Equinox Gold Corp.
Corporate Update Transcript

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Speakers:

Rhylin Bailie
Vice President, Investor Relations

Greg Smith
President and Chief Executive Officer

Darren Hall
President and Chief Executive Officer, Calibre Mining

Ryan King
Senior Vice President, Corporate Development and Investor Relations

Operator:
Welcome to the Equinox Gold Corporate Update regarding pro forma guidance.

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. If you are participating through the webcast, you can submit a question in writing by using the text box in the lower left corner of the webcast frame.

I would now like to turn the conference over to Rhylin Bailie, Vice President, Investor Relations for Equinox Gold. Please go ahead.

Rhylin Bailie:
Thank you, Operator. Thank you, everybody, for joining us this morning. We will, of course, be making a number of forward-looking statements today, so please do visit Equinox Gold website, Calibre's website and our various continuous disclosure documents that are filed on SEDAR+ and on EDGAR.

I should note that all of the dollar figures that we reference today will be in United States dollars unless otherwise noted.

I will now turn the call over to Equinox Gold's President and CEO, Greg Smith.

Greg Smith:
Thanks, Rhylin. Good morning, everyone, and thanks for joining us on the call today. With me today on the call are Darren Hall, who's currently the President and CEO of Calibre Mining, Ryan King, who's the SVP Corporate Development and Investor Relations of Calibre, and then Rhylin Bailie, VP of Investor Relations at Equinox Gold.

As we reported yesterday, we are approaching the completion of our business combination with Calibre Mining. While the transaction has not yet closed, we have been working closely with the Calibre team on planning for integration of the two companies. Darren's been spending time with our mine sites and with our teams, and I'm looking forward to having Darren join as President and Chief Operating Officer of the combined company on closing.

And just for clarity for everyone on the call, where Darren and I refer to we or our, we are talking about Equinox Gold today and then the merged company post closing, but until the transaction is officially closed, the two companies remain independently managed. But with the merger almost complete, we are focused on entering our next phase of Equinox Gold with a stronger, more diversified portfolio of assets anchored by two high quality, long-life gold mines in Canada. Ross Beaty will remain Chair of the Board. I will continue as CEO, and as I said earlier, Darren will step in to the President and Chief Operating Officer role. Darren will also be bringing over his proven operating team from Calibre.

Yesterday, we also issued pro forma consolidated 2025 guidance for the combined company of between 785,000 and 915,000 ounces of gold at an all-in sustaining cost of $1,800 to $1,900 per ounce. These numbers exclude production and costs from the Los Filos Mine and also from the Valentine Gold Mine, which remains on track to begin production in Q3 of this year.

On a standalone basis and excluding any production from Calibre assets, we expect Q2 production at Equinox of 135,000 to 145,000 ounces of gold, of which 45,000 to 50,000 ounces is from the Valentine Gold Mine. On closing of the merger, we expect the combined company to have well over $350 million of cash, combined with robust production and operating cash flow through the second half of the year. We are in an excellent financial position to complete the construction of the Valentine Gold Mine, while continuing to focus on reducing our leverage.

With that, I'll turn it over to Darren to provide some further details and insights on what you can expect for the remainder of 2025. Darren?

Darren Hall:
Thanks, Greg. Turning to Slide 4.

Firstly, I'd say significant opportunity, great shareholder value across the consolidated portfolio of assets upon closing the transaction, which as Greg mentioned, is expected before the end of the month. I believe a reset of short-term production and cost expectations of the Equinox asset is necessary to establish a critical foundation to enable long-term shareholder value creation.

The revised guidance primarily reflects a slower than planned ramp up at Greenstone, which has faced some challenges including lower loading fleet availability, which has impacted mining rates and delayed access to higher grade. Year-to-date 2025 grades have been below expectations in part due to higher than anticipated dilutions and issues in and around voids from historical operations. Milling rates and gold recoveries are improving but are lower than initially forecast. As a result, Greenstone guidance has been revised to 220,000 to 260,000 ounces at an all-in sustaining cost of $1,700 to $1,800 per ounce.

