Equinox Gold Corp. & Calibre Mining Combine to Create a Major Americas-Focused Gold Producer Conference Call Transcript

Date: February 24, 2025

Time: 10:00 AM ET

Speakers:

Ross Beaty
Chairman, Equinox Gold

Blayne Johnson
Chairman, Calibre Mining

Greg Smith
Chief Executive Officer, Equinox Gold

Darren Hall
Chief Executive Officer, Calibre Mining

Rhylin Bailie
Vice President, Investor Relations

Operator:
Welcome to the Equinox Gold and Calibre Mining conference call to discuss their combination to create a major Americas-focused gold producer.

As a reminder, all participants are in a 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. 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, and thank you to everybody for joining us this morning.

We will of course be making a number of forward-looking statements, so please do visit the Equinox Gold website and our continuous disclosure documents on SEDAR and EDGAR, and the Calibre Mining website and their continuous disclosure documents on SEDAR.

It is now my pleasure to turn the call over to our Chairman, Ross Beaty.

Ross Beaty:
Thank you Rhylin, and good morning ladies and gentlemen. Welcome to the call today to discuss the combination of Equinox Gold and Calibre Mining.

I'm going to start out and then turn the floor over to Blayne Johnson, the Chair of Calibre, and then we'll have Greg Smith and Darren Hall, CEOs respectively of Equinox Gold and Calibre Mining present some the compelling logic behind this deal.

From my side, let me tell you why I like this deal and why you should, too. It's a rare opportunity to combine two great new Canadian gold deposits at the start of their productive lives into a single owner that will become one of Canada's largest gold producers. It will build financial strength, mitigate risk through better diversification, and generate amazing cash flow over the near future and for many years to come. It will build scale, which is essential in today's capital markets, enhancing our exposure to passive investors like the big ETFs and generalist investors who are increasingly looking to invest in the gold market today and seek the liquid and large companies, like the new Equinox Gold. It will combine two excellent management teams into one, reducing overhead costs and consolidating corporate infrastructure. It's a zero premium deal based on fair merger of equals valuations of both companies.

Equinox Gold is a very young company, but we've had a single mission since our inception in 2018 - to get big quickly in order to deliver the best possible equity leverage to the gold price. I've been pounding the table since we began that gold had great legs and would likely increase in value profoundly. We began when gold was $1,350 an ounce. We were right about the trajectory for gold and today it's trading at record highs, but I see no reason it will decline; on the contrary, all the bullish reasons to support the gold price today remain intact.

In this bullish gold price environment, how could we deliver superior value to equity investors? By increasing our gold production as much as possible and by increasing our reserves and resources as much as possible. The first builds leverage on our income statement as we will have astonishing cash flow and deleveraging potential from the combined assets, and the second builds leverage on our capital assets, our long term gold reserves and resources that will keep Equinox Gold as a premium tier global gold producer for decades to come.

This combination with Calibre will move Equinox Gold from a mid-tier producer to a major producer. It should improve our valuation metrics and our ability to withstand shocks in the market. Size matters. I'm convinced that this deal will make Equinox Gold into one of the world's largest and best levered gold producers with a wonderful suite of growth projects and a great management team poised to deliver phenomenal value over the long term.

With those introductory comments, I'm going to turn the call over to Blayne Johnson, Chair of Calibre, and then Greg Smith and Darren Hall will go over some of the deal details. Blayne, over to you.

Blayne Johnson:
Thank you Ross - exciting day. Thanks everybody for joining us.

We see the merger of these two companies marks the creation of a major gold producer built on a solid foundation of two high quality, long life mines in Canada, Greenstone and Valentine. Our approach to this merger mirrors our successful business combination of Newmarket Gold and Kirkland Lake. In that case, by combining two high grade underground assets in Tier 1 jurisdictions and leveraging the high grade swan zone discovery, we were able to scale up, strengthen our team and deliver outstanding value ultimately leading to Kirkland Lake becoming the top performing gold stock on the TSX in the 18 months following the merger.

