

Creating a Leading Multi-Asset Gold Company: Trek Mining, NewCastle Gold and Anfield Gold Combine to Create Equinox Gold

Date: Wednesday, October 25, 2017

Time: 1:30 PM PT

Speakers: **Ross Beaty**
Incoming Chairman, Equinox Gold

Christian Milau
Chief Executive Officer and Executive Director, Trek Mining

Greg Smith
President and Executive Director, Trek Mining

Richard Warke
Chairman, NewCastle Gold

Rhilyn Bailie
Vice President, Investor Relations, Trek Mining

Operator:

Welcome to today's conference call which is being hosted by Trek Mining, NewCastle Gold and Anfield Gold to discuss the proposed transaction that will form Equinox Gold Corp. As a reminder, all participants are in listen-only mode and the conference is being recorded.

After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call you may signal an operator by pressing star and zero.

I would now like to turn the conference over to Rhylin Bailie, Trek Mining's Vice President of Investor Relations. Please go ahead.

Rhylin Bailie:

Thank you, Kyle. Thank you for joining us today. Just a reminder that if you want to ask a question and you're on the webcast, on the top left-hand side of your screen, you will see a little Ask a Question button, you can click on that and it will send the question through to me and I'll read it out on your behalf.

I'll just remind you that, of course, we will be making some forward-looking statements today about all three of the companies, so please take a moment to visit our websites and to visit our SEDAR profiles to download some of the continuous disclosure documents.

I will now turn the conference over to Ross Beaty, our incoming Chairman.

Ross Beaty:

Thank you very much and good afternoon, ladies and gentlemen. Thank you for joining us today. This is a very exciting new company and it's been in progress for some time, really resulting from a very significant amount of goodwill and interest from the senior management of the three companies to put the three companies together and we've, as I said, been working on it for some time. This is the launch date today.

What we're going to do today is Christian Milau from Trek and Greg Smith are going to go over the slide deck that's in the webcast and speak to details of what the company is going to look like and the

values of all companies that are being combined today to form Equinox Gold. Then I'll have some comments and then Richard Warke will have some comments and then we'll open it up to questions.

Without further ado, Christian, over to you.

Christian Milau:

Thanks Ross. I think excitement is an understatement and we're really pleased today to be creating Equinox Gold with the combination of Trek, NewCastle and Anfield, to be a new leading gold producer in the Americas, and by combining two outstanding assets, Equinox will have one of the best growth profiles in a gold sector. So, we're pretty excited about that.

We're excited to be working with Ross and Richard to execute on this vision. We had a common vision to bring these companies together and to build a gold producer, a leading gold producer. We have an exceptional Board we're really proud of and the team, with Ross Beaty investing another \$20 million in the company and becoming a 10% plus shareholder and Chairman, and Richard being a strategic advisor and owning around 7%, we think we're well invested as a Board, Management and strategic supporters.

Our focus will be on the two core gold assets which we'll walk you through here in a few minutes. In the near term, we'll have production and they're both low capex and low capital intensity, so right in the sweet spot of where we want to be in this space right now in the gold sector. They're both past producers, brownfield projects that are de-risked to a certain degree, and these really are very rare opportunities in the gold development space right now.

Their development is well-sequenced as well with Aurizona being our focus right now, with production coming in late 2018. We're well down the track with starting early construction works there, and Castle Mountain would be constructed after Aurizona is complete.

The gold resources will be close to 6 million ounces in both properties with outstanding upside potential which we'll walk through a little bit later here and they could be long-life mines, in our mind. There's really a path to over 300,000 ounces of production on an annual basis at Equinox in the future. We have an attractive portfolio of gold and copper assets and we'll have a strong cash position with over C\$90 million in the treasury to start, and we just put in place, as we announced today, a US\$85 million

credit facility with Sprott, and we'll have other sources of cash which will put Aurizona into a fully funded situation, which has obviously been our goal over the last little while. Furthermore, Sprott is also providing a development and acquisition facility of up to US\$200 million that can be used for the development of Castle Mountain as we finish off at Aurizona next year.

Ross, Richard, the Board and Management have a track record of success and will continue to build value at Equinox Gold for the long term. So, we're really excited. I'll walk you through a bit of a strategy and what the company looks like now. On Page 4 of our presentation, just stopping quickly on the leadership team here, Ross will be leading as Chairman. He's fully invested. You can see our new Board of Directors here and some of the track record of success that the group has had together over a number of years. Again, we're really excited to have two entrepreneurs like Ross and Richard involved. Their successes in copper I think is going to be a real asset to our portfolio that we're bringing together which has got some copper assets as well, that we'll walk through in a second.

We're also really excited to be working with Mark Leduc who is at the Castle Mountain site and his team. We've obviously been visiting [the site] recently. He brings a real passion and excitement and heap leach expertise that we think will really deliver on Castle Mountain as we move forward.

Turning over to Slide 5, just a quick look at the map and the overview of what our portfolio will look like. It is Americas focused, obviously, and Aurizona being our lead project and our focus for the next year as we get it into construction and ultimately built and into production late next year. Castle Mountain has a prefeasibility underway and we hope to issue that next year as well, and we'll run through the other assets in the portfolio as we move forward.

I'll pass it over to Greg Smith here on Slide 6 for the transaction overview.