Integration planning is well underway and we have and will continue to deploy additional equipment and operational expertise to support Greenstone and the consolidated portfolio. This includes the relocation of Dave Schumer, Calibre's Chief Operating Officer, to Greenstone. A comprehensive plan to address the ramp up challenges will ensure we're aligned and delivering into clearly defined expectations. With the data on improvement and delivery plan well underway, we are seeing positive momentum in mining rates, with May performance 25% higher than Q1. We expected continued steady quarter-over-quarter improvements at Greenstone, with higher grades and stronger production in the second half of the year.

At the Valentine Gold Mine in Newfoundland, commissioning is progressing well and we remain on schedule for first gold by the end of the third quarter. With an experienced operating team in place who have significant commissioning experience, we are confident in a smooth and efficient ramp up. It's also important to note the production from the Calibre assets remains strong, and we anticipate another 70,000 plus ounce quarter positioning us well to deliver in the higher end of production guidance.

Looking to the future, our focus is clear. Operational excellence and disciplined execution will be the driving force as we work to unlock the full value of our combined asset mix.

With that, Greg and I are happy to take questions.

Rhylin Bailie:
Thank you. Operator, can you please remind everybody how to ask a question?

Operator:
Certainly. Once again, 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 speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. If you are participating through the webcast, you can submit a question in writing by using the text box in the lower left corner of the webcast frame. We will pause for a moment as callers join the queue.

Rhylin Bailie:

Thank you. While people are joining, I'll take a few questions from online. First question that came in was how does the reduced production guidance affect the paydown of debt, would you need to do—raise any equity or increase your borrowings?

Greg Smith:

I can take that. As I said earlier in the call, we're actually closing with a fairly meaningful cash position in the Company, and even with the revision to our guidance, we've got very robust production and cash flow expected in the back half of the year. Combined, you're in that north of a billion dollars of liquidity in the system and that gives us plenty of flexibility to complete the construction of Valentine, and also continue to focus on reducing our leverage. We have been continuing to deliver into our gold prepays so we have been continuing to satisfy those liabilities and we intend to continue with that as we go through the year. So, no need for additional financing.

Rhylin Bailie:

Perfect. Thank you. Operator, can you please take some questions from the phone?

Operator:

Certainly. The first question comes from Anita Soni with CIBC. Please go ahead.

Anita Soni:

Hi. Good morning. Thanks for taking my questions. Firstly, can we talk about the stockpile level and what that is currently. So, the average grade, the total tonnes, and then sort of the higher grade bucket and what the tonnes and grade on that?

Greg Smith:

Darren, do you have that detail? I don't have that detail here.

Darren Hall:

No. Sorry, Anita. No, I don't have that information in front of us, but happy to get on the call and walk through those specifics in terms of inventory. Now, what I can comment on though is that there's inventory in front of the primary crusher. There's no shortage of available material.

Our focus really at this point is to get mining performance to a point where we're seeing the material movement which will then allow the folks to focus on quality and segregation to minimize dilution and losses in and around the voids. That's really the focus. It's a bit of a self-fulfilling prophecy here is that as we've fallen behind on material movement, it drives a focus on moving tonnes and it's probably been a little bit distracted from the quality issue. I think as we look through the balance of the year, we'll see grade improve as a consequence of delivering into expectations on material movement which allow people to focus in on quality.

Anita Soni:
Okay. Moving to the equipment issues, when you're referring to loading equipment issues, you're just talking specifically about the shovels, right, not the haul trucks as well or?

Darren Hall:
Yes, no, it's really about—a rate determining step here is really about loader availability leading into. We've seen improvements in that performance recently, but we also have a fifth shovel which will be commissioned here by the end of the month, which will provide the significant level of spinning reserve to be able to offset any further availability issues if there are. We're not anticipating. So we'll have that, how do you say, the resilience, if you will, in terms of the loading fleet.

