Equinox Gold Corp.
Corporate Update Transcript

Date:	**Thursday, May 9th, 2024**
Time:	**1:45 PM PDT**
Speaker:	**Rhylin Bailie** VP Investor Relations
	Ross Beaty Chair
	Greg Smith President, CEO & Director
	Doug Reddy Chief Operating Officer
	Peter Hardie Chief Financial Officer
	Scott Heffernan EVP Exploration

Rhylin Bailie:
Thank you very much for joining us today, everybody. We've just finished our AGM, and now we're going to go into our Corporate Update. We will, of course, be making a number of forward-looking statements today, so please do visit our website, SEDAR+ and EDGAR to read more about the company and our continuous disclosure documents. It is my pleasure to turn the floor over to our Chairman, Ross Beaty.

Ross Beaty:
Thank you very much, Rhylin, and welcome, everybody, to the 2024 Annual General Meeting of Equinox Gold. This is our sixth meeting. We began this company the beginning of 2018, so we've been going just over six years, and it's been quite a ride.

So I'm going to go through some general slides today and, more than anything, talk about what we promised everybody we were going to work on in 2023, look at a report card, and then talk about where we're going in 2024. So a year from now, I hope I come back with the same successful results that we experienced in 2023.

Just getting started, this slide tells the whole story of the company's growth. And it almost leaves me breathless when I read that first sentence. We've grown from basically just an idea, we had a couple of exploration properties, to become a very large, diversified gold producer. Again, in the last six years, we acquired one mine and two companies, we've built three mines, sold two mines, created three new spin-off companies, and we're now commissioning one of Canada's largest new gold mines, all in pursuit of our mission to become one of the world's large gold producers quickly.

And when you try to do these things quickly, one might ask why are we doing it quickly? The first reason is that scale counts these days. Growing big is a value creating proposition by itself. And we're all going to realise that when it happens, because frankly, it hasn't quite happened yet, but I think we're very much on the cusp of it now, where we will trade at a premium, we will trade at a superior valuation to conventional metrics, price to net cash flow, price to net asset value, those kinds of things, when we get there. And we're very, very close to getting there now.

So when you start these things as a big idea, obviously, without a large financial base, you have to grow by acquisition. It takes too long to grow by discovery, developing projects. Typically, a mine might take 20 years these days from discovery to operation, and I think we didn't have that time, personally.

And I know our senior management who joined me when we started this, like Greg Smith, didn't have that desire to do that long run.

And to grow quickly into a large company creates value by itself. You get into different indices. You have much more liquidity. You have access to deeper pockets of capital. You have access to bigger shareholders. So it's a good thing to do. And you can only do that by acquisition.

And that's why we have been a very acquisitive company. Just to follow through the story, we started with no production in 2018, we bought the Mesquite Mine at the end of that year and we spun out a series of copper assets we had that were non-core to the business of building a large gold company. In 2019, we built the Aurizona mine, and that was a successful startup. That's on time, on budget, and that's been a very big contributor to our company since then. That's in northern Brazil.

Then, in 2020, we acquired Leagold, which brought us four mines in Brazil and a big mine in Mexico. We also built a small-scale, phase-one mine at Castle Mountain, which we had acquired at the very beginning of our business in 2018. It came with the start-up of Equinox. And that was built as a small mine to maintain our permits there, but really as a learning experience, I guess, for a very large-scale mine that we're going to build in due course on the same site.

Then, in 2021, we sold one of the four mines in Brazil we acquired through Leagold. We then acquired another company that had the greenstone deposit in Ontario, all designed to make a better portfolio. When you have a limited capital base, you're just starting out, you can't afford really expensive, big mines. So it took us a couple of years to get the scale and the financial resources to be able to acquire a real leading deposit in Canada that had had exploration being done on it for 15 years and was pretty ready to build.

And we had the capacity at the time, and we made the deal to acquire Premier Gold. We spun out some non-core assets to the Premier Gold management team, called i-80, that's in Nevada, a gold asset package they've done a really great job with, and then we started construction at Greenstone. Again, I want to emphasise, the idea with Greenstone was to add quality to our portfolio, more scale and allow us to really become a long-term, below-cost gold producer. Because the mines we acquired at relatively low costs, both Mesquite, short life, relatively high-cost mine, and then Leagold mines, relatively high-cost mines, we didn't pay a lot for them, I think it's fair to say.

We got Premier Gold, we got this world-class asset, and we had to build it. So we've been in a stasis from a standpoint of production growth for the last two years while we focused on building this great mine in Ontario. We had 60% interest, and as many of you know, just a couple of weeks ago, we acquired the balance, or we announced that we were going to acquire the balance, making it a 100%-owned asset.

And so when you look at this timeline, in 2018, we produced 25,000 ounces at the end of the year. 2019, we acquired Leagold. 2020 and 2021, there's that rapid scale-up of production in these remaining from the Leagold assets. 2022 was a bumpy year. We had a tough year with the Leagold mines in Brazil and in Mexico, but we were going with the construction all through that year of Greenstone, similarly in 2023.

