Equinox Gold Corp.
Second Quarter 2025 Results and Corporate Update Conference Call Transcript

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Speakers:

Ryan King
Senior Vice President, Corporate Development and Investor Relations

Darren Hall
President and Chief Executive Officer, Calibre Mining

Peter Hardie
Chief Financial Officer

David Schummer
Chief Operating Officer

Operator:

This is the conference operator. Welcome to the Equinox Gold Second Quarter 2025 Results and Corporate Update.

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, then zero.

I would now like to turn the conference over to Ryan King, Executive Vice President, Capital Markets for Equinox Gold. Please go ahead.

Ryan King:

Thank you, Operator. Well, good morning, everyone, and thank you for taking the time to join the call this morning.

Before we commence, I'd like to direct everyone to the forward looking statement on Slide 2. Our remarks and answers to your questions today may contain forward-looking information about the Company's future performance. Although Management believes that our forward-looking statements are based on fair and reasonable assumptions, actual results may turn out to be different from these forward-looking statements. For a complete discussion of the risks, uncertainties and factors which may lead to actual operating and financial results being different from the estimates contained in our forward-looking statements, please refer to our second quarter and year-to-date MD&A and consolidated financial statements available on our website as well as on SEDAR+. Finally, all figures are in U.S. dollars unless otherwise stated.

Present today with me on the call are Darren Hall, Chief Executive Officer; Peter Hardie, Chief Financial Officer; and David Schummer, Chief Operating Officer. We will be providing comments on our second quarter 2025 production and cost results and an update on the Greenstone and the Valentine Gold Mines, after which we'll take questions.

The slide deck we will be referencing is available on our website at equinoxgold.com under the Shareholder Events section. You can also click on the webcast to join the live presentation.
With that, I will turn the call over to Darren.

Darren Hall:
Turning to Slide 3, and thanks, Ryan. Good morning, everyone, and I appreciate you taking the time to join us on the call today. Firstly, I would like to acknowledge the efforts of our employees and business partners for their continued focus during the quarter to responsibly deliver over 219,000 ounces during what can be a distracting time as you integrate two businesses together. So well done, and thanks to everyone.

With the completion of the merger, we have created a significant Americas-focused gold producer anchored by two cornerstone Canadian mines, Greenstone and Valentine. It is definitely exciting times as we build One Equinox with the Leadership Team and the entire organization focused on delivering on its commitments, operational excellence, advancing high-quality organic growth, rationalizing the portfolio and importantly, disciplined capital allocation.

The benefits of bringing the teams together are already paying dividends, one example of which is reflected in improvements at Greenstone, which we'll talk to later. The Company has entered into a pivotal phase with production, cash flow and earnings expected to grow meaningfully in the coming quarters.

Turning to Slide 4. Q2 financial results predominantly reflect Equinox's pre-merger assets. On an attributable basis, the Company sold just over 148,000 ounces at an average realized price of $3,200 an ounce. Interestingly, had the Calibre transaction been effective January 1, the pro forma consolidated revenue for H1 would have been approximately $1.33 billion from 401,000 ounces, which clearly underscores the enhanced scale and earnings power of the new company. Looking forward, Q3 and Q4 will see increasing production as we benefit from a full quarter of contribution from the Calibre assets, continued improved performance at Greenstone and first gold from Valentine.

Turning to Slide 5. Greenstone is a key focus. The ramp-up is progressing, and we are seeing tangible improvements. Q2 delivered solid results where mining rates increased 23% and processing rates improved 20% over Q1. Building on that momentum, Q3 is off to a strong start, with quarter-to-date mining rates 10% higher than Q2 with month-to-date August mining rates averaging 200,000 tonnes per day.
Over the 30 days ending August 10, we processed an average of 24,500 tonnes per day with more than one-third of the days above the nameplate capacity of 27,000 tonnes per day. There is still work to

do as we focus on minimizing dilution and mining losses around historical workings concurrently with targeted programs to improve fleet productivity and operating discipline.

I'm pleased to introduce Dave Schummer as Equinox's Chief Operating Officer, who brings over 35 years of mining experience to the business. Dave and I worked together at Newmont and most recently, Calibre, and he has been working closely with the Greenstone team since mid-May to accelerate the ramp-up, improve efficiencies to safely deliver reliable performance.

With that, I will ask Dave to discuss a little more colour on some of the team's recent progress at Greenstone.