The focus specifically now that the Simon, the mine manager, is focused on how do we ensure they'll be getting the most material moves, and that's focusing on tracking plates. Pretty quickly the bottleneck is going to move from loading to tracking. We're implementing double-side loading on the shovel units. We're augmenting with additional auxiliary support equipment to be able to maintain a level of quality in roads and loading positions so we can see great speeds, reduced operating delays, which will result in more material moves.

No, I mean, I think we're back through the—we've broken the back of the historical loading equipment availabilities, and additionally, with the commitment that Equinox have made to the additional loading capacity, we'll have plenty of reserves. So, that issue is well behind us.

Anita Soni:
Okay. You feel like the loading issue, the shovels are not the issue right now but now it moves to the haul trucks. In terms of the equipment…

Darren Hall:

Well, it’s no so much the issue of moves of the haul trucks, the opportunity moves. Is that what was driving the loading equipment availability. We’re through the back of that. We have additional capacity. Now the opportunity that sits in front of us is to be able to exceed what was anticipated for the level of spend is to be more productive with the tracking fleet, which will unlock significant amount of value as we go forward.

Anita Soni:

Okay. As we move to the trucking fleet then, what are the key issues in terms of the trucking fleet? Is it downtime in terms of availability, are they going through more maintenance than expected, or are they just waiting around with the shovels? What’s the key driver there?

Darren Hall:

Yes. It’s less of an issue than it is an opportunity. There's not a problem with the quality of the fleet. This is about how the tool is being utilized. What we’re now very much focused in on is eliminating wasted time. This is looking at operating delays. This is making everything more efficient, like double-side loading by increasing speeds, which requires having good floor conditions, which is a level of quality in and around drill and blast, bench control, having support equipment around shovels so that you’re not—you can move everything much quicker. That’s really the issue. It’s not about an issue with the trucks, it’s about how you utilize and then set up the environment that allows for that fleet to be as productive as it can.

We’ve deployed additional resources to specifically focus on this. Those two gentlemen who have arrived in the last month that are specifically focused on this, they're folks that Schumer and I worked with for the last 30 to 40 years that are very, very experienced in this to be able to help Simon and his team reduce those operating delays, increase those level of efficiencies, which will drive volume for a similar level of spend which were very accretive from a cost perspective.

Anita Soni:

Okay. I had a number of questions. Let me just list off a few of these. My apologies to the other analysts, but hopefully some of these answers will help other people as well. On the unit cost, I’m just trying to understand the longer term value for Greenstone. One of the things that has been—has caught my eye over the last few quarters is that the mining cost have increased as mining continues, which is not the norm. I'm just trying to understand how these mining costs—like, what do you think the longer-term mining costs are? Are you confident in the prior technical report and the numbers that they have there, or do you think those mining costs should increase?

Similar question for the processing cost. They went from $7.40 in Q3 and the last quarter came up to US$15 a tonne. Just trying to get a handle on what the longer-term value proposition on the cost side is given that you just increased the cost guidance this year by 30%.

Greg Smith:

Darren and I are not in the same room, so we can't make eye contact to see who's going to answer first. I'll make a couple of general comments. Darren, you can jump in, if that works.

Anita, one of the things that, on a unit cost basis, that you'll see in the context of a ramp up like this is that we've, through the back end of last year and into Q1 here, increased the fleet size, increased the headcount and was not—did not see a commensurate increase in the material movement in part because of the availability issues on the loaders and the shovels that Darren had mentioned. So, you've ramped up to be at full capacity but you're not yet at full capacity and that has an effect on the per unit cost.

On an overall cost basis, Greenstone is actually tracking quite well. Processing, a lot of the cost, our incremental cost that we saw earlier this year and probably we'll still be experiencing in the near term had been on really working to dial in the processing plant. We've had a number of different groups coming and helping us. We've had more downtime than we anticipated, resulting in more maintenance and lower throughput. So, on a per unit cost, you get the same issue, where the overall cost has maybe some minor increases but it really reflects on a per unit cost.

I'll stop there, Darren, and you can jump in here.