So our production flatlined in those years, but all of a sudden now, we're at the absolute cusp of starting production at Greenstone. And this is going to be, in the words of Chairman Mao, the great leap forward for discovery.

We are going to make a great leap forward in many ways, in gold production, quality of jurisdiction, Northern Ontario is about as good as it gets in the world, and most importantly, lower costs, which will have flow-on effects, much, much better free cash flow generation and ability to deleverage, get rid of some of our debt that we've accumulated through acquiring these assets and building these mines and really sail on into the future as an assured low-cost, very large Canadian gold producer. That's the mission we've had since day one, and we are very much on the edge of achieving that.

So that's the history. And like I said, if you look at what we've done, I think it's pretty impressive. And we couldn't have done it without this fabulous team we have and this fabulous board. So today, the snapshot of where we are today, seven mines, almost eight, a couple of weeks from eight, four countries, the big new Greenstone line, diversified portfolio, large gold production and, most importantly, lower costs as we get Greenstone going in what is a relatively high-cost portfolio that we've had since day one.

Next, I think this is a snapshot of our great Board of Directors. I already sung their praises in our Annual General Meeting today, but I'll do it again today, right now. I just convey to all of them, on behalf of all of our shareholders, if I may, my great appreciation for their dedication to this company. This board is diversified, it's smart, they're all skilled in different things and they're all committed to the company.

An example of this is last October, when we had an opportunity to take five days out of all of our lives and do a tour of four of our mines and have input from them on their own experience of what we might be doing here differently or there differently. It was a great tour. And I just want to convey to our shareholders just how dedicated and helpful our board is. My appreciation to them all.

And I'd say the same thing about our management team. I've been in this game a long time, personally, and while the other company that I built up with the help of thousands of other people, Pan American Silver, also has a sterling management team, I really want to say that at Equinox, our shareholders can be content, knowing that we have a wonderful, wonderful team.

And not only are they smart and dedicated, they're also very nice people. They're people that you will enjoy talking to, that give you a lot of compassion when days aren't perfect and celebrate the great things we do when days are better.

So again, I say to each one of these people, and do we have about 8,000 people now, Greg, in our company, all the people at our sites, at our operations, the communities that we work with, the support we get from governments, our Indigenous relations across the board, everywhere we work, my great appreciation on behalf of our shareholders to each and every one of you and all the people who report to you. Thank you.

Okay, the next slide here, this is really what I'm proud about. You'd never know that today. We actually had a rather crappy first quarter. We were having all sorts of disappointments in different ones of our mines. It was one of those quarters. Sometimes you have great quarters, sometimes you don't. And the key is not to look at one quarter, it's to look at the whole year and actually where we're going, which I think is a much, much, much, very, very happy story.

So a year ago, these were our cards. We described these in our meeting exactly one year ago. We were going to, first of all, build Greenstone on time and on budget. And I think you might remember, a year ago, I expressed my disgruntlement about the wall of doubt that was out there.

Every single gold analyst in the street, many shareholders, many institutions, everybody said we're going to blow our budget, we're going to explode our schedule at Greenstone, because every other gold mining company in Canada that's built a gold mine in the last five years or so has done that. It's just been a terribly bad record.

But guess what? When we ended the year, in 2023, we were on time, we were on budget for construction, and what a great success. And I convey all the appreciation to the whole Greenstone team and our management here in Vancouver. On time, on budget for the first gold pour in May. Well, it's May now. And you might say, when is it going to happen? The answer is soon, very soon.

We were hoping it would happen by today. And this is just how start-up happens. You have little things that leak and pumps that blow and valves that don't work and stuff like that. So that's been what's going on, but it's nothing major. It's on the cusp of start-up, and we hope to be able to make a big announcement in a week or so.

So we're basically complete. And then the whole next phase of operation is going to be a joy, I think, for actually what I think will be decades, decades, as one of Canada's largest, lowest-cost gold mines. And we'll get into that in a little bit more detail.

Second thing, of course, you want to do is achieve guidance. We didn't hit the top end of our guidance, but we hit the low end of our guidance, which is the way it goes. And we had a pretty good year on operation of the other seven mines we have. We hit our cash cost guidance, and we achieved our all-in sustaining cost guidance.

We replaced our reserves, and we grew our resources. That's a core objective for any gold mining, any mining company, period. You have to replace your reserves, or you ultimately go out of business. And so we've got a great exploration group at all of our mines and our head office, and I think that's been another successful result, where we did achieve that.

And then finally, we've got all this growth. We've got all this internal growth. Really, besides Greenstone, we have the Aurizona mine, where we're going to go underground and develop that underground mine for many, many years to come. We have phase two at Castle Mountain. That'll deliver about 200,000 ounces a year, up from maybe 25 we produce right now.

And at Los Filos, this is the one I'm really looking forward to the most, because it'll mean that we have a really new relationship with our communities. We'll be able to implement a new plant there, a new carbon-in-leach plant that will allow us to increase production and run that mine for a long time. So in 2023, what we did there was we implemented all kinds of operational improvements, and we invested in a dialogue of exchanges that's so very important.

