay. And that slide 19, there's some 3 big blocks black-- we don't see which holes they are. Could you just tell us from surface to the third one which one it is?

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**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Yeah, the top one is 11, the middle one is 3, and the bottom one is 14.

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**Unidentified Male Speaker** - *Agnico-Eagle Mines Limited*

In the press release, there's also-- you can see the drill hole positions in the press release.

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**Chantelle Groslene** - *Haywood Securities - Analyst*

Okay, and I assume the-- which ones are the exploration holes, then? Outside the resource estimate?

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**Unidentified Male Speaker** - *Agnico-Eagle Mines Limited*

The images are tried-- I'm sorry if the images didn't show very well, but certainly hole 14, hole 7, and all the holes that are drilled in a more shallow area -- most of those are outside the resource, both in the Santo Ni o area; and if you look to the right in what's called El Apache area. We released some [inaudible] there as well and some interesting results there. So in those cases, those shallow holes are mostly outside the resource area. We've drilled a few holes within the resource, but we're trying to find out what's the ultimate potential; or, trying to get a good idea what the ultimate potential [is] at Pinos Alto.

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**Chantelle Groslene** - *Haywood Securities - Analyst*

Okay. And the fact that you released those results -- I guess it leads us a little bit to the conclusion that you're going to exercise the option; is that right?

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**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Well, certainly from starting as early as April, we've made some extremely good progress, and we set out certain objectives from a technical point of view when we made the decision to enter into the option agreement. And from a technical point of view, we've met almost all of those objectives. So there's more drilling to do under the budget, so we'll do that drilling and we'll decide.

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**Chantelle Groslene** - *Haywood Securities - Analyst*

Okay, thanks.

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**Operator**

Your next question comes from Barry Cooper of CIBC. Please go ahead.

**Barry Cooper** - CIBC - Analyst

Yeah, good day. Ebe, I'm just wondering if we could flesh out a little bit more about the skin, I guess, if you want to call it that, that's been left on the sides of the stopes there. What is that-- how is that affecting your reserves? Is it minimal or are you leaving, like, 5 or 7% of the reserves behind? And indeed, is this working to your satisfaction to resolve the dilution issues that you saw last quarter?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

Well, I think what has happened, Barry, is that the dilution pendulum has swung too far. We averaged 8% dilution in June, whereas our actual budget was around 15%. But the-- where it hurt us, then, is we budgeted 94 percent ore recovery and we actually only got 86% ore recovery. And this is sort of really weird where you can say that lower dilution actually didn't increase your grade because a lot of the higher-grade gold values happened to be right up against the hanging wall and foot wall contact. So this material, then, stays. So what we are doing is-- it's a very fine judgment call with respect to our production engineers that perhaps we left too much of a skin. And we expected that the skin to cave [ph], so we'll be drilling closer to those contacts to find the right balance. But from a positive point of view, we now know at depths of 7,000 feet that we can get dilution levels as low as 8%.

**Barry Cooper** - CIBC - Analyst

So that skin-- are you talking, like, about 2 or 3 feet?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

We may be talking anywhere about 2 meters on either side.

**Barry Cooper** - CIBC - Analyst

Okay, good. So this is still, I guess, a work in progress in terms of deciding whether or not this is going to work and just how it's all going to pan out a year from now, sort of thing?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

Well, it has worked very well. The fact remains, it has worked too well.

**Barry Cooper** - CIBC - Analyst

Right. And then, Dave, just wondering. Your TCRC's [ph] I think is about what-- have they been all negotiated and set for the year, or are they kind of a moving target at this point in time?

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**David Garofalo** - Agnico-Eagle Mines Limited - VP of Finance and CFO

For the most part, they have been set. And I'd be happy to welcome Jean on the phone. He can give you a bit of a market overview, if you'd like.

**Barry Cooper** - CIBC - Analyst

Yeah, I wouldn't mind hearing that.

**David Garofalo** - Agnico-Eagle Mines Limited - VP of Finance and CFO

Jean, go ahead.

**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

Yes. All of our contracts are fixed in the first 2 quarters. We are in line with the benchmark. We will probably have some spot zinc on the market, and currently the spot market is more than favorable for the zinc. We can have something as low as \$60 for ton on the spot market at 16 minus 14.

**Barry Cooper** - CIBC - Analyst

Right. I would expect that that could tighten up quite a bit if Trail's down for any length of time.

**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

Essentially, we have delivered over 85% of our quantity for our 2005 contract at Trail. The remaining quantity, we have an agreement with Trail that it will be delivered by when the strike will be resolved or by the year end. So it's not any problems for our production. We produce a little bit more -- we may have 10,000 tons on the market eventually.

**Barry Cooper** - CIBC - Analyst

Would there be delays, then, in what you receive in terms of cash if you're still contracted to Trail, then?

**Jean Robitas** - Agnico-Eagle Mines Limited - Marketing Manager

Absolutely no. We have an agreement that everything shipped and not unloaded, they will pay us as a regular delivery.

**Barry Cooper** - CIBC - Analyst

Okay, thanks a lot. That's all I have. Oh, one other thing. Am I still live?

**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

Yes, you're live.

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**Barry Cooper** - CIBC - Analyst

A question for Dave on the tax, as usual. Any guidance that you want to give us?

**David Garofalo** - Agnico-Eagle Mines Limited - VP of Finance and CFO

Yeah, we did put a sentence in the press release, and I'll reiterate that. We're looking at probably accruing deferred taxes expense in the second half of the year close to the statutory rate of about 40%. And so, on a weighted average basis, we may be somewhere over the full year of around 15% or so.

**Barry Cooper** - CIBC - Analyst

Okay, thanks a lot.

**Operator**

Your next question comes from David Christy of TD Newcrest. Please go ahead.