Darren Hall:

No, Greg, I think you covered it. But I think if you think about mining, and I'll guess I'll differentiate it in my simple mind between spend and cost. Spend is the amount of money that goes out the door and then we unitize it into a cost. If we look at the cost to run a truck, for the spend to run a truck, right, we have an operator and we pay for the operator. Whether that truck is or isn't productive at cost is the same for the operator. The fixed cost plus a portion of those costs is significant. So, looking at eliminating waste and improving efficiencies will lower our unit cost. I'm comfortable that what we have seen historically is very much on the end member of what we will see going forward in terms of unit cost. That's on the mining piece. There's incremental cost associated with moving more material. As you blow more stuff up, you're going to consume more explosives, for example. But you don't have any more drills operating, right? So, the variable portion of the cost is very, very low.

On the process end, I think Greg covered it, right, is that the plant runs—costs the least to run when it's running. When it's down, that's when you spend the most money. As Cory and the team work through reliability in the process plant, and we see less down, we will see unit cost per tonne favourably impacted as well. And that's what we're saying. As we continue to work through the gremlins, get consistent and reliable tonnage through the plant, it will positively impact those unit costs.

I think that where we're at in the very early stage of what is a very long life tier one asset, and we're very embryonic, if you will, in terms of that cost profile. I think that looking too critically at the last couple of quarters of cost and trying to then foreshadow what it means for the long term is absolutely premature in my mind. So, I look at the opportunity that sits there from getting more volume for the same spend will positively impact both mining and processing cost, and then the grade will then drive the cost per ounce.

Anita Soni:
Okay. I'm going to wrap with one last question and then leave it for other analysts and get back in the queue. Could you just tell us what your guidance, the 220,000 to 260,000, I think it is, the key drivers? What's the grade you're assuming for that on average for the year, I guess is the biggest question in my mind? What's the average recovery rate? What do you think the mill is going to get to average in Q4 so we can try to figure out what a ramp would look like in terms of the main drivers?

Darren Hall:
Okay. What we've done is is that we believe that looking forward in H2, we've taken a very deliverable look at setting guidance from a physical perspective. To be into that midpoint of guidance in and around the 240,000, we would anticipate grades in the approximate 1.2 grams per tonne in Q3 to 1.4 in Q4. So, that's significantly lower than what we've been the pushout before because we don't want to disappoint.

So from a grade perspective, looking forward, for the balance of the year, it's in that 1.2 to 1.4 type range between—from basically Q3 to Q4.

The mill throughput is forecast to be in that 23,000 to 24,000 tonnes per day or thereabouts for the balance of the year. It ramps up during the course of the year, but there is kind of a trend up. Recoveries are basically consistent with what we've seen in the last couple of months as well going forward.

So, again, I think what we've done is is that it's taking a prudent reset to creating an expectation that we know we can deliver into so we can regain confidence in the product which is Greenstone going forward.

Anita Soni:
So then just the last follow up there was, you said the last couple of months—we don't know what the last couple of months are. Could you clarify what the recovery rates have been in the last couple of months?

Darren Hall:
Yes. Better than Q1, and in that 83 plus or minus, 85% range, right, creeping up as we go forth.

Anita Soni:
Okay. Thank you. Thanks for answering my questions.

Darren Hall:
Yes, no problem.

Operator:
Thank you. The next question comes from Mohamed Sidibé with National Bank Financial. Please go ahead.

Mohamed Sidibé:
Thanks Greg and Darren for taking my question. I guess, maybe shifting the focus a little bit to Brazil where you have also pretty high driver, an increase in total cash cost in AISC there, but the production guidance was overall trimmed by less than 5%. Could you maybe help us understand what are the key drivers of the higher cash cost in AISC there?

Greg Smith:

Hi. I'll make a general comment again and then Darren can jump in. I mean, in all cases, obviously, the change in the denominator being the gold production has an outsized effect on the per unit cost, right, the cost per ounce. So, that's obviously part of it and that makes up a big piece of it. We did in Brazil overall look at cash costs being a little higher than anticipated. Sub 10% but higher than anticipated. And then looked at just introducing a bit of a buffer. We are dealing with a few things at Fazenda, for example, where we're going to increase some of the stripping, and this is to manage around some of the voids in the new open pit. And then a few other areas in Brazil where Aurizona, where they're increasing some of the material movement this year.