All of this meant, last year, we had reasonably good performance in our stock price. We outperformed all the usual peers, I guess, and the gold ETFs. I will say this was partly because, over the year, people got less worried about Greenstone construction that was going to be on time, so we had a nice pick-up there, but we had this wall of doubt in 2022 and some problems at some of the mines which I think made us just crazy oversold in 2022.

But we ended the year in good form. And since the end of the year in 2023, 2024, I mean, we've had a reasonable pick-up in equity performance, driven very much, in large part, by the gold price. It's a rather extraordinary move in the gold price in 2024.

So this is what Greenstone is going to deliver to us, why it's so very important to the story today and for the next 15 years or so, or 20 years. Obviously, it's going to add, just the 40% of Greenstone that we're acquiring now, it's going to add about 160,000 ounces a year to the company, including, over the whole length of the mine, 144,000 ounces.

It's going to decrease our cash costs significantly. I don't know who all saw the quarter we just reported this morning, yesterday afternoon, but we have high cash costs. They will trend down anyway during the year, because we're going to have better production, I think, over the next nine months at our other seven mines, but adding Greenstone to the mix is really going to drop those cash costs materially. I'll come back to that in a minute.

It'll also significantly increase our free cash flow, our EBITDA. Just that 40% will add $200 million a year, depending on the gold price, of course, and when operating at capacity, which should be late in 2024. Obviously, it's a very rare opportunity to get a world-class mine like this in Canada that is owned 100% by a company like ours. It's one of the only large gold deposits in the entire world that's not held by a major mining company in the top-ten gold producers globally. So it really positions us in a very rare group. It increases our gold in balance significantly, it increases our scale, as I've already talked about, and it gives us some great opportunities in terms of expansion.

These are just a couple of graphics on the production, the cost reduction, the increased EBITDA that this additional low-cost gold production will give us. The black is the current production forecast before we acquired the 40%. Adding that extra 40% in green, you can see it can bring our gold production this year to just shy of or about 1,800,000 ounces, and next year, close to a million ounces, and the year after, the same thing. Then the blue line is the cash cost before 40%. You can see anyway how our cash costs are going to decline significantly, and then it declines even more, having that extra 40%.

So it was a very critical acquisition for us. We were asked a lot, and we have been asked over the last two years, as we were building Greenstone, everybody wondered, well, what else are you going to do? What other M&A are you going to do? Are you looking at this company or that company? And we said, no, we're building Greenstone. That's going to deliver more than we could probably get from any other acquisition, and we have 40% that we hope we're going to acquire.

Orion owned it. We had no idea when they were going to sell it, but we knew they were going to sell it. And we also had no idea whether we were going to be the buyer. They actually ran a competitive process last fall. We just hoped that we had the connections, the goodwill, the relationships and the ability to pay the price that Orion expected, which ultimately, we did. And you can see this slide on the right, pardon me, the graph on the right, the earnings before interest, tax, depreciation and amortisation of that extra 40%. It's really a very material add to our cash.

And it will enhance our diversification, adding to a top-tier mining administration in Northern Ontario, Canada, which will de-risk some of the production we currently have in Brazil and Mexico, and even the US, the rest of US. We're California's largest coal producer by far, and we have a large mine in Mexico. We have four mines in Brazil. We love those jurisdictions.

Mexico right now is a bit wobbly. It's a government that's not a great fan of mining. And just because of that, that's when you want the diversification. Who's to say that Canada is going to be great forever? In which case, it's really nice to be in Brazil, maybe. But today, Canada is seen as one of the world's leading mining jurisdictions, particularly Ontario, and we're absolutely delighted to be there.

We've had total support from the Indigenous communities at Greenstone, the government of Ontario, the local region. It's just been great. We contrast that to the challenges sometimes we've had in places like Mexico, and I believe this extra add to now 52% of our net asset value coming from Canada, I think we all feel much more comfortable in terms of management and our shareholdership too.

Okay, where does this get us? This is the slide, I think, that I showed the same slide last year. So we outperformed last year. That's fine. We're going to do this again. I'm going to tell you we're going to do this again. We're going to, as soon as we get over this Q1 messiness, I'm going to say, which was noisy and not spectacular.

And that'll come soon. When we get Greenstone open, Q2, Q3, Q4 should be better, much better, I hope, and we're going to start bridging this gap. Because right now, we are among the cheapest gold stocks in the universe, and we have the highest growth profile, we have among the highest production, and we have among the highest reserves. And believe me, those metrics will count eventually. I'm not sure when, I expect later this year, but they will count. And that will be driving our value proposition for all of our shareholders.