**David Christy** - TD Newcrest - Analyst

Do you have any idea what kind of grade is in that-- the skin that's been left alone?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

It depends on the actual mining block, but we were negatively impacted this past quarter, especially in June, and the grades in there were anywhere from 6 to 8 grams.

**David Christy** - TD Newcrest - Analyst

So it's the kind of stuff you don't really want to leave behind then, I'm assuming.

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

No.

**David Christy** - TD Newcrest - Analyst

Okay. So with dilution, you're going to target the 15% again? Is that sort of where you're going to go for here?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

Well, I think now that we have this operating experience of 8%, so I think we will probably keep our 15% number. We're not going to reduce it.

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**David Christy** - TD Newcrest - Analyst

Okay. On the tailings for Goldex, do you know where they're going yet?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

We actually have two options in discussions with the government with respect to permitting. We are looking at-- right behind the Goldex mine site there is a valley between the airport-- you're familiar with the area -- and the Goldex mine site. It's about, I believe, a kilometer and a half or 2 away from the mine site. We are still in negotiations with the provincial government with respect to using the Manitou Bar View [ph] mine site since it is-- it belongs to them and it's an orphan site. So there may be a potential solution there. But it'll be one or the other.

**David Christy** - TD Newcrest - Analyst

Okay. And the hole that Dino's been drilling down at Pinos Altos -- I'm just going to confirm this once again here, because I'm a little confused. They're mostly outside of the known resource, is that what you're saying?

**Unidentified Male Speaker** - Agnico-Eagle Mines Limited

Yes. When you look at the press release, the open-- the area-- the holes that were drilled for potential open pit, 20 holes, there's only a few holes in the resource [unintelligible]. And at depth, getting holes down there, we have two holes that have-- one that reached and the other that's in progress at depth.

**David Christy** - TD Newcrest - Analyst

Okay. What kind of spacing were the holes drilled at, these 20 holes?

**Unidentified Male Speaker** - Agnico-Eagle Mines Limited

Forty meters horizontal in some cases -- as little as 40 meters. And in other cases, 80 meters both horizontally and vertically. So it's not tightly spaced by all means, but it's at a reasonable space. The biggest bang for our buck, I guess.

**David Christy** - TD Newcrest - Analyst

Okay, good. Okay, that's it, guys. Thanks.

**Operator**

Your next question comes from Mike Curran [ph] of Royal Bank. Please go ahead.

**Mike Curran** - Royal Bank - Analyst

Good afternoon, gentlemen. A couple of things. One on the byproduct derivative position. I don't know if-- I haven't seen sort of a breakdown. Can you give us a little color on sort of what commodities you've got stuff on? And is it long-dated, or is it all short-term stuff?

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**Sean Boyd** - Agnico-Eagle Mines Limited - President and CEO

It's relatively short-dated, Mike. It's on the zinc and the silver. We bought some silver puts at \$7 on about, I'd say, 10 to 15% of our production this year and next. And on the zinc side, we did some forward contracts at 55 and 56 cents and some puts at about 55 as well. Sorry-- the forwards were 56 and 57; the puts were 55. And we sold some calls at about 65. The aggregate of those three positions is around 15% of this year and next year's production as well.

**Mike Curran** - Royal Bank - Analyst

Perfect. And then just-- I don't know if I missed the number or if anybody asked it earlier -- on LaRonde. In the second half-- I mean, you mentioned how the percentage of ore from the lower level rose from 64 to 67%. What would you look for it to grow to in the second half? I mean, are you going to 70, 75, or higher?

**Ebe Scherkus** - Agnico-Eagle Mines Limited - EVP and COO

Michael, it's Ebe here. It would remain at about 67 percent because we are also doing some waste development below the bottom of level 215. So that would place constraints on the upper limit of ore hoisting.

**Mike Curran** - Royal Bank - Analyst

Great. Thanks.

**Operator**

[Instructions] Your next question comes from Steve Butler of Cannacord Capital. Please go ahead.

**Steve Butler** - Cannacord Capital - Analyst

Yeah. A question, Dave, for you in terms of the pretax or after-tax IRR for Goldex. Do you guys have the full tax shelter on Goldex, or is there a tax implication on that mine?

**David Garofalo** - Agnico-Eagle Mines Limited - VP of Finance and CFO

No, I think at \$400 gold, essentially it's paying no net tax over its life, given the existing taxables.

**Steve Butler** - Cannacord Capital - Analyst

In other words, using some portion of the \$600 million?

**David Garofalo** - Agnico-Eagle Mines Limited - VP of Finance and CFO

Yeah, exactly. It's going to accelerate the usage of those. Those would have otherwise been used up [inaudible] but there's a time value benefit by accelerating those tax pulls into Goldex.

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**Steve Butler** - *Cannacord Capital - Analyst*

Okay. And do you guys have any currency hedging right now in the Canadian dollar, Dave?

**David Garofalo** - *Agnico-Eagle Mines Limited - VP of Finance and CFO*

Yeah, we do, a bit. We have about-- I'd say about 15% of our exposure hedged this year. And we're realizing about 13-- I guess 13 above. So if the spot rate is 124, we're realizing about 137 on about 15% of our exposure. Next year, we have puts at 156 on about 12% of our exposure.

**Steve Butler** - *Cannacord Capital - Analyst*

Okay. Thanks, Dave.

**Operator**

Mr. Boyd, there are no further questions at this time. Please continue.

**Sean Boyd** - *Agnico-Eagle Mines Limited - President and CEO*

Okay. Thank you, operator. We just want to thank everybody for their patience over a full lunch hour. And we look forward to keeping you updated on our progress at our projects as we move through the fall. Thank you.

**Operator**

Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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