Greg Smith:

Thanks, Christian. The transaction details were outlined in the press release that went out earlier today. I'm just going to go through a summary very quickly. Trek Mining, NewCastle and Anfield are combining through a Plan of Arrangement to create Equinox Gold, and based on the current shares outstanding of each of the companies, the pro forma ownership of the combined company will be 44% for each of Trek and NewCastle, and 12% for the shareholders of Anfield.

Again, we are excited to team with Ross Beaty as Chairman, and we'll have a Board of seven highly qualified directors in the company from all three companies. This transaction will be subject to all the usual and customary approvals including the successful votes by the shareholders of both NewCastle and Anfield, and we're expecting to issue or mail the joint circular in November with closing of the transaction expected to occur on or around December 21st. On closing of this transaction, the combined entity will trade on the TSX Venture Exchange operating under the name Equinox Gold with the ticker EQX.

Just moving to Slide 7, this is a snapshot of the transaction. If you look at a reference price of \$1.03 per share for Trek, which was the closing yesterday, and taking into account the conversion of the US\$15 million of convertible debt that Ross will be buying, also as disclosed in the press release, Equinox Gold will have a basic market cap of C\$423 million with cash of almost C\$100 million and another C\$20 million from in the money options and warrants. This transaction, as you can see, creates a very well-funded company with meaningful scale.

Moving on to Slide 8, as you can see from the graph here, Equinox Gold will have a diversified and a strong shareholder base. In addition to Ross, of course we'll have Lucas Lundin and Dave Lowell and a number of other highly successful mining entrepreneurs that will be meaningful shareholders of Equinox Gold. Sandstorm Gold and Pacific Road and other supportive institutions will also represent approximately 30% of the market cap of Equinox Gold.

Next slide, Slide 9, we think that this slide really conveys the opportunity that we see here. This transaction results in a significant production profile for Equinox Gold. With the construction facility from Sprott that Christian mentioned previously, and that we also announced today, Aurizona is fully funded to be producing in late 2018. With our plan to bring Castle Mountain into production by the end of 2020, Equinox Gold has a clear path to potential production of well over 300,000 ounces per year. So, at that level of production—and this is big picture, but at that level of production Equinox should see a meaningful multiple re-rate which would be reflected in the market cap and the per share value. Obviously we have some work to do as a management team to get there and get into this mid-tier group, but we're confident in the long-term value proposition with Equinox Gold moving forward.

Next slide, further looking at the re-rate potential of Equinox, the consensus net asset value that we would be trading at based on the market cap enterprise value today, Equinox should see a multiple

expansion reflected in the share price; it could be in the near term as compared to our peer group, and certainly as we advance these assets through development, construction and into production, we would expect to trade at a higher multiple than we are today.

Moving to Slide 11, Aurizona in Brazil is a low capex, high return gold asset given its production profile of over 136,000 ounces of gold per year. These attributes are obviously very attractive to us and attractive when building a gold company, and we see that same sort of potential in the Castle Mountain Mine. A feasibility study is underway now but our expectation is that Castle Mountain will be a low-cost heap leach gold mine which would place it squarely in what we would call the sweet spot, that red box that's in the right-hand bottom corner of the graph there, as a high return, low capex asset with high production potential, which of course is exactly where we would like our assets to be.

With that, I think I'll turn it back over to Christian who can then walk through the Equinox Gold asset portfolio.

Christian Milau:

Thanks, Greg. If I flip to Slide 13, I'll just walk through Aurizona and the asset there in Brazil. You can see a map in the top left. Aurizona is a past-producing mine in northeast Brazil located in Maranhão State. It's an absolutely huge land package at 2300 square kilometres which I'll walk you through in a second here. We see significant exploration upside. There's excellent infrastructure on this property. There's a power line to site that can carry the power needed when we get back into production, and there's also the back end of the mill which we're refurbishing. There is a camp at site as well. There's obviously good roads. We're really happy with the infrastructure in place there and obviously that keeps the capex down.

We're currently modifying the permit to an 8000 tonne per day throughput in the plants, which we're expecting in the near term here, and also early construction works have started and we're advancing really well. The team was down at site last week and the tailings dam raise is well underway and on plan. We're preparing the tanks in the back end of the plant. Mill orders have been placed. Our EPCM contractors got to work and we're really pleased and on track for pouring gold in late 2018. That's our focus for now in the near term.

When I turn over to Slide 14, just to put the economics in perspective here, again, one of the key things

that attracted us was there's a million ounce reserve here in a low-cost mine. We're in the bottom third of the cost structure when you look at the cost curve. Capital cost is only \$130 million for an 8000 tonne per day plant, so we're pretty happy with that low capex intensity, and ultimately end up with a really nice return in the mid 30s for the IRR or the mid to low 40s if you had a \$1350 gold price. So, nice economics on this project.

As I touched on earlier, on Slide 15, the part really excites us about this asset actually is when you look at that overall 2300 square kilometre property there in the upper picture, you can see the green, the pink and the brown areas. We have the brown and the pink. The pink area is where the Piaba Deposit is which is where our million ounce reserve is located, and we'll be exploring those 450 square kilometres [in brown] in the near term. We've already probably drilled about 10,000 or 12,000 metres this year, put out four press releases and we're really encouraged by the results, drilling at the western end of our pit called Piaba West.

When you look at the bottom right, you can see all the gold and silver anomalies that are along strike from our Piaba pit. We see a lot of potential there. It's open at depth and it's open along strike, and we've got five drills turning as we speak right now, so we're drilling and constructing at the same time. Our goal is working along strike about 5 kilometres and that's where we see the potential to double the mine life, and that's the key goal in this property.