I've already talked about Greenstone. Why is it important? 400,000 ounces a year, 14-year mine life, one of the highest-grade large open-pit gold mines anywhere, a large reserve base, a large resource base. It will become one of Canada's largest gold mines. And here, you can also see the little blue triangle there. What that is, is the average grade, the head grade going into the mill of these big gold producers. You can see Detour Lake, Malartic. We know the numbers for Metal Bank. But certainly Detour Lake, Malartic, Cote, Blackwater are all much lower grade than Greenstone, and this just means it's going to be a lower-cost producer.

And you can see on this slide here how it ranks in world gold mines. It's going to be in the lower quartile of global cash costs, and that's going to drive the whole cash cost, all-in sustaining cost structure of Equinox Gold down further and further.

Lots of opportunity. I'm not going to talk to these slides particularly, but I just want to say, if you're interested in the mine life or the expansion potential beyond 14 years, have a look at these slides, particularly if you're technically related, technically interested both in the underground deposit at Greenstone, and then the next slide is the belt.

We have about a 100-kilometer belt full of known gold mineralisation, old mines. I'm going to highlight the Brookbank mine, for example, where we already have a 600,000-ounce high-grade gold resource. Those kind of things, over time, we're going to explore more, and I'm sure that we're going to have these added to the Greenstone mine production for the very long term.

So it's a prolific belt of gold producers. Our exploration team is going to get to work as soon as they (unclear 00:21:55) this, as soon as we actually have a little bit more cash released that we're going to spend on our deleveraging and turn some money to the exploration team to expand the mines or increase the mine life.

Okay, now guidance. We've announced this already. Our pro forma 2024 guidance, including the 40% of Greenstone that we're acquiring, will deliver about 780,000 ounces of gold, plus or minus. Obviously, I hope it's on the plus side, but anyway, that's going to be our guidance for all eight mines. And the cash costs are going to be in the range of $1,285 to $1,390, al- in sustaining cost, $1,565 to $1,675.

Don't forget, this is a relatively simple calculation to calculate our free cash flow. It's the gold price times the gold production minus our gold production times our all-in sustaining costs. So the margin is what we have left over for non-sustaining capital, for dividends, as and when that comes, for debt repayments and for corporate overhead.

So talking about what we talked about last year, we called ourselves the growiest gold company in the market, it's because we have all this growth in front of us. And we don't have to buy anything new. We don't have to build anything new specifically, other than what we already have in our portfolio, four big growth prospects. Greenstone, we've already talked about.

Aurizona Mine, this sheet of underground mineralisation below the open pit depth. We're going to start working on it this fall or winter, early next year. Going to go underground, open it up and start supplemental feed to the open pit production we have already. That'll add about 20,000 ounces a year for a long life.

Castle Mountain, phase two. That'll add about 200,000 ounces. And that's in the middle of the permitting phase right now, which we have been working on for three or four years, and we are going to work on for, I think, another couple of years, that's the best guess right now, and then, of course, build an open pit/heap leach gold mine there. It's just under Las Vegas. It's a brownfield site. We have all the permits we need in terms of the land. We just need to have the environmental impact statement and the permit for the new construction. So that's going to take another couple of years.

And then Los Filos. Los Filos has been a bit of a problem child for us since we acquired it. I would say it's through no fault of ours, because during COVID, it was very hard to manage some of the social issues there. But we worked very hard on that. And really, we need a new social contract with the three communities at Los Filos. Maryse and I were down there just last week. We met one of the community leaders. We opened up a health clinic there. We're going to open up a water treatment plant this fall, sorry, a water plant, because people fought over water this fall.

Really, I think we've created a new dialogue with the three communities that we need to work with so much and get out of these very high-cost contracts that we've had to live with, that we inherited from previous operators. We have to reboot that. We call it Los Filos 2.0. And I can't guarantee for sure that we're going to do that. I spoke exactly the same way in January this year to a presentation in Toronto.

So I can't guarantee we're going to do it. But if we do it, the flip side is we will significantly expand production at Los Filos to add about 120,000 ounces a year, decrease our cash costs at Los Filos, which currently are reasonable but we're going to drive them down even more, and more importantly, extend the mine life by about ten or 15 years.

It's a great ore body. It needs that new plant to maximise recoveries. Today, we're getting about 50-55% recoveries on gold. It's very low-grade. It's fine in a deep leach, but the future of Los Filos is higher grade underground mine. And we have a lot of resources there, but to maximise recovery, to make that mine really efficient and not waste a lot of that gold, we have to get 90% recovery, not 50% recovery. And that is going to require this new mill.

So our basic approach to the communities is to say, you know what? The large-scale surface mine is pretty much over. It's not entirely over, but it's certainly late stage. It's been going for 15 years. The future of this mine is more underground mining and higher-grade mining, better recoveries. But to do that, it's going to require two things.

It's going to require new investment by us, which will guarantee jobs for ten or 20 years, all the local people who are currently working at the mine and new suppliers. It also is going to require a new social contract with these three communities. So we're very hard at work on that, and we're hopeful that that'll be successful in 2024 into 2025. So we're very active on it right now.