With Darren Hall at the helm once again, we are confident, as with Newmarket, the combination of Calibre and Equinox will follow a similar trajectory. By joining forces, we will become the second largest gold producer in Canada with an expanded scale and exciting exploration pipeline that includes 200,000 metres of drilling this year in Newfoundland and Nicaragua, and with a robust portfolio of gross assets including Castle Mountain in California, the potential growth and value creation for this Company is immense. It is important for shareholders to think about this company 6 to 18 months from now, when both Canadian assets will be running at nameplate capacity, realizing the re-rating from both Greenstone and Valentine.

We are absolutely thrilled to be partnering with Ross and his top notch team as we work together to unlock exceptional value for shareholders. We look forward to this exciting chapter.

Over to CEO, Greg Smith.

Greg Smith:
Thanks Blayne. I think Ross and Blayne said it pretty well, and just to reiterate a few points, the highlight here is we’re putting two major Canadian gold mines into one company at the beginning of their life, and that’s going to provide a very substantial foundation for this Company for the long term. M&A is for the long term, but we also have an immediate benefit on Day 1 in the combined Company in that we’ve got very substantial production and cash flow today that takes advantage of these very high gold prices. When you look at the relative valuation of the tier group where we are today, we’re undervalued compared to that new peer group, and there’s real potential here for share price re-rate as we execute on both Greenstone and Valentine.

Then looking at our balance sheet, it's very solid. The current production cash flow at these gold prices is giving us substantial flexibility to de-lever quickly while continuing to grow our business. Just flip the slide, Rhylin?

What are we creating here? The merged Company will have a portfolio of gold mines in Canada, the United States, Mexico, Nicaragua, and Brazil with the Greenstone mine in Ontario and the Valentine mine in Newfoundland as cornerstone Canadian assets. We'll have a combined production profile of 950,000 ounces in 2025; that excludes any production from Valentine or from Los Filos, and we have a path to over 1.2 million ounces per year once both Greenstone and Valentine are ramped up to capacity, and of course there's further growth from multiple expansion and development opportunities in the portfolio. This production is underpinned by a substantial gold reserve of 24 million ounces and an additional 22 million ounces of M&I resources.

Our Greenstone mine poured first gold last May and achieved commercial production in November. Greenstone is expected to continue to ramp up to full capacity and will produce between 300,000 and 350,000 ounces this year. The Valentine mine will be our second Canadian gold mine of scale. I'm going to turn this over to Darren to speak more on Valentine in just a second and also on the other assets, but I will just say I was in Valentine a couple of weeks ago, and the project is looking absolutely fantastic.

Darren, over to you.

Darren Hall:
Yes, thanks Greg. As we communicated last Thursday on Calibre's earnings call, the team continues to make great progress at Valentine, with notable recent progress including the primary crusher is ahead of schedule and ready for commissioning, (inaudible 09:01) are being set and will be substantially complete by month end, cable installation is set for completion in March, reclaim (inaudible 09:10) are progressing and on track for commissioning in April, and the ADR plant and gravity circuit are nearing mechanical completion and ready for (inaudible 09:17). We've additionally made substantial progress on technical studies to increase Valentine's throughput in the Phase 2 expansion. While the feasibility study envisaged an increase in throughput from 2.5 million tons to 4 million tons per year starting in 2029, we are now actively advancing plans to accelerate the timeline for scaling our production to in excess of 5 million tons per year.

I was at Greenstone in January and it's clearly a quality build, a long life asset in a great location. What's not to like? The focus is realizing the full potential of the asset as the team works through the typical ramp-up issues associated with a mine of size. As we progress through 2025, it will be great to see how these two Canadian assets producing in excess of 550,000 ounces a year on an annualized basis and establishing the new Equinox as Canada's second largest gold producer.