When I move on to Slide 16, stepping back from really the reason why certainly our team was really excited about Aurizona originally, I think this is a really excellent picture. You look at the mines that have either just gone into production or going into production and are sort of late stage development over the next few years here, it's pretty slim pickings on a single asset developer basis. Aurizona fits in nicely in 2018 with very low capex, as you can see at \$130 million versus most of the rest of them there. When you slot in NewCastle's asset, Castle Mountain, that should fall in nicely in 2019/20 after Aurizona is already in production. So we see filling up this pipeline of rare assets with two of them, which will be our core assets, so we're really excited about that profile and that growth profile right now.

Turning over to Slide 18, I want to switch over to NewCastle's main property, obviously Castle Mountain in California. Again, very similar story in many ways to the Aurizona property. It's a past-producing mine. It's open pit. This one is heap leach. It's near the Nevada border. It produced over a million ounces previously for those unfamiliar with it, as you can see on the map there.

We've been really impressed with the recent progress by Mark and his team down at site. There's been a lot of excellent drilling work. They've gotten underway with the studies, and they've increased the resource by 70% so the M&I has increased by 70% to 4 million ounces. There's a really exciting prospect there and we'll walk you through a little bit more of what we see on the actual project on the next couple of slides.

Turning to 19, when you look at the potential for the reserve and the production profile, ultimately, we're starting off with a 4 million ounce M&I resource and we see a lot of exploration potential and upside there. The metallurgy is simple. It's a low-cost heap leach. It's brownfield, it's a past producer. The technology is well known, so we're really happy with that, and ultimately ends up with a low capex intensity project.

The PFS is underway, as we talked about previously. The intention is to convert resources to reserves next year, and ultimately the plan at the moment is a two-phase production ramp up with potential to go up to 300,000 ounces per year. The initial phase would start with the ROM operation and ultimately end up in a full restart with ROM heap leach, crushed ore heap leach and milling of higher grade ore in the longer term.

Turning over to Slide 20, just to touch on some of the exploration upside that we see. Really, it's excellent potential looking at the parallel trends to both the east and the west as you can see along there in the graph on the right, in the picture on the right. There's newly recognized potential at-depth and there's some really interesting drill holes and they continue to drill as we speak right now, so we hope to see some more results coming out in the near term. Ultimately, there's a game-changing potential with the newly recognized high and bonanza grade structure.

I'm going to turn over now to the other assets in the portfolio; it's not just those two assets. On Slide 22, we've got three copper porphyry projects. What better team, from my perspective, to create value from a copper portfolio than having Ross and Richard with us? We're pretty excited here about this portfolio, and David Lowell, obviously, has been instrumental in this portfolio and putting it together. We'll look at ways to optimize and create value from this portfolio. We're obviously going to put our key focus and management time on the two core projects and moving those forward, but you'll be hearing more about these copper projects as we move forward.

Turning over to Slide 23, we also have a portfolio of high-grade gold projects. They're smaller projects: one in Peru, one in Brazil and one here in BC. Again, we'll be looking at this portfolio and looking to surface value; slightly smaller projects than the copper and the other two key projects, so I won't stop long on that for now.

I want to end up on Slide 24 here. With production at Aurizona starting late next year and potential for significant production growth for Castle Mountain, we think Equinox Gold will be a new leading gold producer underpinned by a multi-million-ounce gold resource base and an attractive portfolio of gold and copper assets. Equinox Gold will be fully funded to construct Aurizona, advance Castle Mountain and continue meaningful exploration. Ross Beaty, the Board of Directors and management team have had substantial experience and a real track record of success, which we want to continue now to build value from Equinox Gold over the long term.

That's the Equinox overview, and I'd want to turn it over I think back to Ross now for a few words here.

Ross Beaty:

That's great. Thank you, Christian. I want to spend a few minutes telling everybody kind of why I've chose to kind of hitch my horse to this wagon. This is the first time I've actually joined a board of any company in 10 years. I've been a large shareholder of many companies but I've not been active on the Board. I've been involved with other companies but not really in the insider group per se.

The reasons that this really appealed to me, I'm going to start with the people. The Trek Mining team that is going to be the core management team of this business, they've really impressed me as being smart and very nice people. They're very driven. They have a proven track record. It's a strong management team; that's the first thing.

The second thing, we have assembled a really good board, so I am very happy on the people front.

In terms of projects, what we have here is two big assets, and I say big because these have the capacity to build big mines with big futures, and that's how you create big shareholder wealth. Both have near-term low-cost gold production, of course starting with Aurizona and then segueing into Castle Mountain. Both of those assets are low capex projects, high return and that means to me low risk. These are easily—relatively easily financed by a company of our size without significant

shareholder dilution. Aurizona is fully funded now and without too much effort we're going to be able to fully fund Castle Mountain with minimal shareholder dilution going forward.

We also have amazing gold exploration potential all over the place. Christian told you about some of the gold exploration potential at Aurizona. That deposit is wide open. It's open at depth. It's open along strike. There are multiple other structures that are untested or have some testing that has indicated significant gold intercepts. That's within the immediate mine area, so the opportunity to double the mine life or triple the mine life, in my opinion, is very high.

You also have the AngloGold Ashanti joint venture covering about 2300 square kilometres around the mine. This is high profile exploration property for AngloGold Ashanti. I'm told it's their highest profile property worldwide, and that says something about their view of the potential of that surrounding land package, so I'm really looking forward to great results from that.