So, it's not this sort of fundamental change. The denominator has the biggest effect and then it's sort of a one-off issues that we're taking a provision for this year as we move into the back half of the year.

Darren, anything else?

Darren Hall:

No, no, you covered it, Greg. The other thing I'd layer on here, Mohamed, is that we've got an asset base that has always set itself up for higher end levels of performance, and with that, it drives a behaviour within the organization. We have people's absolute focus on delivering into that. But we've got prudent—Greg and I discussed over the last couple of months as we work this is that recalibrating those expectations in the things that allow people to be able to deliver into will allow them to develop a more success-based culture. And nothing breeds success like success. So, we can start to have them have some wins they feel confident in and makes them—it allows them to make intelligent risks and make intelligent decisions in the business about going forward.

So, I think that's a little bit of this as well is that not just reframing the product externally, but also taking a little bit of the heat out that allows people to then not worry about not delivering into. Even though they're absolutely focused on it is that giving them a little bit of cushion will allow them to actually perform better, if that makes sense.

Mohamed Sidibé:

Thanks for that colour. I guess I'll shift gears back to Greenstone. I think you mentioned that in Q2 or in May you're seeing a 25% improvement in the mining rates. But as you exit the year, is there a target that you have in mind that we should think about as analysts in order to model in terms of mining rates exiting 2025?

Darren Hall:
Yes. I mean, again, if I think about it is if we look at our budgeted rates, we're around the 70-plus million tonnes a year. I think that our install capacity—so I'm not guiding the number, but I think about what I would feel is a good result, is probably around 225,000 tonnes a day. So, that would put us at about 80-odd million tonnes a year. I think that's kind of a very comfortable position to hang our heads in terms of deliverability. I would like to see us at that annualized rate or the capability by the end of the year.

Now, there's some things we need to consider in that and making sure that the volume that we can move is accretive, that we maintain within our permit conditions and those sort of things. But I think the install capacity of the fleet, Mohamed, should be in that 225,000 tonnes a day.

Mohamed Sidibé:
Great. Thanks a lot, Darren. And then just final question, I guess, on Valentine. I know you didn't provide a guidance for that one, but just looking at the ramp up there, I know the initial few years of the mine plant are expected to be higher grade than the reserve grade. I know in your Q1 call you mentioned achieving great capacity by Q1 '26. Could you maybe give us some colour on one, when you expect to get to nameplate capacity there and how we should think about grade? And then ultimately, any colour you can provide on the cost front given what we've just seen out of Greenstone? Thank you.

Darren Hall:
Yes, no, absolutely. Happy to have a more in-depth discussion to bring you up to speed as well with Valentine given that I don't believe we covered it historically for Calibre.

Greg Smith:
Right, yes.

Darren Hall:
Happy to do that, Mohamed, at your discretion. But no, comfortable in our ability to deliver into middle—by the end of Q3. We'll see ore going through the plant in the latter part of August. And that's really the

key here is to get tonnes through the plant. Once tonnes' through the plant, then we can produce a button or a bar of gold wherever we like for the better part.

We're comfortable with that. In terms of ramp up, we've got a quality team in place. They've been in place now for over a year. Likewise, Jason's here at Valentine. A great team of people who uniquely all have a level of commissioning experience as well. What we have seen is with the additional time that's been provided by the delays in delivery is giving the operating team more time to get prepared for operational readiness to ensure that we have—we're in a good position to have a nice, smooth ramp up. We also have factored that in terms of redundancy in pumps and things within the designs as well which has driven into some of the capital that we've allowed for. So, I think we're setting ourselves up for longer-term success.

Coming into grade, we provided updates for both—those two pits that provide the majority of the ore in the short term. It's Leprechaun and Marathon. We provided grade control updates to both of those; one in February of last year and the other one in May. Leprechaun showed an 18% positivity with respect to grade against the reserve model. Marathon, for a fixed volume, which is what we are in a mill constrained environment, it was actually 45% higher grade.