While it's great to have these two significant assets, let's not overlook the other 500,000-plus ounces of production from the U.S., Nicaragua and Brazil, which continue to reliably fund the business all with significant organic growth opportunities. On that note, I visited Brazilian operations in December with Anstruther Bradley, who leads the team, and was impressed by the quality of the team and the commitment to the assets. I'm certain that a fresh set of eyes will be able to identify optimization opportunities with the team.

In addition to the (inaudible 10:43), we have the surface from the operating assets with a strength and focus of the combined team, we have great organic growth opportunities across the business not limited to Castle Mountain in the U.S., Phase 2 at Valentine, the CIL plant at Los Filos, and a million tons of surplus capacity in Nicaragua. Definitely exciting times, and I look forward to working with the mine team on surfacing value across the consolidated portfolio of assets.

Back to you, Greg.

Greg Smith:
Thanks Darren. Next slide?

I love this slide because it really hammers home just the financial capacity, cash flow capacity of this combined Company. The transaction delivers an immediate and substantial increase in both production and cash, one you can really see here. Equinox produced 622,000 ounces in 2024. This is all based on consensus analyst estimates going forward, but the combined portfolio will more than double production to 1.38 million ounces by 2026, and that production growth then drives a substantial increase in EBITDA and operating cash flow with EBITDA projected to nearly quadruple to almost $2 billion in 2026 at consensus gold prices and $2.4 billion at spot gold prices today.

Slide? You can see here how this merger really creates a leading Canadian gold producer. With Greenstone and Valentine operating at planned capacity, Equinox will be the second largest producer of gold from mines in Canada with 590,000 ounces per year from the two mines. Canada is one of the most favourable jurisdictions in the world for mining and Ontario and Newfoundland are top jurisdictions within Canada.

In addition to production and EBITDA growth, this transaction elevates our market position substantially. The new Company will break out of the intermediate space and into a select group of larger producers, which positions us at the top 10 primary gold producers listed in North America and the top 15 globally. This means greater index inclusion, increased liquidity and stronger institutional ownership. These are all factors that drive long term shareholder value.

Again, this slide is all analyst consensus estimates, but you can see that this merger will move the combined Company into a new peer set comprising of much larger producers, but trading at a much lower price to net asset value; and compared to the new peer set, the combined Company has the second largest gold endowment and the most production growth over the next few years to almost 1.4 million ounces. From a value proposition, there’s considerable potential here for an upside re-rate to our P/NAV multiple.

We expect this re-rate to be amplified by other factors as well, and specifically the increased Canadian focus. Producers of gold in Canada enjoy significantly higher P/NAV multiples than non-Canadian producers, thanks to the strong reputation and strong geopolitical standing of Canada. The combined gold production from Greenstone and Valentine of almost 600,000 ounces per year will be the second highest level of gold production from Canadian mines, and the two operations will represent well over 50% of our net asset value.

I mentioned earlier the combined Company will generate substantial cash flow, and this cash flow will help to accelerate paying down debt and increasing our financial flexibility and liquidity. More than 200,000 ounces of production from the Nicaraguan operation will be an immediate cash and EBITDA injection to the merged Company, and Valentine will contribute additional cash flow as it ramps up later this year. Of course, the sustained high gold price environment will contribute to even more rapid debt reduction and cash accumulation.

Now, I'll pass us back to Ross for some closing remarks.

Ross Beaty:

Thanks Greg.

This last slide here kind of sums it all up. We've talked about every one of these points, from our enhanced capital markets profile, obviously better and more diversified portfolio, the ownership of the two big Canadian gold mines coming to us, 100% interest of course, and the immediate increase in production and cash flow, improved financial strength. All this stuff, we've talked about.

I really like the pie chart on the right, though. It sorts of sums up the impact of the two mines coming together and creating this Canadian gold power, and that's really, as much as anything, why we've done this. I think it's just going to have fabulous long term value creation for shareholders of both companies.

With all of those comments, I think we'll end the remarks here from the four of us and turn the call over to questions.

Rhylin Bailie:

Okay, thank you Ross. Operator, can you please remind people 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.

The first question today comes from Wayne Lam with TD Securities. Please go ahead.