At Castle Mountain, really I think when I looked at some of the drill intercepts from the NewCastle project, it just really excited me. I know this property. I was operating a gold mine in Southern California called the American Girl Mine, Equinox Resources, my first Equinox. That was my first public company. From 1985 to 1994 we operated a gold mine called American Girl in joint venture with Morrison Knudsen or MK Gold in Southern California in Imperial County. Just north of there is the Castle Mountain Mine, which was also being operated by MK Gold in joint venture with Viceroy Gold. So, I was quite aware of the development of Castle Mountain in the late 80s and early 90s and subsequently. In fact, Pan American Silver bought the mill that was being dismantled from Castle Mountain to use at one of Pan American's mines in Mexico. So, I'm familiar with the property, but I really think that the recent drilling by NewCastle has potentially discovered some amazingly high-grade root structures to that low-grade epithermal system and it's really going to be fun to be hitting this property really hard with a pile of drills to really to see what's there over the next year or so. Worst case, we have a big, big gold deposit, 4 million ounces or so at least, that we're going to be able to reopen using the old permit that is still alive today, as a significant sized gold mine. That's worst case. Best case, it's a pretty exciting upside that's a big question. A lot of blue sky there.

Then finally, in terms of potential, there's lots of other ways to surface value here. There's all the copper deposits, there's other gold deposits in the company and I'm quite excited to see exploration results from many of these projects, particularly the Warintza copper property in Ecuador which I would really

direct people's attention to.

Thirdly, I like the fact that this company is well financed. Aurizona is now fully funded through production. Castle Mountain, is funded for major drilling programs over the next year or so, and relatively easily funded for production to the extent that we proceed to production in 2019.

Plenty of scope for harvesting non-core assets. Anfield has two assets, the Coringa Deposit, a rather small deposit in Brazil but one that has a feasibility study on it, a plant already there and we are seeking to divest that to put the cash into the larger assets of Equinox Gold. Similarly, it has a nickel receivable and both divestment of the nickel receivable and the Coringa asset we think will realize cash proceeds approximately equal to today's market cap for Anfield.

Trek is coming into this deal with Elk Gold, which ought to be realized as a non-core gold asset. The Koricancha Mill in Peru could be—should be realized as a non-core asset which could bring significant cash to apply to Equinox's other assets.

Finally, the copper assets which we've discussed the potential for bundling into a new company and spinning out to Equinox Gold's shareholders on a share for share exchange.

So, there's plenty of opportunities for harvesting additional value from the non-core assets of the company.

Fourthly, I would say scale. The reason I like this company is because of its potential for really building a significant-sized gold company out of existing assets, and with those existing assets being advanced, the opportunity to acquire new ones. We are going to be acquisitive. We are going to be looking at new assets, in fact we're looking at some already. We hope to come out of the gate in early 2018 with another significant acquisition which would be a producing asset.

Finally, gold. This is a gold company. It will be a large new gold company. Why do I like gold? Well, I like gold for a whole bunch of reasons. I mean there's the obvious reasons that inflation is likely to be coming back and that's going to be good for gold; the U.S. dollar is likely to be weak going forward for all sorts of reasons. This will somewhat depend on how the tax reform policies are going in the U.S. this year, but the continuing debt mountain just has to weigh on the dollar at some point. Global monetary

expansion, it's good for gold. All sorts of devaluations of paper currencies, and there's going to be some of that money going into gold which will be therapeutic for the gold price. Gold supply is likely to be declining in the near future. There's very little money being put into gold exploration. There are very few new gold mines being built. That is going to help with flattening the supply growth in the near future and I think that will be good for the gold price.

Then finally, secular moves. Gold is like other commodities. It is a cyclical commodity and we've just come through five years of a bear market, from 2011 to early 2016. The gold bear market ended in January 2016; we are sort of, I think, in about the third inning of a secular bull market in gold. Where it ends up and how quickly it goes higher through the old peak of \$1800 back in 2011, nobody knows, but I am quite optimistic that the gold price has gone through the floor. It's now starting to head up again and it's going to be a multi-year bull market within which of course will be lots and lots of down cycles, but broadly speaking, it's going to be going up, and with us building a big new gold producing company, relatively low risk, well funded, well run, I just think that's a winning combination for shareholders coming in today.

With that, I'm going to turn it over to Richard Warke to make some final comments and then we'll open it to questions. Thank you very much.

Richard Warke:

Thanks, Ross. I think I probably should have chosen the speaking spot before Ross because I'm not sure what else I can say here other than I'm ready to go buy some more stock.

I won't take up much of your time. I just want to thank everybody for dialling in. NewCastle is really excited to be part of the foundation of Equinox Gold. I think combining the management talents and the assets of all three companies will prove to be rewarding for everybody. Any time you can get a group and headed by people like Ross and Trek with such great track records, it's something that's very exciting.

Again, I think between Christian's discussion of the assets and Ross's very thorough discussion of the assets, I think that Equinox offers two relatively low risk projects, great growth production and really the thing that's going to be emphasized and give us the most organic growth is the exploration potential of both sites in Brazil and in California.

Again, turn it back over to Christian for some answers. But, we're very excited and I'm honoured to be a part of this group.

Christian Milau:

Great. Thanks a million, Richard. Really appreciate those comments. I think with that we'll open it to questions.

Rhilyn Bailie:

Sure. Operator, can you please give us the instructions again on how to ask a question from the phones?