So all this, coming back to what I said right at the start, is going to drive a revaluation of Equinox Gold as a senior producer, not as a mid-tier, not as a junior, but as a senior producer, which is what we'll get to when we exceed a million ounces of gold per year at lower cash costs. Obviously, scale, liquidity, diversity, more cash flow, more deleveraging, less debt, all of these things together build that case for a better price to net asset value multiple, 0.74 today to 1.3. That's why scale matters by itself. Size matters in this business.

Just a short slide here on how we are aligned. Obviously, I'm a large shareholder instantly. Every one of our senior managers are significant shareholders relative to their own net worth. And yet beyond that, we have a breadth of shareholding base, incredible liquidity, we trade an average of 3 million or 4 million shares a day just on the US exchange, another million or so on Canada. And Greg, when we did the $299 million equity financing recently, how much of that was bought by (inaudible 00:28:10)?

Greg Smith:
Oh, I think at least three quarters were institutions, maybe one quarter was retail.

Ross Beaty:
How many different institutions?

Greg Smith:
30.

Ross Beaty:
So big institutions, and then the rest was retail, spread across Canada and in Europe and in the US, of course. So very much aligned to shareholders. If we do well, we all do well. Okay, here's our targets for 2024. And we're certainly on track for this so far. We're five months into the year already, absolutely on track. And I hope a year from now, we can say we're going to continue on track.

Number one, number two and number three are Greenstone. Obviously, that is critical to us, and we are on the cusp of starting gold production. And we really hoped we'd have it by today, as I've said, but it's going to be in May. It will be in May, we were assured by our General Manager yesterday, and a bunch of us are heading out there next week to confirm that. We'll have our day. So ramp up commercial production in Q3 and then try to get the 90% throughput by the end of the year. That's our baseline. That's what you can hold onto here.

Operations, obviously, renegotiate the Los Filos community agreements I've talked about, hit our guidance and continue to excel. We do have a growing reputation now of excellence in responsible safety, environmental and social performance. But I'm going to talk about that in just a sec, because I need to dwell on that a little bit.

And continuing this amazing programme, I will say we've had a tremendous relationship with Mubadala, our Abu Dhabi investment company, who has supported us with finance and also some technical horsepower, doing this asset optimisation programme to increase efficiencies and reduce costs. What did we get last year, Doug? $60 million in savings?

Doug Reddy:
52.

Ross Beaty:
52? $52 million. And what's our target for this year?

Doug Reddy:
60.

Ross Beaty:
60? So these are real savings, and it's just better thinking, better operations. It's very impressive. Exploration, I've talked about. The target is to replace reserves and grow resources. Development, Aurizona, Castle Mountain and Mesquite. Now, Mesquite's at the end of its life. It's been a successful gold mine. It's produced more than 5 million ounces for 30-plus years. And we want it to continue.

So we're doing a bunch of work on permitting. We know there's more gold there. We have to get permits, and sometimes that's rather challenging, to do it quickly. Eventually, usually it comes, but it's a challenge quickly. So those are our challenges with Mesquite, but it's been a great mine for us since we acquired it six years ago. We acquired it, by the way, six years ago with a three-year mine life, and it's been running for six years. So it's been absolutely… It repaid its original cost multiple times. It's been a great mine.

A couple words on the gold market, and I'll try to make this relatively brief. I've been very, very bullish on gold. That's why I supported Greg and the team when we started Equinox. That's why we put it together. Because for me, it's my last company. I love silver, Pan-American. I retired from Pan-American, and I just wanted one last company.

And because I was bullish on gold and because I wanted a public company, an equity, you want to build a big gold producer. If you build a big gold producer with big gold production, big reserves and resources, you get big bang for the buck if the gold price goes up. And that's what's going on, because we're having this remarkable… We started Equinox Gold at $1,500 an ounce, and then it went down to $1,250 or something, $1,200 right away. That was a bit worrisome. But since then, it's been on this tear.

And the tear, if anything, it's getting stronger right now. We had a 2021, 2022, 2023 just sort of bouncing around $2,000, $1,800, in that range. But now it's just had this wonderful run, nobody really knows when it's going to peter out. It will eventually. But Goldman Sachs, pretty big firm, pretty well known, they put out a report a week or two ago saying their prediction for gold in 2024 is to end the year $2,700 to $3,000 an ounce, which, that's nice to hear.

Now, why is that? Well, it's an interesting thing. I mean, there's no real reason gold should go down. We've had no big discoveries. There was a little bit of gold production growth last year. But really, it's been ten years that the gold market has been almost set in supply. So if you have increase in demand and you have static supply within, you have a higher price.

It's odd. I think most people who are gold observers, and I'll come back to this in a minute, most people who are gold observers would say gold should perform poorly in a high interest environment. It should perform poorly if there's a strong US Dollar. But in fact, gold has done really well in that environment. And this all started, really, it started with the use by the United States of using the US dollar as a weapon after Russia invaded Ukraine.

And that woke certain countries up, especially China, saying they want to diversify away from the US Dollar so it wouldn't happen to them. And one of their diversification strategies was gold. So the Chinese central bank has been the largest, by far, buyer of gold in the market, regardless of this rather negative macro outlook of higher interest rates and a strong US Dollar and a tight Fed.