Wayne Lam:
Yes, thanks. Morning guys.

Obviously this is a pretty transformational transaction for Equinox in putting two big Canadian projects together. Just wondering, in evaluating the terms of the deal, do you guys anticipate a high likelihood of an at-market transaction getting through without additional competition, given the context of a record gold price and the focus on Canadian assets? Then maybe just wondering on the Equinox side, can you give us an idea of whether you guys will be relatively aggressive in exercising your right to match?

Greg Smith:
Sure, thanks Wayne. It's Greg speaking here.

Yes, I think there's a very high likelihood of this transaction getting closed. It's been structured very intentionally as an all-share at-market merger for both sets of shareholders, almost like a merger of equals, so we're going to be sharing a board, senior management, etc. Darren Hall is coming on as President and COO, I'll remain as the CEO, and then we've got Blayne and Doug from Calibre joining our directors, as well as a couple of other directors. From our perspective, the merits of the combined Company are such that we think this transaction will have broad support from both sets of shareholders.

On the right to match, I don't think that's something we're going to have to worry about. It's a bridge we'll cross if it manifests, but as for now, we're very confident in this transaction closing.

Wayne Lam:
Great, thanks.

Maybe for Darren, just wondering if maybe there's any update on the construction, or how things are going at Valentine. Perhaps some would question the timing of the transaction with first gold in sight. Just wondering if there's any read-through on how things are going versus the timing, where we've typically seen that re-rate into production from companies building new mines.

Darren Hall:
Yes, thanks Wayne. It'd be great to catch up and have a chat over the merits as well. Things are going

swimmingly at Valentine. We're still confident in our Q2 prognosis for first gold. As Greg and I both commented on this morning, the build's going well, we're confident in where it sits. As for timing, the merger with Equinox provides combined shareholders with the diversified gold production base with significant growth opportunities, right - the combination of two new long life, low cost open pit gold mines, Valentine and Greenstone, will see the cornerstone of an exciting new major Canadian gold producer.

People will ask, why now? Well, with Valentine approaching first gold and Greenstone having just delivered first gold, neither of those assets have been re-rated in the market, so that's the opportunity that presents to the combined Company. So, I think it's an ideal time. People will look at it and go, why now - well, I couldn't see a better time given that neither of those assets has been re-rated.

Wayne Lam:
Okay, perfect. Then maybe just last one, just with the combined entity, you guys will have, I think something like 11 or 12 operating assets. Do you view that as manageable going forward, and will there be any planned asset rationalization?

Then I'm just curious from the Equinox side, if this transaction has any implications on the importance of the ongoing negotiations at Los Filos.

Ross Beaty:
I'll start with this. The answer to that one, Wayne, for sure we are going to rationalize the portfolio. We are going to have a look at this after we conclude the transaction and see what is the best fit for us and what might be returned to the market for a better company to run. Definitely there will be rationalization, I just can't say which exactly at this point.

Then of course, Los Filos is a significant question mark right now. We had hoped to have it fully resolved by this time, but it has not completely resolved and so it's still up in the air, and we'll have to just simply provide information to the market over the next—we expect by the end of March, certainly there will be a resolution one way or the other at Los Filos, and we'll report on it at that time.

Any comments, Darren or Greg?

Darren Hall:

No, I mean, again I'll comment more about the manageability of the asset base, right? However the organization best determines to extract value is a different discussion, but the ability to manage this is absolutely within our wheelhouse. If you look at the quality teams that are currently in place at each of those bases, they have and will continue to do what they do. The beauty of this transaction is we'll be able to bring that family together and leverage off the strengths within the organization to identify new opportunities across the business to be able to improve those assets, so I'm comfortable that bolting these things together, we can continue to extract value and grow.

Wayne Lam:

Okay, perfect. Thanks for taking my questions, and congratulations on a transformational transaction.

Ross Beaty:

Thanks Wayne.