David Schummer:
Thanks, Darren. We've moved quickly to put more horsepower behind Greenstone's ramp-up. This includes bringing in seasoned advisers with decades of load and haul experience, improving shovel loading cycle times through operator training, the addition of auxiliary equipment to maintain pit floors and shovel dig faces and the introduction of double-sided loading to essentially eliminate haul truck spotting time.

We've also recently taken steps to bring in technical specialists to optimize and monitor our blast designs and performance, targeting improved fragmentation, reduced dilution and improved ore presentation to the mill. On the haulage side of things, improved road designs and construction, tighter dump exchanges and recently added support equipment are all helping us move material much more efficiently through increased average speed across the haulage fleet.

These enhancements, along with a concerted effort to reduce operating delays, specifically through the implementation of an efficient hot change between shifts, are already contributing significantly to stronger daily performance.

As Darren mentioned, month-to-date August mining rates have been around 200,000 tonnes per day with best demonstrated performance to date of 227,000 tonnes per day. The focus remains on driving

dilution down and fine-tuning the process plant to steadily improve operating time, throughput and recovery.

Turning to Slide 6, and back to you, Darren.

Darren Hall:
Thanks, Dave. Valentine is a conventional crush grind CIL plant and will be our second Canadian cornerstone mine and a significant contributor to cash flow. Before providing the Valentine update, it's important to note there are currently active wildfires in Newfoundland and Labrador, with a number of communities on evacuation alert. Our thoughts and best wishes go out to those impacted and our operations have not been impacted, but we remain vigilant and supporting those that have been.

In Q2 2024, we assembled an operating team with significant commissioning experience led by Jason Cyr, who's been working symbiotically with Kyle Kuntz and Pierre Legare, who are leading the construction front over the last year. This investment in talent is paying off as evidenced by our current state of operational readiness, which includes the process plant is fully energized, key circuits have been tested and commissioning crews are working through performance verification. Maintenance systems are live, operating procedures have been developed and crews have trained.

We have invested over $25 million in critical spares to support a smooth ramp-up. First ore to the plant is scheduled to commence before the end of August with first gold anticipated approximately a month later, followed by a steady ramp-up to nameplate capacity in Q1 2026.

Turning to Slide 7. With Greenstone ramping towards nameplate capacity and Valentine on track to deliver first gold, we are entering a period where production and cash flow will materially increase. These two cornerstone Canadian assets, combined with our diversified portfolio, give us the scale, stability and leverage to gold price required to drive a step change in margins, earnings and therein, shareholder value.

Our strategy is clear: quality over quantity, focus on production that moves the needle in terms of free cash flow and valuation, advance high-return organic growth, invest where we create the most value per dollar spent. Rationalize and streamline, continuously assess the portfolio to focus our human and financial capital on our best opportunities—a recent example of which is the sale of our Nevada assets for $115 million, deliver tangible returns—share price appreciation through margin expansion, disciplined cost control and production growth while positioning the Company to return capital directly to shareholders through dividends and/or share buybacks once our deleveraging objectives are achieved.

We are focused on executing with discipline, and I'm confident in our ability to realize our vision to be a top quartile valued gold producer.

With that, we're happy to take questions. Back to you, Operator.

Operator:
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.

Our first question comes from Ovais Habib with Scotiabank. Please go ahead.

Ovais Habib:
Thanks, Operator. Hi, Darren and Equinox team. Congrats on a Q2 beat and really great to see Greenstone mill hitting the over nameplate capacity. Darren, a couple of questions from me. Just starting off with Greenstone. The grade at Greenstone came in at around 0.92 down from around 1.06 grams per tonne in Q1. When should we start seeing grades improve going into the second half? What measures are you taking to manage and improve grade dilution? Essentially, what I'm asking is, are you expecting grade to improve quarter-over-quarter kind of going into Q3, or is this more of a Q4 situation?

Darren Hall:
Yes. No. Thanks, Ovais. Appreciate your support and questions. Grade, we are seeing improvements in grade. Month-to-date August grades are right around a gram a tonne, so improving over what was Q2. We will continue to see improved grades because of face position and face position driven by kind of where we sit in the pit. But obviously, the more material we move, it means the more face positions we make, which means the deeper we get, the more material we have. The more material we move, it allows us to be able to operate more effectively along that grade tonnage curve.