So all of the gold pundits and the hedge funds and all these smart rocket-scientist investors, they all bet against a higher gold price, because they knew the US was tightening, the dollar was strong (inaudible 00:34:12) technically bearish for gold. So they sold all their gold equities, and they went short.

But the Chinese and the Turks and the Poles and the Kazakhs and a whole pile of central banks were buying gold as a long-term store of value, which is precisely what it's been for 5,000 years. Gold is a long-term store of value. That's its first, second and third use. It protects investors from fluctuations in governments and crazy people doing crazy things, causing paper currency to devalue. Gold keeps its value.

So in the face of all that negativeness on gold by all these experts, guess what? Gold went against that trend. And it was a fundamental, fundamental move. So gold trading volumes increased, investors switched asset classes. We also had some geopolitical tensions, of course, which always help gold a little bit. But it's mostly been the central bank buying.

And now, in 2024, it looks like the big driver is also a lot of retail buying, particularly in China, of gold. They love gold. They can buy it now in small amounts, but small amounts times 1.3 billion people is a big amount. That's one of the big drivers to gold this year. Central banks are still buying gold. We had the numbers come out from global central banks just a couple of days ago. China is still buying. They were big buyers in Q1. And all of that is driving the price of gold to new heights.

Now, what's going to change? Is inflation going to go up? No, inflation is coming down. Inflation has been our biggest enemy in the mining industry, because unfortunately, although the gold price has increased our revenues, our costs have also gone up. Everything over the last couple of years, since early 2021, 2020, a lot of it was COVID-related supply chain stuff, but generally speaking, inflation's been a real negative to almost everybody, but particularly mining companies.

(Unclear 00:36:28) costs are going up. Fuel prices have gone up. The Brazil and Mexican currencies have been relatively strong. That hasn't helped us. The labour costs are relatively up. But I see that trend slowing down. I think Doug would say probably (unclear 00:36:45) costs might come down a little bit for Greenstone, for example, and other mines. Diesel prices are going to come down a little bit if the oil price drops. And if inflation drops down, it's going to help us. It's going to bring some of our costs down, at the same time maybe as revenues go up, which would be a happy world.

So interest rate's not likely to go up. That's bullish for gold. Interest rates are likely to go down, bullish for gold. The US Dollar is probably going to weaken if gold goes south, because it's no longer tightening. It's going to weaken. That's bullish for gold. And global unrest is going to keep going. It's not going to stop. That's bullish for gold. So I just don't see why gold would go down particularly.

Good, it's a bit of a wild animal. It's confounded a lot of people. But the outlook for gold is pretty good right now. And so I could see gold staying where it is or even a lot better. And the futures markets certainly show that. We are looking at doing some collars right now where you've got a put price of $2,200 to $3,000, right?

Doug Reddy:
Yes, about that.

Ross Beaty:
So we can sell gold right now, say for the next 12 months, with a floor. It doesn't cost us any money to do this (inaudible 00:37:59) sell puts, buy calls. And you get a floor of $2,200 and a ceiling of $3,000. Never in my career has anything like that come close to happening with those numbers. So it's a great time for gold. And those numbers are telling us that many, many people think gold's going up. Okay.

In this context, why this is important for us is because as gold prices go up, we have what you call leverage. That's exactly why we started this company and tried to get big. The more gold production you have, the more reserves and resources you have in your books, the greater your value. And it's not a linear equation, by the way. It's sort of an exponential one. So the leverage side is, as gold goes up 5%, we should have a 30% increase in our operating margins. That's leverage.

And that's why we should be performing at a much higher rate. We should be trading at a much higher rate than we are today. We did okay. This is the range of January 23 to April 24. And a lot of that trend off the peak was because we'd just sold 55 million shares to new investors. And that's always going to take some time to digest. And it'll be through that digestion period in a month or two, I think. But that's one of the reasons it's come up softer, relative to similar peers. Otherwise, we've outperformed everyone, and it's been pretty satisfying. Why? Because we have the leverage. That's why.

And on the right here, you see this really crazy, strange disconnect, the disconnect between the yellow, which is the gold price, and the blue, which are average prices of gold producers (inaudible 00:39:44). This is the GDX Gold Miners ETF. So it's not just (inaudible 00:39:51). This is the entire industry.

Newmont, the biggest gold producer in the world, Barrick, second biggest gold producer in the world, until about two months ago, until gold really had its run, they were trading where they traded five years ago. They (inaudible 00:40:08) run like we did, and then down they came, right back to where they were, even though gold's gone up significantly in that period. So none of these companies have had the benefit of this run in gold.

Now, their arguments are small ones (? 00:40:23). Well, how long are these disconnects likely to last? Is it going to be a month? Is it going to be a year? Nobody knows. But my guess is these don't last forever. This relationship has been odd for 18 months or even maybe a couple years, since the Ukrainian war started, and the gold price started going.