Operator:

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

Anita Soni:

Hi. Wayne pretty much asked almost the same things I was going to ask, but I'm going to dig a little further on some of them. On Los Filos, when you were coming up with the valuation and the relative deal metrics, how did you treat Los Filos? I see that you don't have it in production, you do have it in the reserve calculations, and I'm just trying to understand how Calibre shareholders or Equinox shareholders can determine whether or not this deal is accretive or dilutive without information on Los Filos.

Greg Smith:

Yes Anita, this is Greg speaking. I guess I'd reiterate what I said on the quarterly call, which is that right now, Los Filos is subject to some uncertainty, and because of that, we didn't include it in our guidance for 2025. When we looked at it in the context of the merger, we risk-adjusted it in terms of its valuation, and we looked at the company a bunch of different ways. If we're able to get Los Filos back into production and bring it back into a world-class development project, which is what everyone wants, it's going to benefit both sets of shareholders. But in the meantime, we don't know exactly how that's going to play out, so it's hard to give you a definitive answer.

What I would say is certainly it's no surprise that Los Filos carries a higher risk, given its jurisdiction and our experience there since we acquired the mine. We've spent the last four years deploying most of our capital into Canada, and we're very happy that we have.

Anita Soni:
Okay, so I asked this question on the quarterly call but I didn't get an answer - what's the kind of CapEx investment that you're going to need to put into Los Filos if it comes back into the production fold?

Greg Smith:
Yes, you're going to get the same response as I gave you at quarter end. We'll provide guidance to the market when we've got guidance to provide.

Anita Soni:
Okay. Then just another follow-up in term of managing, I guess it will be 11 assets once Valentine is in production as well. Is the plan just to have Darren be the COO? Is Doug going to be still with the technical team? Is he going to help with the transition?

Greg Smith:
Yes, Darren will be President and COO on closing. Doug obviously has been a big part of our growth over the last five years, and his role remains somewhat uncertain at the moment, but that's something we'll talk to Doug about and Darren and Doug will discuss going forward.

Darren Hall:
Anita, let me layer in there. If you think about the quality and the depth of the combined team, I think that's what needs to be focused on. We have a great opportunity here with—if you look at Doug's phenomenal character with great technical skills and knowledge of the assets, you've got Dave Schummer coming in from outside as well, who has a pedigree of operating and managing large open pit mines, which is—you know, look at the future that we've painted for you this morning. Yes, there's more than enough opportunity to fit everyone into a new blended family, absolutely.

Anita Soni:

Okay, and then just last question on deleveraging, you guys are talking about accelerated deleveraging. Can you just—like, where do you see the acceleration, just simply from more ounces? I mean, obviously Equinox has more debt than Calibre does, but is basically adding the Calibre ounces helping you guys improve your balance sheet? Is that the rationale?

Greg Smith:

I think it's maybe not the rationale for the transaction itself, but it's certainly a collateral benefit to the transaction in that we're going to have the cash flow being generated by Calibre's other mines immediately providing cash flow into the combined Company. I think in our quarterly call and in our reporting, we said we were targeting $200 million of debt reduction plus the convertible note, and that remains; but I think, as we said, that this transaction should allow us to improve on that, and certainly as we move into 2026 and 2027, the cash flow potential of the combined Company is so significant that we'll be able to deleverage very quickly.

Anita Soni:

Okay, so one last question, if I may. On Calibre, it's been a while since I've covered that one, but just wondering, have you provided guidance in terms of production and capital for this year and what the outlook looks like in '26?

Darren Hall:

I haven't provided 2026 information yet, Anita, but earlier in January, we provided guidance for full year 2025, so I'm happy to catch up offline and do a bit of a walk-through, if that would work for you, too.

Anita Soni:

Okay, thank you. That's it for my questions.

Rhylin Bailie:

Thanks Anita. We'll take a few questions from online. I've got a bunch of questions for Calibre. Why are you doing the $75 million raise?

Darren Hall:

Yes, why the convert? The concurrent financing provides Calibre insurance during the transaction period, which could last three to four months. Financing during a transaction period is somewhat restrictive, so it's a good time to have it. It's great to have there just on the off-chance that anything goes wrong.