Operator:

Certainly. We will now begin the question and answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speaker phone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

Rhilyn Bailie:

While we have that gap I'm going to take a question from online because it's a lovely question and I have to read it out first.

One of our Canadian shareholders says, "Firstly, congratulations everyone on the three-way merger. Equinox Gold sounds like a dream come true. I am curious, though, why are you listing the new company on the TSX Venture Exchange and not the Toronto Stock Exchange?"

Ross Beaty:

We are listed today because that's where Trek is listed. We will be making an application the day this deal is concluded for a move up to the main board.

Rhilyn Bailie:

Okay, I'll turn it over to the phone lines now, please. We've got a question from David Medilek at Macquarie.

Operator:

David Medilek, your line is live. Please go ahead.

David Medilek:

Great. Thanks for taking my questions. I have three questions. On the Sprott credit facility, are there restrictions on exploration expenditures at both Aurizona and Castle Mountain? If so, could you provide some colour?

Christian Milau:

Hi David. Yes, thanks for that. Certainly in our plans with Sprott we built in—our plan is to actually develop the whole asset base, not just to focus on building the mine, so there is flexibility and some ability to spend on exploration. As we've talked about before here, this is going to be a construction project and exploration at the same time. It's absolutely part of the plan.

David Medilek:

Do you have kind of an exploration budget mapped out for both assets for next year in terms of metres and drills that you plan on operating there?

Christian Milau:

I think I'd be a little bit hesitant to give you that today. I think we need to get our feet under the desk a little bit. I mean certainly with Aurizona we'll continue on with the plan as it is, and we'll spend some time with Mark Leduc and his team making sure we refine the plan at NewCastle and we'll have more flexibility I think to develop the exploration program there with the funding that we have. I think it's a little early to comment fully on that one.

David Medilek:

Okay, thanks. With the funding now in place for the Aurizona build, could you provide some more colour on how development is progressing to date, the status of the expansion permitting and construction critical paths?

Christian Milau:

Yes, sure. In terms of the actual critical path and the items we're working on, I think I mentioned earlier the tailings dam raise was critical. We want to get that done before the rainy season in the early part of next year, and that's well on track. I think 80% or 90% even of the gravel and sand is on site. The contractor is there working away.

The substation upgrades are key to the power line, which we're doing, which is \$7 million worth of work and we've got contractors that are in place doing that work and it's on schedule.

We've ordered the mills, which obviously is a long-lead item. The plan was to order them in the summer, which we did, and they'll probably be delivered to site during Quarter 2 next year as scheduled so those are well underway.

Another key area was getting the detailed engineering up and running and we also have the EPCM contractor appointed officially now, and that's Ausenco based here in Vancouver and in Belo Horizonte. A lot of that work has actually moved out of Vancouver and down to Belo now with their project manager actually basing himself out of Belo now.

Those are probably the key critical path items at this stage. Repairs and maintenance go on in the background but they aren't really critical path and those are progressing well. A lot of buildings have been erected and a few structures have been taken down, so, well on track there.

Sorry, the second part to your question, David?

David Medilek:

That was on the status of the expansion permitting.

Christian Milau:

Yes. Okay, on the permitting, so basically we're waiting for a licence to install for the Piaba permit which is our current deposit there. We received early approvals to go and raise the tailings dam and to do early works. What we're waiting for is the final licence to install which is in the final stages. We've sort of said it would be around the end of the quarter. It should be this quarter any time now. We're having all the right indications that it should be any time soon.

David Melinek:

Just one from me on the Sprott credit facility. Is the security on only Aurizona or is it also on the other assets?

Christian Milau:

It'll be focused on Aurizona. We'll have full security, obviously. There will be probably some negative pledges on certainly other non-material assets in the future and anything material certainly they would have some level of security on.

David Melinek:

Great. Thank you for answering all my questions.

Christian Milau:

Thanks, David.

Operator:

The next question comes from Kerry Smith of Haywood Securities. Please go ahead.

Kerry Smith:

Thanks, Operator. Christian, you didn't give much clarity on this \$200 million facility that Sprott potentially put up. Are there any defined terms for that facility, or is it literally just a commitment to look at the opportunities as they present themselves and then they can decide whether they're in or out?

Christian Milau:

I would call it a light commitment in that sense. We have to negotiate the detailed terms for sure, but we've had early discussions with them and concrete examples about potential acquisitions but also development of Castle Mountain and obviously those fit right in the wheelhouse of what that facility is set up for. I can't give you any detailed terms at this stage but it's sort of a commitment to look at it closely with us, and very similar to what we had back at Endeavour Mining when David Laing and I were there with our banks and we used it then as well.

Kerry Smith:

Okay. I'm not sure if maybe you can answer this or maybe Ross can, but was there any discussion about rather than Ross buying US\$18.5 million of effectively stock and debentures from Sandstorm, actually buying that stock from treasury which would provide a little bit of a buffer on the cash balance. Was that ever discussed, or why wasn't it done? To me, it would have made more sense.

Ross Beaty:

Not at all, Kerry, and hi and thanks for your question. No, basically Trek has all the money, or Equinox Gold has all the money it's going to need to be developing Aurizona and doing a lot of exploration and advancing Castle Mountain. Why dilute further just for the sake of dilution? We didn't need the money. I wanted to establish a position. Sandstorm was there with a large block and a convertible debenture and it was a much better way for me to build a position taking out an existing shareholder, reducing some of that debt, than doing a dilutive financing from treasury.