But importantly, in everything we're doing right now, it's about ensuring we get the quality as well as the quantity. Simon and Dave and the team are absolutely focused on moving as many tonnes as cheaply as we can, but importantly, minimizing dilution, to be able to segregate out the waste from the ore. Secondly is also to minimize the ore losses in and around historical working.

It is a work in progress. As we go forward, I anticipate that we'll see quarter-on-quarter improvements in grade. But I would anticipate that Q3 grades probably won't be too dissimilar to Q2, right? Maybe marginally better. But we are also ensuring that we make face position. That additional capacity that we've got is ensuring that we end up with nice areas to work in that provide really, really effective mining areas that will positively impact unit mining costs as well, which will then flow through to margin escalation as well.

Ovais Habib:
Got it. Thanks for the colour on that. Just in terms of the fleet that you have in place in terms of improving the mining rates as well, do you have all the equipment and mining fees in place? Or do you think you need to beef that up?

Darren Hall:
No, I think for what we've socialized vis-à-vis the feasibility study or more recently is that all the equipment that we require is in place. It's really about maximizing the value of our committed capital and what we've delivered into. That's working with our business partners and our vendors as well to ensure that they have skin in the game and are focused on our performance as well. We have seen over the last quarter, a significantly higher level of engagement from both Komatsu, Caterpillar and SMS as well.

That's great to see. But no, short answer is that we have the equipment. The Board have afforded us some additional support equipment, which is positively impacting things as well, as Dave indicated, by increased haul speeds for the truck fleet. No, no, we have what we need, and it's really about ensuring that we maximize the value out of that invested capital.

Ovais Habib:
Got it. Thanks for that, Darren. Moving on to Los Filos. Obviously, you've kind of had the agreements in place now with the two communities. Are you—now I'm forgetting the name of the third community, I apologize. But in terms of—are you in discussion with that third community as well right now? Or are you dealing with just the two communities that basically have signed on to move forward with Los Filos?

Darren Hall:

Well, in every jurisdiction that we operate in, we maintain regular and engaged communication and coordination with all of our stakeholders, and that's in—whether it be in Mexico, Nicaragua or Ontario. No, we maintain open dialogue with everyone. The third community is that we're having in discussions with is Carrizalillo.

But what we have done is that we do have fully executed agreements in place with two of the three communities, and we're currently working with those communities to recommence exploration activities and look at a two-community plan to be able to exploit Los Filos as well. But we are hopeful that we will work towards a solution. But as we do everywhere, for those that want to work with us, we will work constructively and responsibly with every stakeholder.

Ovais Habib:
Got it. My last question over here, Darren. Great to see you've started selling off noncore assets, and we saw that with Van. Are we going to see more of that going into the second half or early 2026? Any colour there would be appreciated.

Darren Hall:
Yes. No, Ovais, it is that—we love all of our children. But again, if we find that some of our assets can create you and our other shareholders and us more value in the hands of someone else, then we will actively explore those opportunities. Are we running processes? No, but have we seen a level of engagement in inbounds as a consequence over the last quarter or two, yes absolutely.

As we demonstrated with the Nevada assets, we will move agilely to be able to surface those values as they present. But they will all be focused on ensuring that they positively impact share price, and that's where our focus will be.

Ovais Habib:
Perfect. Thanks for taking my questions, Darren. Again, congrats on the Q2 beat.
Darren Hall:
Thank you, Ovais.

Operator:
The next question is from Anita Soni with CIBC World Markets. Please go ahead.

Anita Soni:

Hi. Good morning, Darren. Firstly, congratulations, David, on your appointment. I think we crossed path when you were at New Gold in 2014, 2016. My first question, just a follow-up on the grades at Greenstone. You did indicate that the grades increased quarter-over-quarter of what was mined. Can you give us an idea of what those actual numbers were in terms of what the grades that you mined out of the pit this quarter and last quarter? Secondly, what would the block model have predicted just so that we can get a benchmark of the kind of ore losses that you're experiencing right now?

Darren Hall:

Yes, Anita, and thanks for the questions. I don't have the mine information in front of me right now. There's two parts we want to focus in on here is that we will see an improving grade quarter-on-quarter as we get deeper in the pit and as we improve our practices in and around mining dilution or minimizing mining dilution and ore losses. Secondly is that the volumes of material will also impact the grade that we see presented to the process plant. If we step back and look at the veracity of the feasibility study over the longer term, from memory, I think it was around 300,000 ounces a year or thereabouts.