Greg Smith:
The only thing I'd add is that Equinox is taking $40 million of that financing, which will eliminate on closing. In aggregate, it's like a $35 million convertible financing that just ensures during this period between announcement and close, that Calibre has the flexibility to do what they need to do on their balance sheet.

Rhylin Bailie:
Thank you. This is a question from an Equinox Gold shareholder for Calibre. What should we expect in terms of scope to grow the resource base in Nicaragua, and how many years of production do you aspire to there?

Darren Hall:
It's a great question. I guess is it since—you know, you think about the assets and they've been operating since the 1930s, my guess is there's a fair bit of runway. If you look at recent exploration results at the VTEM corridor and Limon, we continue to keep track in front of the train, so no, I think that they're enduring assets, they have been and they will be around for a long time. Yes, looking forward to longevity there in Nicaragua, as we do in Brazil, from those enduring assets. It's definitely exciting times, and that's why I specifically mentioned it's great to look at the Canadian leverage with the two new assets, but those enduring assets are very, very important in that portfolio going forward as well.

Rhylin Bailie:
Thank you. I know you spoke already to the synergies of the mines together, but there's lots of questions online about the financial synergies of the transaction.

Greg Smith:
Sure, I'll take that. I mean, like any mining merger, you've got mines kind of spread geographically around the world, so each individual mine in combining doesn't necessarily realize meaningful synergies.

What I would say is when you're combining two corporate offices, obviously there's opportunities for some synergies there. We also between the two companies will be able to take advantage of some of Equinox's centralized supply chain, purchasing power that comes with scale, that type of thing, especially with the two mines in Canada.

There will be synergies and G&A savings and efficiencies that come out of this transaction, but obviously on a mine-by-mine basis, it's less clear just given the geographic spread of those assets.

Rhylin Bailie:
Thank you. Operator, can we please take some more questions from the line?

Operator:
The next question comes from John Tumazos with John Tumazos Independent Research. Please go ahead.

John Tumazos:
Thank you very much. I know this question was asked, but there's $183 million of cash on the Calibre balance sheet; I know there's a lot of current liabilities too. Could you elaborate a little bit more on the $75 million financing and how much more money needs to be spent, not just to complete the machinery at Valentine but through the commissioning phase?

Darren Hall:
Yes John, probably a good conversation to have. We can bring you up to speed offline as well so we can get your familiar with the product, as it's been a little while. But you know, as we see Valentine today with our current treasury and anticipated initial project capital, we're more than funded from the existing treasury and ignoring cash flow from operations. We're in a very solid position, as we've highlighted. The convert is more about flexibility in the case of and insurance during the transaction period.

John Tumazos:
So how much more money do you need to finish Valentine?

Darren Hall:

We've provided guidance for the year, and it's included in that guidance. If we look at IPC, initial project capital outstanding, it's in the order of about CA $100 million.

John Tumazos:

Thank you.

Operator:

The next question comes from Ovais Habib with Scotiabank. Please go ahead.

Ovais Habib:

Thanks Operator, and good morning everyone. A couple of good questions have already been asked. Just maybe a couple of more questions from me. You talked about synergies, but maybe Darren, based on the due diligence that you've done on Equinox ops, do you see any sort of low-hanging fruit; and flip this to Greg, when you did your due diligence, did you see any immediate opportunities with the Calibre portfolio?

Darren Hall:

Yes, well maybe I'll answer and see what Greg would like to layer in on. Ovais, it's a good question, and as we have talked about in the past, there hasn't been an asset that I've ever visited that we haven't been able to identify opportunity in, and that's not a hubris comment. It's the same when people follow me in, right - people who follow me into an asset now look at what I've done, and they'll see opportunity to be able to extract value as well, because it's a fresh set of eyes. I think that what we've seen during this process is from the combined view that comes from the due diligence, and remember this was a merger of equals at market, it wasn't trying to negotiate a premium, so the due diligence is very, very useful as we go forward to say, hey, we saw this, what about that, what about this, to be able to leverage off.