But things will revert to traditional correlation, as it should. The gold price should be correlated to the equity price of the gold producers. It always has been, and it should always flow. But for some reason, it's been out of sync. It's either going to correct by gold coming down, or the equity price is going up. And my bet is equity price is going to go up, which is going to be a happy day for all the current shareholders and, in fact, all shareholders of every gold company on the planet that's a public company.

The last slide, just a summary really of why 2024 is going to be a great year for this company. We have this great exposure and increasing exposure. We have Greenstone starting up. I've talked a lot about why that's going to be positive for us. It's happening right now. Increased cash flow, lower operating costs, and I'm going to say not only a Greenstone, but it should work through all of our other mines too.

Q1 is typically a poor quarter for us. It was the same the last couple of years, certainly the same this year. We expect much better production in the latter part of the year, which will translate to lower costs, more cash flow and so on. And then, of course, Greenstone will transform us into a really large gold producer on the global stage.

So none of this is going to happen without tremendous support from shareholders, from bankers, quite frankly. Doing this $500 billion bank financing in a very short period of time is extraordinary. We've had support from so many people. And my thanks to all of them.

The last thing I'm going to say is this, this book. You've got a hard copy. We just announced yesterday. We just posted it on the website. It's called Environmental, Social and Governance Report 2023, Building on Strong Foundations. And it's a very, very detailed, amazing product. And I compliment everybody involved in this, everybody. And I'd really like our shareholders to read it, just to see what we do on the non-production side, on the non-money side.

We are good citizens. We have a ridiculously good health and safety record. From a certain amount of experience in this industry, we were among the top performers in the entire gold industry from the standpoint of health and safety. It's remarkable. We have about 8,000 employees, as I said. We have underground mines, open-pit mines that are inherently dangerous and risky.

Despite all of that, we have got this really, really outstanding safety record. And I take my hat off to everybody who is part of making that happen. It doesn't happen by accident. It happens by good management. Maryse is our ESG Committee Chair, and I thank her and all of her committee and the work that everybody does.

We are good community citizens. We reward our communities with water plants, with better roads, better communications, better health facilities. We really try to work together with people and not in some kind of independent way, without connection to the communities that we need to support. And they support us, we support them.

Just one thing after another, anti-slavery discussion here, biodiversity protection, environmental protection, our commitments, our record, it's a great book, and I really recommend it to all of our shareholders. I hope you'll feel what I do when I read it. I just feel good about being part of this company. And I hope all of our employees and our suppliers feel the same, and our shareholders. If you have a chance to read it, it's on the website, we just posted it yesterday, please have a look at it.

And with that, I think that was another long presentation. (Inaudible 00:44:46) it's a happy story, notwithstanding today's results were (inaudible 00:44:55), but I've already talked about that. And it's a happy story, good people, good progress, on the cusp of a real transformation. I think I'll just end there and open to questions.

Rhylin Bailie:
Yes, we do have a few questions online. Are there any questions from the room before we take these online questions?

Participant:
Good afternoon, Mr. Chairman. Very happy to be here. Wonderful presentation, a lot of good news. I really appreciate that. I've been on the board for between four and five years. And so I look back on, let's just say, four years ago, and our company has managed to lose 40% of its shareholder value at

the same time as gold has gone up (inaudible 00:45:35). Now, that's a remarkable performance. And I'm just wondering, is that the cost of being a high-growth company, or is there something else going on in our company that we need to know about?

Ross Beaty:
Yeah, it's a great question, and that's called a tough question. I think what I said about Newmont and Barrick, if you have a look at just about any gold producer across the board, you'll see exactly that decline in value, shareholder value. It's remarkable. Not every single company, but on average, that's just been the record of, well, the last, let's say, three years.

Participant:
Newmont was down 10% (inaudible 00:46:15), not 40%.

Ross Beaty:
Yeah, not 40%. But again, you're starting at a point where we had that glorious South American start. We went from $5 to $15, and that was pretty remarkable, but it was unsustainable. A lot of that was because we got into the ETFs that drove automatic share buying beyond fundamentals. These ETFs had to buy tens of billions of shares without regard to fundamentals. On a fundamental basis, we might have gone to, say, $10 a share or $9 a share. Instead, we went to $15. And so, of course, when we came off that peak, when we lost that buying and the gold market deteriorated, that's what happened. Okay, so that was one reason.

I would also say we faced some real challenges in some of our Leagold mines, Brazil and Mexico. The Los Filos mine, communities went on strike. They blockaded the mine for a long time. You can't possibly have shareholder value creation when you have a mine that's blockaded, because then you'd run the risk you have costs. And that was the way it was. 2022, as I said, was a tough year. Last year was a pretty good year. This year is going to be a great year. That's where we are.

I think also, the only last thing I'd say is, and I'll maybe ask Greg to chime in if you have anything to add, this year, while we had a pretty good run, we then came off that high because we did that big Greenstone deal that required a large equity financing. And that always hurts your stock price for a while.

Participant:

Hang on.