What we see is that from a high level, we see the reconciliation of total metal being pretty consistent with that. We are seeing more tonnes at a lower grade, and that's where our focus on dilution and all loss. As we work through the balance of the year, we'll be in a better position to be able to talk about what those shorter-term grades look like.

But I'm comfortable with the ability for the asset in the long term to deliver into the feasibility, which is not specifically answering your question. I just want to provide a little bit more colour in and around what the long term looks like because I don't have the actual mined—the actual mine-on-mine grades because as of end of month July, we had about right around 6 million tonnes on stockpile. There's a large stockpile of material as well and how that figures into the as mined versus the as mill. But happy to…

Anita Soni:

Yes, I can appreciate that, but I think that grades were supposed to be in the order of about 1.3 this year. That's where we're—the 0.92 is where I'm trying to understand. Secondly, you mined 50% more than you milled. Did you just direct ore feed what you mined? Or was there—I'm trying to understand like the movement between what's happening at the mine. Is there any stockpiling happening? You guys also talked about the grades being the lower—like lower grade availability within the stockpile that you pulled going to the mill. I'm trying to get an understanding of the material movement and what's happening there.

Darren Hall:
Yes, no. Again, it's probably worthwhile us sitting down and walking through what that looks like. But absolutely, right, there's a stockpile and there's a surge capacity in front of the plant. I don't have the number at hand, maybe Dave does, but I would anticipate that probably less than one-fifth of the material that is direct dumped into the primary crusher.

The majority of the material is actually re-handled from the stockpile to be able to ensure that we get a consistent feed from not only grade, but also arsenic and sulfur, and we get a nice blend of product to get a nice stable feed into the plant that will have a positive impact on recovery. The stockpile is a critical part of the process here because we don't go direct mine to mill.

Peter Hardie:
It's Peter here, Anita. We did see an increase of the stockpile from the end of Q1 to the end of Q2, but we can address some of those items perhaps in more detail offline.

Anita Soni:
Okay. Second question in a series of questions, and I'll leave it at three. But the second question, just in terms of the disclosure that you provided on both the tax and the legal front in the MD&A, one on taxation in Nicaragua and a dispute on the tax rebate. Secondly, the Aurizona legal matter. Can you give me some colour firstly, on the tax issue there. I mean, do you expect a resolution in the near term, or is that something that we should be concerned about? Secondly, on Aurizona, a similar question. Would that impact your ability to execute on asset sales if you were thinking about asset sales in Brazil?

Peter Hardie:
Yes, it's Peter here. On Nicaragua, without getting into too much of the detail because it is an ongoing discussion with the tax authority, tax law changed. We are quite confident that the Nicaragua operations are grandfathered under the pre-existing regime, and we're actually reasonably confident we'll come to a beneficial resolution there.

As to timeline on when that might be settled, I don't know. But we did not record a provision with regards to it, which indicates our expectation of likelihood of a successful resolution. Then, with respect to Aurizona, the legal wheels in Brazil turn very slowly. We don't expect that to be resolved in the near term. We do not expect that to—there is no process on Aurizona. I just want to reiterate that or on any of the Brazil assets or any of the other assets for that matter. But we wouldn't expect that kind of thing to interfere—if there was one, we wouldn't expect it to interfere with the process.

Darren Hall:
Yes. As it didn't, given this recent merger between Calibre and Equinox.

Peter Hardie:
Exactly, yes.

Anita Soni:
Okay. Then last question, I'll move to Los Filos. Los Filos in the last two years, Peter, as you guys had indicated previously, has been a bit undercapitalized. You were preserving capital to get the ramp-up at Greenstone up and running. If Los Filos comes back outside of the CIL, what kind of CapEx should we be expecting in terms of a recapitalization of that mine?

Darren Hall:
Yes. Anita, we're working through what a potential restart may look like at Los Filos. As we have visibility into that, we'll be absolutely transparent with what those requirements are. But our focus right now is working with the two communities on developing a two-community plan, which would involve the construction of a CIL. That's starting with recommencing exploration activities here in the next, we'll call it, weeks. Then continuing the studies in the background to be able to look at refreshing some of those longer-term economics. It's really about the longer-term capital requirements and what that asset looks like as a world-class gold asset.
If we're faced with the first world problem of being able to restart, then we'll start to provide that information because those numbers change on a pretty regular basis. Depending on the commitments we make and the agreements we have in place with the communities, that will also impact what that capital start looks like. But we're comfortable that the provisions that we've made and the progress that we've made is preserving our ability to recommence when we do have those agreements in place.