Christian Milau:

I was going to say that first tranche of the convertible is coming due in eight months anyway, so rather than have that dilution hit us almost twice, Ross has picked it up, effectively.

Kerry Smith:

Okay. Ross, maybe while I've got you on the line there, do you have any sense as to how much time you think you're going to be committing to this company? Days per month, percentage? Just sort of your level of commitment. Is it half your time? Is it 25% of your time, or all of your time, I guess?

Ross Beaty:

No, it's—I'm not going to give a commitment of time, a specific amount of time. That's not too useful, but let's just say I'm dedicated to this. I'm committed to it. I want to build it as quickly and as big as I can, make shareholders as much money as possible. I wanted to position myself as a significant shareholder and be in a position to rewarded for that, and that's really enough. I think from my standpoint, if we can all build this company really large then we're all going to benefit from it, Kerry.

Kerry Smith:

I got you. Okay. Christian, what would the total cost be for the change of control provisions that are currently embedded in the Management Circulars for the two companies? Just a dollar amount.

Christian Milau:

Yes, Kerry. I think an estimate probably is good around \$4 million, it might be C\$4.5 million.

Kerry Smith:

Canadian, \$4 million to \$4.5 million.

Christian Milau:

Yes.

Kerry Smith:

Okay, great. Then I guess there would be incremental deal costs on top of it, I suppose. That's just to change the control

Christian Milau:

Yes, there will be.

Kerry Smith:

Yes, okay. The deal costs roughly, do you know? I'm just trying to get a good handle on what the cash cost ...

Christian Milau:

Yes. It's probably deal costs a few million dollars for sure. We've had our various legal counsels and fairness opinions and transaction due diligence work done, so what you can customarily expect, but no significant fees in that group.

Kerry Smith:

Right, okay. That would include like the lawyers and everything, okay. Okay.

Christian Milau:

Yes.

Kerry Smith:

Okay, great. Thanks very much. I appreciate it.

Christian Milau:

Thanks, Kerry.

Operator:

The next question comes from Tara Hassan of Raymond James. Please go ahead.

Tara Hassan:

Afternoon, gentlemen and lady.

Christian Milau:

Hi, Tara.

Tara Hassan:

Can you maybe walk us through sort of what was involved in the due diligence process on both sides, I guess more importantly on the core assets, and if you evaluated other asset acquisitions in this process or if this was the core process?

Christian Milau:

I mean, Tara, basically, I would say it was probably common amongst the three companies, of course, but traditionally certainly we do site visits, we engage our external consultants to look at things like resource and various risk areas, whether it be permitting, water and other areas that are technical in nature. You have your usual legal and financial due diligence. We certainly send a core technical team and financial team out to individual sites, if we want to have a good look. There's certainly some understanding of the management and the people involved so we get some comfort from that as well. That's probably the crux of the kind of work that we do and it's taken us a whole number of weeks, that's for sure, to go through this. It hasn't been done quickly.

Tara Hassan:

Can you—I guess as part of that process one of the pushbacks on Castle Mountain historically would have been the ability to modify the permits to look at a larger scale scenario and the sort of restrictions related to water and stuff related to that. Can you maybe give us an idea of how you guys got to a comfort level of the ability to look at a larger scale scenario there?

Christian Milau:

Yes. You hit on probably the two key areas, other than obviously the technical resource, etc. that we focused on and we spent a lot of time with legal counsel, particularly in California and that are used to working in San Bernardino County particularly. We have some experience. I've worked in California before. Obviously Ross has worked in California before and we have some internal experience in that area, so we've leveraged off that. We've engaged external consultants to look at the water. Obviously, there's been good progress in both those areas over the last year and I would say in place currently, the head of permitting down at Castle Mountain is exceptional. He's worked at Mountain Pass just recently, so been permitting in the local county not too long ago and with an operating mine. Obviously we got to our comfort levels.

Really, from our perspective, it's about resource and time on working through the permitting but we see it as a very manageable process. It's got its risks like other parts of mining do but we feel very comfortable in the end.

Ross Beaty:

Maybe I could just chime in here also, Tara, for an answer. Here's how I look at Castle Mountain. Castle Mountain is going to be one of two different things. Either it's going to be a modest sized, meaning like 150,000 ounce, low cost, low capex, profitable heap leach mine based on more or less the existing low grade resource, the existing permit, existing water which will feed that size operation, and we can operate that any time. We can open that in one year or two years or three years as that sort of thing.

But quite frankly—and that's okay. That's kind of the value proposition here. That's what NewCastle is bringing to the table here along with its partners, along with what Trek is bringing to the table. The kicker in both of those properties though is the exploration upside. I've already talked about what I see in Aurizona and why I'm excited there, but what I see as the second possibility at NewCastle, or at

Castle Mountain I should say, is that we hit this thing really hard. We're going to just pound it with drills over the next year or so and we're going to really see what's there. If you look at some of those drill intercepts that have come out of the last year or so drilling program, there's some absolute killer results there. So, we don't know what Castle Mountain is capable of. If it turns out to be something profoundly bigger, we don't know whether it will be an open pit mine or, quite frankly, a high-grade underground mine at this point; that's all open. We don't know how much water that's going to need, and quite frankly, we don't know where we're going to get the water from, but we know there is adequate water in the region. We've done that legwork, both from groundwater supplies, from potential piping of water from other places in the area where water's available. We don't know how much we're going to need but we're comfortable there's going to be enough water for that Plan B scenario. If we hit that Plan B scenario, it's going to be pretty exciting for everybody.