As we see it today, we're comfortable with the grade. There is no absolute, obviously, until you put it through the mill. But all indications are that we don't see an exposure with respect to be able to deliver into the expectations on grade. Q4 will be a ramp up period. Q1 will continue into the ramp up period. But I would expect to be close to nameplate by the end of the first quarter, given, again, a relatively simple design, we've got quality equipment being put in place.

If you look at the press release, there's a link there you might want to have a look at where we commissioned a primary crusher here a couple of weeks ago. We've inched the mills. We'll be able to spin the mills here by the end of June. In terms of the motors, we can't put them under—we can't spin the shells until we have load. So, that'll happen in August. But no, all of those things are leading to a pretty comfortable ramp up, I believe.

Mohamed Sidibé:
Great. Thanks for that colour.

Operator:

Thank you. The next question comes from Jeremy Hoy with Canaccord Genuity. Please go ahead.

Jeremy Hoy:

Hi Greg and Darren. Thanks for taking my questions. On Greenstone, the press release in talking about the grades, said the lower grade was in part due to the dilution. Here on the call you mentioned the voids. Can you comment on reconciliation so far, appreciating that it is early in the mine life?

Darren Hall:

Yes, no, I think that, again, the reason we talk about those things—and it's kind of a—there's two parts to this, Jeremy. First one being is that if you're falling behind on material movement, what it drives you to, it drives you to quantity versus quality. So, we're probably seeing the team focus on arguably what is the right thing to do, is that when you're 25% historically behind on material movement, you're focused on getting as many tonnes as you move as you possibly can. As you do that, you fall away from a little bit of the focus on quality. So, we're probably seeing additional dilution associated with trying to get tonnes moved rather than the quality of the tonnes, one.

Secondly, as you're trying to push volumes, your ability to managing in and around those voids becomes more problematic as well. So you end up moving material around a lot through blasting, which means you end up with all losses as well into the voids. So, once you end up with what would be kind of reasonable grade material and you blow it up, you're losing the void and it basically becomes lower grade or even waste by the time it dilutes its way out. Your ability to be able to pick that material up again becomes significantly reduced.

So that's where I kind of allude to the—as we become more efficient in our mining practices, what it allows us to do is then focus on the quality issues as well. That's the interplay there between volume mined and voids.

Yes, that in essence is what we're focused on and as we continue to mine more material, we'll see that positively impact grade as well because we'll be able to focus on quality.

Jeremy Hoy:

Okay. That's clear. I mean, I know there was the issue of mining that island initially early on which you're now through when there was the winter maintenance issues with the shovels. It sounds like there's a bit of catch-up going on. As for how the mined material is reconciling to the resource, are you able to provide any comment there?

Darren Hall:
Yes, no, it’s underperforming with respect to the resource model because of the issues I just mentioned, right? If we were reconciling okay, I mean, obviously the plans and the forecast that would have been historically presented, were based on those estimates. We have been falling short with respect to the estimates because of the way we’ve been interacting with the estimate. As we go through and we better understand what our dilution, what our recoveries and then sort of recoveries in terms of ore losses in and around, we’ll be able to refresh and revise what that look ahead grade looks like.

But is there a material issue from a fundamental flow perspective? No. Is there always going to be challenges with respect to grade? Yes. As we work through the ramp up over the next 6 to 12 months, we will continue to develop a better level of understanding in and around the ore body model. But I’m not particularly concerned about the ability to be able to deliver into the longer-term average grade of what Greenstone represents.

Jeremy Hoy:
Okay. Yes, no, I appreciate that colour. I guess, we could expect to see slightly higher tonnes at slightly lower grade just attributable to that dilution and additional material taken around the voids, as you said.

Darren Hall:
Yes, I think so. Again, yes, I think it, in short, would be a reasonable assumption if I was coming into this unknown and looking at it. Looking at on average, average is a safe way to look at it. Because in the zone, the upside in terms of whether we mine more material and can operate higher on the grade tonnage and realize those opportunities, it presents us with flexibility and optionality as opposed to always running on that 'have to deliver into' expectation.