Ross Beaty:

A year from now, come back and let's see how we do.

Participant:

I'm not selling, don't worry. (Inaudible 00:47:50).

Ross Beaty:

Thank you.

Greg Smith:

I guess all I can say is four years ago today was, to quote, the legal transaction. The company had gotten a lot larger. We hit that COVID-related upswing, and a lot of gold stocks experienced that up until August of 2020. And a couple of things happened in August of 2020. The entire market turned over, and we did have challenges that manifested in Mexico. And then the next thing we did is we acquired Premier Gold. We announced that in December of 2020.

And one of the things, our company's been in a growth mode, as Ross said. Greenstone was a fairly large asset to buy. We did have a lot of people that doubted us. Companies that are in the construction phase, development phase, growth phase tend to trade at a lower multiple because there's a higher degree of risk if you're spending a bunch of money while you're not earning it. And we've been in that mode for a long time on a very, very significant asset at Greenstone.

And now finally, all these years later, we've gone through that construction period, we're now bringing in a production, just as we historically saw. Gold prices are coming, a very bullish outlook for gold. So I'm hoping we can have some of that performance that we had back in 2020, where we were firing on all cylinders, having just done that deal. So it's been a very volatile four years. And it just so happens, if you go back exactly four years from now, we were on a massive tear and actually way outperformed in 2020 up until that point, and then had some challenges, and in 2023, got back to outperformance. And hopefully we can maintain that in 2024.

Participant:

So if you spare me another 30 seconds, I buttonholed Ross two years ago at the AGM, I've got a lot riding on this. And he said, not as much as I do.

Ross Beaty:

Yes. I just did the numbers too. If you go four years ago to the GDXJ, which is this average of gold producers, they're all down an average of 34% in the last… 34% average. And some have gone down 70%, some have gone down 10%.

Participant:

I pick the ones that ran down 10%.

Ross Beaty:

Yes? Good. Any other questions?

Rhylin Bailie:

I've got a few online. So it's funny you've mentioned Newmont a few times. At the very beginning of the call, someone said, why should somebody invest in Equinox Gold rather than in Newmont or the GDX?

Ross Beaty:

Well, leverage. It's all about leverage. It's all about leverage on… All things being equal, which all things are never equal, so you will have… So on average, a company like Equinox should way outperform Newmont, because Newmont hasn't had the growth, pure and simple. It doesn't have the growth. It has a very large production base, it has relatively low cash costs.

The companies that should do better, all things being equal, in a rising gold market, are companies that have high cost and growing production. And we hit both of those right now. Over time, we're going to be less leverageable because we'll have lower cash flows. But right now, we have extremely high leverage for growth, much higher than Newmont. Therefore, unless there are extrinsic things like bubbles or bursts or problems at any one of our mines or Newmont's mines, on a company-by-company basis, we ought to perform. We ought to outperform.

Rhylin Bailie:

I'm going to combine these into two questions here. So one is Greenstone's ramp-up to full production. What are your plans to optimise the portfolio? Do you have any other M&A activities planned, or are you going to focus on debt reduction?

Ross Beaty:

(Inaudible 00:51:25) to Greg.

Greg Smith:

I think no near-term plans really. Yes, Greenstone, especially with 100%, is going to be, as Ross said, over 50% of our mining net asset value. And so focusing on execution at Greenstone is the most important thing we can do, one, two and three. We definitely want to deleverage over time, especially right now, with interest rates being high and (inaudible 00:51:51) park our free cash on our revolving credit facility and start to reduce our overall debt. And we've just got Greenstone built. I think we'd like to realise some of the value that we believe is going to come from executing well in Greenstone.

And in the longer term, of course, we're a gold company. We want to get bigger over time. As you mine your deposits, you've got to find new resources at your existing mines or buy new mines. So I would never disregard future M&A, but we just bought 40% of Greenstone for $990,000. We just did a big transaction. So let's digest that, and then we can think about what we might do in the future.

Ross Beaty:

And I'll say, just to add to that, people always ask me, well, what about dividends? And I think, again, the answer is pretty much always the same. When you have free cash flow, you have the happy choice of either putting it into growth or return to shareholders. And the right answer, if you have a lot of free cash flow, is both. You want to do both. Right now, we don't have a lot of free cash flow. We're going to use it to reduce our debt position first. But at some point in the not-too-distant future, it's absolutely on the horizon, we will be able to initiate our first dividend. Absolutely on the horizon.

Rhylin Bailie:

All right. Any other questions from the room? Just a couple of very specific questions online.
I'll get back to you by email. I'd prefer to have Ross focus on vision and strategy. So with nothing else online, I guess we'll get the closing remarks, please.

Ross Beaty:

That’s okay. I don’t have any closing remarks. I’ve already said too much, I think. Thank you all for joining us today, and I look forward to being here a year from now, talking about how much we’ve outperformed against Newmont, not to mention everyone else, so we can finally deliver better returns to our shareholders. Thank you very much.

(Inaudible 00:53:40)