Anita Soni:

All right, thank you. That’s my questions.

Peter Hardie:

I was just going to say, Anita, it's Peter again. Given the longer history perhaps with Los Filos than others in the room, no one will actually be happier than me to have to come forward with that information. Looking forward to the day when we do.

Anita Soni:

All right. Thank you. That’s it for my questions.

Operator:

The next question is from Mohamed Sidibe with National Bank Financial. Please go ahead.

Mohamed Sidibe:

Hi, Darren and team. Thanks for taking my questions. Maybe on the cost front in the quarter. I just wanted to maybe dive in a little bit deeper into the Brazilian operations cost. They seem to have been doing better than guidance and better than what I was expecting there. Should we expect those similar unit costs to continue into the back half of the year? Or how should we be thinking about cost out of the Brazilian operations? Thank you.

Darren Hall:

Well, maybe I'll start with kind of a 30,000-foot view and then see if Pete's got anything to add to it. But on June 13, I think or thereabouts, we re-established guidance for the full year, and we're very comfortable with our consolidated and piece guidance for all of our assets going into it.

With that, we will see variation on a quarter-by-quarter, on a month-by-month basis as we see different levels of spend and different reaction too. But again, holistically for the year, we're very comfortable with the guidance.

Pete, anything you'd layer on, on that?

Peter Hardie:

Just that Brazil, as those who are familiar with the Company would know is very seasonality driven, and we tend to generate most of the production cash flow in the second half of the year, which has obviously an impact on the unit cost overall. But as Darren said, very solidly in range for delivering on our updated guidance.

Darren Hall:
Yes. Just to layer in is that someone—well, Anita maybe had raised it. But in terms of the capital constraints that we had seen over the last few years in terms of where we deploy capital, as our organization changes and as we generate that capital, it's allowing us to look at that capital deployment throughout the assets.

We'll see assets like Brazil be able to better perform as we can deploy more capital that will positively impact their ability to be able to see what's in front of them and then be able to more reliably produce as well. Whether that be exploration through—results of exploration through the drill bit or whether it be investing in capital for equipment to be able to lower unit costs, all those things will positively impact our portfolio.

With this pivotal change we're seeing with Greenstone coming on board—or sorry, ramping up and then we're imminent with respect to Valentine, that very much changes the paradigm, which is Equinox will allow us to then be able to reinvest back into some of these assets that arguably probably haven't seen a lot over the last couple of years. Again, very exciting times for our entire portfolio of assets.

Mohamed Sidibe:
Great. Thanks for that colour. If I could shift maybe to Greenstone. Maybe just a follow-up on a great question there, but maybe as it relates to the stockpile, you noted an increase in the stockpile that you have at the asset there quarter-over-quarter. Would it be possible to know which—the 6 million tonnes, what grades the 6 million tonnes are at for the stockpile? Thank you.

Peter Hardie:
Sorry, you broke up there right at the end. Do you mind just repeating that question? Apologies.

Mohamed Sidibe:
Would you be able to tell us what are the grades for the stockpile, the 6 million tonnes of stockpile that you have at Greenstone?

Darren Hall:

In terms of splits, there's different grade splits. From memory, Mohamed, I think we're looking at about 6 million tonnes at just over 0.5 gram as a total. I believe there's about 1.5 million tonnes at about a 0.7x, right, in terms of the higher grade portion. We'll call it the Bin 2.

But we can get offline and provide more colour that you would like. But again, we've got a significant stockpile that's very similar to what we have processed year-to-date and then a larger stockpile of lower-grade material. We talk about 1.5 million tonnes, basically the average grade processed year-to-date.

Mohamed Sidibe:
Right. Final question on Valentine. In the MD&A, you noted that you have about CAD54 million left on your total CapEx there. How should we think about the capital spend at the asset as you ramp up, specifically as it relates to development CapEx or initial CapEx on non-sustaining CapEx for that asset in the second half of the year? Thank you.