Jeremy Hoy:
Understood. Okay. Thank you. And you do remain confident in the resource going forward.

Darren Hall:

Yes. Yes, there's always going to be dips and waves as we go through. But again, it's a long life asset, there's lots of potential here. It's going to be a long life, high quality asset. And again, being able to estimate so early in, plus or minus 10%, 15%, it's too early to tell. Right?

Jeremy Hoy:
Totally understand. Okay. Thank you. Can you give us a little bit—you've left Los Filos out of 2025 guidance and understand that it is in development status. Is there any update or can we expect to hear an update anytime on progress in discussions with the community there?

Greg Smith:
I'll jump in on that one, Jeremy. It's Greg speaking. Our comments that we made at the last quarter are still valid. We are in a suspension of operations at Los Filos. Certainly, our preference is to ultimately have an agreement with all three of the local communities. We've got an agreement with two of them now. But I wouldn't expect any—necessarily any movement on that in the near term and certainly would not include production from Los Filos in your near-term forecast.

Jeremy Hoy:
Okay, understood. Very clear. Thanks, Greg. Thanks, Darren. Appreciate you taking my questions.

Rhylin Bailie:
Thanks, Jeremy. I've got lots of questions from online that I think has been answered in some form. But one that hasn't come up yet is what is driving the increase in growth CapEx at Greenstone?

Greg Smith:
I'll take the first cut at that, Darren. A couple of things that are include in there. The primary one being that we have added for this year the construction or the commencement of construction of the Ontario Provincial Police Department. That initially was going to be something that would have been done in cooperation with third parties. Because of the timeframe that is required to get that complete in order to continue mining on our existing mine plan, we need to get started sooner than those negotiations were able to be completed. So, the Company will step in, fund that construction. It's likely that in the next year or so that building could be sold, but we need to get on with the replacement construction ASAP.

So, that's a primary driver of the increase at Greenstone. We've also added in some of the costs associated with the increase in rolling stock, and that shovel in particular is in there now as well.

Rhylin Bailie:

Perfect. Operator, can you please go back to the phone lines?

Operator:

Sure. The next question comes from Anita Soni with CIBC. Please go ahead.

Anita Soni:

I had that growth capital question. But that replacement for the OPP unit, how much is that? Sorry, I recall that—maybe this is a really old number and I'm wrong, but I thought it was like $11 million.

Greg Smith:

Yes. We've added $25 million into the budget this year for that, Anita.

Anita Soni:

Okay. In terms of—another question. I think on the throughput rates, Darren, you were talking about 23,000 to 24,000 per day. What's the expectation for 2026 in terms of—I just want to confirm that we are still targetting a 27,000 tonne per day plant.

Darren Hall:

Yes, no, I think that's where we want to end up. Again, we're going to be at sliding scale going through the year. But I think that given that Cory and the team are going to refine the little gremlins and things they need to fix, and this is a large volume plant, is that ramping up to 25,000 tonnes a day through the course of this year is probably reasonable.

Looking at what it looks like longer term, I think where there's no fundamental design flows with respect to, what's required, we've allowed for some capital. We're starting to see very good indications of things like tailings pump, capacities. We've got some capital included for those sort of things, which is a very good indication. There's probably $8 million in what we'll call mod squad related activity as well so that we can get into some of the learnings out of the last winter to make sure that we can winterize and put in place a reliable level of reliability, if you will, as well. So, I think that all of things will lead us to that 27,000 tonnes a day.

Again, if we're going to recalibrate expectations, let's make sure that we allow ourselves a level of prudent reserve. It doesn't mean that internally we're focused on this. This is, remember, our external voice here and not our internal voice. We're absolutely unrelenting on doing everything we possibly can to extract as much pain which would come from this asset. But again, the whole context of this call today and what we're doing is recalibrating expectations so we can get your confidence in our ability to deliver into expectations.