I think the due diligence process is going to give us a whole bunch of really cool, neat things to look at, that we'll be able to further extract value from this consolidated portfolio of assets.

Greg Smith:

I guess from our perspective, I'm not a geologist so Ross may want to chime in here, but we went down to Nicaragua and very impressed with what the company's accomplished down there and very impressed with the prospectivity of their assets down in Nicaragua. In Canada, obviously at Valentine, the exploration potential along that gold belt, both along the current structure and also the one to the north, for us we see a tremendous amount of potential for long, long time mining there. That was certainly a very exciting aspect of acquiring the asset for us.

Ross Beaty:
Yes, I'd echo that, Greg - well said, especially Valentine. For me, it's really got the potential to be a long life gold count, multiple deposits along a sheer zone, and a beautiful infrastructure opportunity—you know, location is great. It's really got long life potential and it has a ton of potential, as Greg said, along (inaudible 33:30) but also at depth, and right now there's 10 drills that are working—or sorry…

Greg Smith:
There's three now.

Ross Beaty:
There's three now—thanks.

Greg Smith:
It should be 10.

Ross Beaty:
Yes, I'm getting a message passed to me here, there's 10 drills, and I haven't been on site for a few months. All I can say is, yes, we'd like to add some more drills to what they already have there and just keep exploring that ore body as much as possible. It has really good legs too, and it has—yes, we're looking forward to continuing good results for a long, long time to come.

Ovais Habib:
Okay, thanks for the colour on all of that, guys.

Just in terms of following up on Wayne's question on rationalization of assets, obviously you guys are going to close the transaction, get comfortable with the assets, figure out which operations, I guess, to keep or to sell. But for the down the line, is the plan still to add additional assets in Canada? Is that where the focus is heading for the group?

Ross Beaty:
Good grief. Let's digest what we have here. This is a major transaction for both of our companies. There's going to be lots of integration to do of people, and our focus of course is getting this tremendous cash flow and using it to de-lever our balance sheet. We are not looking at anything else for the immediate future. Right now, this is very much an opportunity to create something great and we'll focus on (multiple speakers 35:06).

Greg Smith:
Yes, and I'd just add to that, Ross, when you look at the combined portfolio of assets, without going anywhere, there is so much growth opportunity. You don't need to spend any capital required anymore. We've got Castle Mountain, we've got discoveries in Nicaragua, we've got discoveries in Valentine, you've got the opportunity to improve Brazil. That's an abundance of work and value creation without even stepping out your front door, so no, we'll be looking very much inward to create value with the assets we have.

Ovais Habib:
Perfect, thanks guys. That's it for me. Congratulations on the transaction.

Greg Smith:
Thanks Ovais.

Rhylin Bailie:
Thanks Ovais. Operator, next question, please?

Operator:
The next question comes from James Hayter with Orion. Please go ahead.

James Hayter:
(Inaudible 35:52)

Rhylin Bailie:
James, you're really hard to understand. I think we'll have to take your question offline, James. We can't hear you. Operator, can you mute that line, please?

Okay, so we have no more questions online, surprisingly. If we didn't ask your question, either Ryan or I will get back to you soon. I also invite all of you to attend the fireside chat that Greg and Darren are doing this afternoon at 5:00 Eastern at the BMO Conference. The link to that live webcast is on my website and on the Calibre website, and it will also be archived on both websites so you can watch it at your convenience. This call will be available with a transcript in a few days so you can circle back, and if you have any follow-up questions, please don't hesitate to get in touch with Ryan or I.

Ross, would you like to do any closing statements?

Ross Beaty:
No, I think we've said it all. Thanks to everybody for joining today, and watch us as we develop this deal and take it to conclusion and then build the combined Company in a very satisfactory manner. Thank you all.

Rhylin Bailie:
Okay, thanks for joining us today. Operator, you may now complete the call.

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