Peter Hardie:
The spend on the project itself that's in the MD&A takes us through to first gold pour. When you're thinking of—and that's a fairly—it's the tail end of the project. That spend, it becomes less lumpy than

earlier in the project. I suppose if you're trying to understand it, the easiest way to look at it is just a smooth spend through first gold.

Then subsequently, it's your very typical working capital buildup and ramp-up and the costs that are typically associated with that. We haven't guided on Valentine costs as of yet, and we won't do that in all likelihood until commercial production. But you can make, I suppose, typical assumptions on a 2.5 million tonne per year plant and mining operation.

Darren Hall:
Yes. I think that, again, if I was sitting in your shoes, Mohamed, I'd be taking average mining costs and average processing costs and using them as the basis for. There is no surprise in terms of we deferred $100 million worth of spend and now it's going to come out in Q4 as opposed…

Peter Hardie:
Yes, that's right.

Darren Hall:
For capital. There's none of those shenanigans that are being played out. I mean, we've played this pretty straight bet at this at providing updates as we've gone through and the EAC estimates that we foreshadowed, we're tight on, we're comfortable with. As Pete mentioned, it's really going to be the operating ramp-up, which are tied into basically capital demands from an operating cost perspective as opposed to capital injection per se from lumpy.

Peter Hardie:
I'd just add to that funded. It's fully funded.

Darren Hall:
Oh yes, no. Absolutely. Funded out of cash and cash flow from. Part of the reason that we didn't provide all-in sustaining and cash cost guidance for the tail end of the year when we provided guidance just recently is that the production, I think we're pretty comfortable with an estimate of, but you get some really wide swings there in terms of unit costs and then it becomes distractive to the discussion.

But we see nothing that's concerning there from a delivery in the back half of the year or being able to fund it. Our focus is on getting to close to nameplate by hopefully the end of Q1, but definitely in Q2. Again, we've afforded—the Board has afforded us significant investment there in terms of capital spares, as we've talked about, the redundancy, the additional time that we've had through the build has allowed the operating team to come in and do that redundancy checks, and we've got $25 million worth of additional spend or spend associated with pumps and redundancies to ensure that when things do go bump in the middle of night as we ramp up, we can just switch between and minimize those impacts.

Mohamed Sidibe:
Great. Thanks a lot for answering my questions.

Darren Hall:
Which are all factored into the initial project capital.

Mohamed Sidibe:
Amazing. Yes, thanks for answering my questions, and congrats on the quarter.

Darren Hall:

Appreciate it. Thank you very much for your support.

Operator:

The next question is from Jeremy Hoy with Canaccord Genuity. Please go ahead.

Jeremy Hoy:

Thanks for taking my question. Remaining on the topic of Valentine, could you let us know what the key metrics we should be watching are during the ramp-up process?

Darren Hall:

Yes, it will be tonnes milled, Jeremy. As soon as we commence production there, we'll provide regular updates on throughput. That that's going to be the measure. This is a long-life asset. There'll be dips and weaves along the road with respect to grade. We're comfortable with respect to grade as we've demonstrated through the releases we've provided and through recent kind of production results.

But no, I'm comfortable with. It's really going to be about showing that steady state or that ramp-up in throughput. That's going to be the key measure. Everything else is kind of a, how do you say, inconsequential related to that. Mining rates are going to be fine. We've had good mining performance. We've got all the material, all the assets ready to turn on. We've actually had some delays in providing that as we've seen the project being delayed in terms of the build. We're very comfortable from a mining perspective. It's really going to be about mill throughput.

Jeremy Hoy:

Thanks, Darren. Appreciate it. One last one and just thinking about the future, there's a lot of exploration potential at some of these assets, and I appreciate that there's focus on ramp-ups and operations at the moment. But are you able to give some sort of loose priority or ranking in terms of where you see the greatest exploration potential?

Darren Hall:

Yes. No, thanks, Jeremy. Again—even though there's a few things happening in the business. We haven't lost sight on the fact that our roots are very heavy in exploration. We continue to explore in

Nicaragua. We've provided a bit of a summary there. We spent about $70 million to $90 million this year.

We provided—sorry, consolidated. We did provide a release here on July 25 in terms of some very encouraging results out of Nicaragua, which are arguably some of the best results ever returned from the property. We have had good success in and around Valentine as well. We would anticipate maybe later this quarter, providing an update on some recent exploration results out of Valentine.