Anita Soni:

Yes, I guess my questions are driving at the outlook beyond this year. You've given us some parametres for this year but as we—2026 there was a technical report that was delivered on October 1 of 2024, so about nine months ago that had 450,000 ounces for 2026. I'm trying to frame what does next year look like. If we're going from 84% recovery rate to—is 91% recovery rate in 2026 and 1.6 gram per tonne material in the mill, are those reasonable expectations for 2026?

Darren Hall:

Yes, no, I think that as it's still early in the life. As we go through, we continue to learn and we continue to understand what that 2026/27 and longer term looks like, we'll be absolutely transparent in providing those updates as we go through. But, to sit here today and foreshadow that would be premature. Again, we talked a little bit last evening about the tech report in 2026. Again, that's a very aggressive estimate, that 460,000 ounces, there's no doubt.

So if you look at—even if you consider an average life of mine, a 10 million tonne process and you take an average reserve grade which we feel comfortable in, at a recovery of 86%, 87% even somewhat being conservative, it still provides a very robust production profile in there and the amount of cash that's going to be generated is significant.

Anita Soni:

So, average reserve grade, 10 million tonnes per annum, 86% recovery rate is what you're sort of ball parking. Not necessarily…

Darren Hall:

No. No, I'm just—no, I'm not foreshadowing anything. I'm just saying if you use those tech report bases and put it in there and just said on average over the life, that gives you an arguably conservative base in the short term. That's all I'm saying. Right?

Anita Soni:
Okay.

Darren Hall:
Again, as we get more granularity into what mine sequencing delivers and how we can accelerate grade and do those sorts of things, we'll absolutely provide that clarity. Whether that be vis-à-vis an updated technical report or whether it be just through these sort of conversations, we'll make sure there's absolute level of transparency and confidence in those estimates.

Anita Soni:
Okay. Thank you, Darren. Thanks for clarifying that.

Darren Hall:
Yes. Appreciate it. Thank you.

Rhylin Bailie:
One more amalgamation of questions from online here. Lots of questions about capital allocation priorities with gold prices where they are and also about portfolio optimization post transaction close.

Greg Smith:
I can start, I guess, with that question. We're going to focus on getting the transaction closed here first. The combined company will have a fairly large asset base in terms of the quantity of mines in the jurisdictions that we have. All I'd say is both Calibre and Equinox in the past have been commercial around both acquisitions and divestments when it makes sense, and I think that that's something that will always be the case for this Company.

So, that's always something that will be top of mind for us, what makes sense to optimize our portfolio going forward.

In terms of capital allocation, I think it's fair to say that in the very near term the focus is on getting Valentine construction completed and ramped up and also completing the ramp up of Greenstone. We've got a number of other assets in the portfolio that represents some future growth including our Castle Mountain deposits project in California, the Aurizona underground and others.

So, we always look at what makes the most sense, what's going to provide the highest return. Obviously, focusing on our largest longest life assets is going to be a priority for the Company.

Darren, anything to add to that?

Darren Hall:
No, Greg. I think you've covered it.

Rhylin Bailie:
All right. Perfect. All the questions that came in online, I think they were all answered during the call. If they weren't for some reason, either Ryan or I will get back to you by email today. Greg and Darren, do you have any closing remarks?

Greg Smith:
From my perspective, I just appreciate everyone joining the call today, and would reiterate that we are available for further discussions. You can get in touch with Rhylin at Equinox or Ryan King at Calibre. Of course, Darren and I are also available.

Darren, anything to add on your end?

Darren Hall:
No. No, just again, thanks everyone for taking the time and please, if there's any questions, don't be shy. Reach out and we'll be glad to address the questions and we regularly contact and interact and provide people with updates with this, but please don't let any ambiguity creep into the system here as we go forth. It's an exciting time for the combined entity and I'm here to support. Greg and I are absolutely focused on surfacing as much shareholder value as we can through.

Greg Smith:
Could not agree more.

Rhylin Bailie:
Perfect. With that, we'll wrap it up. Please, Operator, can you please conclude the call.

Operator:

Certainly. This brings to a close today's conference call. Thank you for participating. You may now disconnect your lines.