We're going to obviously have to re-permit it and get all of the technical requirements settled for that second sort of style of operation, but boy, is it going to be worth it. The upside will be tremendous and you're just going to have watch this space to the extent that we're going to find out in the next year or two whether it's there or not.

Tara Hassan:

Okay. Just one further question for the Trek side. As a company you've been pretty clear about your intention to grow as a mid-tier producer and that could involve either asset acquisitions or focusing on development opportunities out of Aurizona on the exploration grounds. Can you maybe walk us through why you decided to do a deal now, and how you evaluated the option to complete a merger versus financing Aurizona on your own and then looking to grow into that mid-tier producer?

Christian Milau:

Tara, I think we've known each well over the years and you've seen certainly David, myself and the team certainly look at the best model is creating a good, strong, mid-tier leading gold company in the longer term, and opportunities come along and not always when you're looking for them or the optimal time in your development phase. So, in a way this great opportunity has come along. We're able to work with Ross and Richard here to create something pretty special at this phase.

The sequencing of these assets fits in really nicely here and actually helps us even finish off the funding I think for Aurizona while we do some work in the background at Castle Mountain. So, it works out

really nicely. Absolutely no question that we could go our own way and build our mine and have Aurizona nicely up and running and look at opportunities in the future, but sometimes opportunities come when you're not always looking for them or expecting them.

Tara Hassan:

Mm-hmm, okay. That's great. Thank you, guys.

Christian Milau:

Thanks, Tara.

Operator:

Our next question comes from Steve Martin who is a Private Investor. Please go ahead.

Steve Martin:

Hi. Thanks. I'm coming into this late, fellows. I just got off the road and I haven't even had a chance really to read the news release in full, and I'm not a math guy so can you just make it easy for me? I've been in this since Luna Gold. I've got a 30,000 shares but I'm trying to figure out what that will now be in the new company, and how many—I mean I know I've got 30,000 of 298 million in Trek right now. Where am I at in terms of the new company?

Greg Smith:

This is Greg speaking. If you have 30,000 shares of Trek today, you'll still have 30,000 shares of Equinox Gold on closing of the transaction in December, so there will be no change for you as a shareholder.

Steve Martin:

Okay. Now, the fully diluted number I can get off the Trek website, and I don't see a fully diluted number in this news release. Do you have that?

Greg Smith:

We do. It's actually in the slide deck on Slide 7. It's four hundred fifty-one. That's the fully diluted in the money shares, and then at the very back of the slide deck as well in the Appendix, we have the full capital structure. That would be on Slide 26, which should have all the details you're looking for.

Steve Martin:

Okay, great.

Greg Smith:

And that slide deck is available on the website of all three companies.

Steve Martin:

Okay. Now, if this is all approved and goes forward, when will we actually see that in our accounts, with the changeover to the ...

Ross Beaty:

End of December.

Christian Milau:

End of December this year.

Steve Martin:

Okay, great. All right, thanks, guys.

Christian Milau:

Thank you.

Rhylan Bailie:

That ties into a question that we had online as well so I assume there's also no change to the Trek warrants.

Greg Smith:

No change to the Trek warrants. No.

Rhylan Bailie:

Okay. We've already had a few questions about that today. Okay, we've got another call from on the phone.

Operator:

Our next call comes from Alexander Backer who is a Private Investor. Please go ahead.

Alexander Backer:

Hi. Thanks for taking my question. My question is I'm really a NewCastle shareholder and not so familiar with Trek yet. What are the key risks that might prevent us from getting to first production by end 2018?

Christian Milau:

Thanks, Alexander. One of the things that we're really excited about with Aurizona is a lot of the high risk or long-lead items or critical path items we've really de-risked at this stage. I mentioned a few of them earlier, but we've ordered mills; we've started tailings dam raises; we've got infrastructure already in place, so we don't have the same level of construction time and complications you might have on a pure greenfield project.

We do have to get our permits, which is coming in the next little bit here, which is one area, but I think execution risk is one thing that we keep our eye on here. You know, just basically delivering all the strings along the line for the construction project so we can hit our timeline towards the end of 2018 to be pouring gold. It's really about execution and getting the right team and people in place, from our point of view, because we've started to answer the key questions around critical path items and funding.

Alexander Backer:

Thanks very much.

Christian Milau:

No problem. Thank you.

Rhylan Bailie:

We'll take a couple of questions now from online. One question comes from another Canadian investor. Where does Anfield come into the picture?

Ross Beaty:

Anfield is there because that was the way for me to enter the project with a significant share position to start, and because Anfield provides the capital to bridge the equity need for Equinox Gold's Aurizona project, or Trek's Aurizona project, to be fully funded to production. As I said, we are going to divest our assets for cash and that cash will be used to support the growth of Aurizona, principally, or the construction of Aurizona principally to meet the equity needs that are remaining to be raised, and that's where it's going to come from.

Rhysin Bailie:

Okay. Another question online. Trek has the higher market cap. How did you decide what the split was going to be between the companies?

Ross Beaty:

I think it's fair to say we sat down and argued and complained and did the usual sort of dance between the three companies' management teams and here's what we thought our assets were worth, and at the end of the day, supported by fairness opinions from three very, very good independent firms and unanimous approval by all of our boards, we think we hit the right balance.