But I think as we chatted a little bit earlier is that as we're in the—as we generate cash and we're coming out of the back of two significant builds and capital draws, it will allow us to be able to refund—reinitiate some work in some of the areas that have been maybe a little bit under-loved from an exploration perspective.

Los Filos is a good example with the two community plan going forward. Obviously, maintaining focus in Nicaragua will be key. Valentine because the potential in both of those assets is significant. Then Mesquite as well. Mesquite has been an enduring asset with a long life.

Again, it's been pretty low on the food chain from a capital deployment perspective over the last few years. We'd like to see—and we will see exploration programs recommence there here within the next few months. I'd like to think of us as an exploration company backed by $3 billion to $4 billion of revenue.

Again, as you know us as pedigree, I would anticipate that if I was modeling—sitting on your side and modeling this, I would anticipate roughly $100 an ounce of exploration spend as an operating cost going forward as well. We see great talk across all of our assets to exploration success.

Jeremy Hoy:
Okay, thanks, Darren. Appreciate the colour. Looking forward to developments there. I'll step back in the queue.

Darren Hall:
Appreciate it. Thanks, Jeremy. Thanks for your support, and Canaccord's.

Operator:

The next question is from John Tumazos with John Tumazos Independent Research. Please go ahead.

John Tumazos:

Thank you for the good job that's going on. Looking to next year, assuming Los Filos idle as it is at the moment, what is a reasonable target for cash cost company-wide, $1,400, $1,300, $1,200, $1,100. How much better do you think things will get?

Darren Hall:

Oh, no, sit back here a little bit. I'll maybe pass it to Pete to start with, and then I'll pick up the other—then I'll close out. As I kind of collect my thoughts—thanks for the question, though, John. He's sitting there, thinking.

Peter Hardie:

Well, we're starting to become blessed with an embarrassment of riches. John, we haven't—obviously, for everyone on the call, anything we say today is not guidance for next year. If you're just thinking about ballparking. An example is for Q2, if we're looking at things on a combined basis, we're at about—a little under $1,400 per ounce cash cost. That's with Greenstone not fully ramped up and Valentine not contributing. If you're trying to model it through, John, you could probably knock $100 an ounce off of that $150 an ounce. But I do want to emphasize, we'll have that guidance in the new year as we normally do.

But we're just starting to see the benefit of our larger, lower-cost producers coming online. I know that's where your question is getting to. We're looking forward to being able to provide that information more confidently next year. But if you're trying to look at it now, that's how I'd approach it.

Darren Hall:

Yes. I think that I kind of put Pete on the spot there, so sorry, Pete. But as you sit back and you look at the guidance we've provided this year, we provided $1,400 to $1,500 an ounce. If you look at the profile as we move into 2026, right, as Pete foreshadowed, we're going to have Valentine and Greenstone being larger contributors on, which will lower our production cost per ounce.

In the current gold tape that we see, the ability for cash flow generation is going to be significant. When we're talking about $1,000 to $1,500 an ounce margin. We're going to be blessed in a very great situation to be able to, one, de-lever the balance sheet primarily first and then look at—by this time next year, we'll be having I'm sure lots of animated discussions in around how additionally to be able to return value to shareholders through dividend or share buybacks as well.

But yes, no, we need to work through the balance of the year, so we can create expectations that we can deliver into in 2026. But taking the guidance that existed for this year and even rolling that forward, that puts us in a very, very favourable position, John.

John Tumazos:
Thank you. If I could ask you to stick your necks out a little further. Looking to 2027, is it a reasonable goal to be—assuming the Castle Mountain capital doesn't start, Los Filos mill doesn't start—is it a reasonable target to be in a net cash position at current gold prices by the end of '27?

Peter Hardie:
Yes, that's reasonable.

John Tumazos:
Super. Thank you very much.

Darren Hall:
Thanks, John. Appreciate your support and continued support over the journey. It is much valued. Thank you.

Peter Hardie:
Thanks, John.

Operator:
This concludes the question-and-answer session. I would like to turn the conference back over to Darren Hall for any closing remarks.

Darren Hall:
Yes. No, I'd just like to thank everyone for joining the call today and taking the time. It is appreciated. Your continued support is acknowledged, valued and respected. Again, as always, myself and the entire team, are available to field any questions after the call and any time during the quarter.

I look forward to continued engagement. If anyone has any questions, reach out. But other than that, have a wonderful day, and back to you, Operator.

Operator:

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