It's never a science, it's an art, and it often prevents sensible deals from coming together when there are unrealistic expectations by one management team or another about value and contribution and so on, but in this case it was really, quite frankly, extraordinary how well we all kind of settled on value and got on with this deal, even though the assets are disparate to some degree, and you always argue about individual contributions. But we think we got it right and we certainly were supported by that and look forward to our shareholders approving it as well.

Rhysin Bailie:

Thank you. We'll go back to the phone lines now, please.

Operator:

Our next question comes from Rajni Bala of Anarcho Capital. Please go ahead.

Rajni Bala:

Hi. I just wanted to clarify with Ross about his holding. Is it going to be 40 million shares once the transaction is closed and the company becomes Equinox Gold?

Ross Beaty:

Yes, that's correct. It's about 11%. It'll be 11% of the basic share count, so I will own approximately 40—let me see here, 46 million shares including warrants that I currently own in Trek, for example.

Rajni Bala:

Okay, because on the news release it mentioned that 22.5 million, are you going to be acquiring when the companies converted into Equinox Gold. So whatever the share price becomes at that time, you will acquire at that share price, right?

Ross Beaty:

No. The share price agreement I made with Sandstorm is to acquire shares at close of yesterday's price. I think it was \$1.02 or \$1.03, something like that.

Rajni Bala:

Okay. Yeah, okay. Sounds good. Thank you.

Ross Beaty:

Okay.

Operator:

Our next question comes from David Lee of National Bank. Please go ahead.

David Lee:

Hey everyone, congrats on the deal.

Christian Milau:

Thanks, David.

David Lee:

Just two quick questions from me. That \$200 million loose commitment that you're referring to from Sprott, is that sufficient to cover the capex that you're expecting for Castle Mountain?

Christian Milau:

I think it's a little early to give you an estimate on that. We're working through the prefeas, obviously, so I wouldn't want to guess on that at this stage until we're there and we make an announcement obviously, and put the numbers out when we finish it. But, there's a possibility that can be used for it so it could cover a very significant proportion, if not all, but let's wait until the numbers actually come out.

David Lee:

Okay. Sounds good. Just for more clarity on the permitting scenario for Castle Mountain. The existing federal permits right now, does that kind of cover the whole 140,000 ounce per year scenario as well as the water requirements as well?

Christian Milau:

The current permits would allow us to develop that scenario in a sense, the 150,000 ounce scenario, certainly. If we want to build it a lot bigger and we need more space in terms of being able to have a larger heap leach pad, etc., we may have to look to open up the permitting process and look at the environmental impact statement, etc. But there is sufficient room, essentially, and permits in place to be able to go to that level. There are the various levels of municipal permitting and stuff that you have to go through, of course, air quality, water, etc.

David Lee:

The water testing that's been to date, is that all on permitted land thus far.

Christian Milau:

Yes. The water testing has been on the permitted land and certainly we've been encouraged by what the news, obviously it's come out publicly on that and we feel there's sufficient water to get this project up and running again. We've also—I know Mark Leduc and the team have looked at various other options and piping in water from several different sources, which is sufficient to provide water for a larger scale project. Obviously, it comes with a little bit of work and a little bit of extra cost, but there are sufficient sources there.

David Lee:

All right, thanks.

Christian Milau:

Thank you.

Operator:

Our next question comes from Gary Suriani who is a Private Investor. Please go ahead.

Gary Suriani:

Thanks for taking my call. Sorry, I'm still not quite clear on the split for the three companies. I'm a shareholder in Anfield and I'm really not clear now as opposed to what came out in the news bulletin. Now, you say Trek will be a 1-for-1, so what's the percentage that an Anfield holder will be on the new company?

Ross Beaty:

Twelve percent.

Gary Suriani:

So I'll own—so my existing shares, I'll only have 12%. If I have 1000 shares, I'll have-

Greg Smith:

You'll have 407 shares of Trek—of Equinox Gold, if you have 1000 of Anfield.

Gary Suriani:

That's not—oh, okay. That's 40%.

Greg Smith:

Correct.

Christian Milau:

Yes.

Gary Suriani:

Of your existing shares.

Christian Milau:

Yes.

Gary Suriani:

Correct, 40.19.

Ross Beaty:

That's correct. That's how the exchange ratio works.

Gary Suriani:

Okay, that's good. Thank you very much.

Rhylin Bailie:

We've got another question from online. Besides the usual corporate synergies, what are the technical synergies between the three projects?

Christian Milau:

We'll obviously have the normal corporate synergies there from the various offices, and we'll be focusing here in Vancouver on one office, so we'll be reducing the cost of the corporate G&A level. In terms of technical synergies, certainly there's the teams that we have in place from both the exploration side as well as from the technical side. David Laing and his team will be able to contribute obviously to that. There's shared knowledge as well with Mark Leduc who does know our project well, in addition.

From a pure on-the-property shared sort of services, etc., there's not as much, being in different countries or jurisdictions, but certainly at the more corporate level there are.

Rhylin Bailie:

Okay. Well, there's no more questions and I promised we'd wrap up within an hour. So, thank you very much for joining us today. If you do have a question that you think about after the fact, please feel free

to email me or any of the Investor Relations people. The webcast will be archived on all of our websites until the transaction closes, and we're happy to answer your questions.

I'll give it back to Ross now.

Ross Beaty:

Thank you very much. That's all for today. I appreciate everybody's attendance and look forward to very happy, happy results here for us all and, as we said, more questions, just fire them to the company's management in any of the three companies. Thank you, all.

Christian Milau:

Thank you.

Male Speaker:

Thanks everyone.

Operator:

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.