

Calibre Mining Corp (Q1 2024 Earnings and Valentine Gold Mine Update)
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Corporate Speakers

- Ryan King; Calibre Mining Corp.; Senior Vice President Corporate Development and Investor Relations
- Darren Hall; Calibre Mining Corp.; President and Chief Executive Officer
- Thomas Gallo; Calibre Mining Corp.; Senior Vice President of Growth

Participants

- Ingrid Rico; Stifel; Analyst
- Don DeMarco; National Bank Financial; Analyst

PRESENTATION

Operator^ Hello. Welcome to the Calibre Mining Corp. 2024 Quarter One Conference Call and Valentine Gold Mine Update.

(Operator Instructions) As a reminder, this conference is being recorded.

I would now like to hand the call to Ryan King.

Please go ahead.

Ryan King^ Thank you, Operator. Good morning, everyone. 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 statements 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 the Q1 2024 MD&A and consolidated financial statements available on our website as well as on SEDAR+.

And finally, all figures are in US dollars unless otherwise stated.

Present today with me on the call are Darren Hall, President, and Chief Executive Officer; David Splett, Senior Vice President and Chief Financial Officer and Tom Gallo, Senior Vice President of Growth.

We will be providing comments on first quarter 2024 results and Valentine Goldline update. Following yesterday's news releases, we will discuss capital costs and project updates. After which we'll be happy to take questions.

The slide deck we will be referencing is available on our website at calibremining.com under the Events section. You can also click on the webcast to join the live presentation.

With that, I'll turn the call over to Darren.

Darren Hall^ Thanks, Ryan. Moving to slide 3. Good morning. Thank you for taking the time to join us today.

Firstly, I'd like to thank all Calibre employees and business partners for their continued efforts and focus during what has been a very busy quarter.

First of all, I want to acknowledge and I'm proud to make particular mention of the Valentine team for their outstanding safety performance, which was recognized on Monday when the Canadian Institute of Mining, Metallurgy and Petroleum awarded a team with the prestigious John T. Ryan National Safety Award, a significant achievement and well done to the entire team.

Moving to Q1.

Consistent with H1 expectations, the company delivered 61,700 ounces of gold in the first quarter. With higher tons mined and processed, costs were as anticipated higher than full year expectations. Additionally, with the team in Nicaragua, making good progress in the open pits, we are 20% ahead on total material movement which is a little double edged as it results in higher Q1 spend but derisked production in H2. As we have consistently foreshadowed, gold production is H2 weighted and I'm confident in reaffirming our full year guidance.

Turning to slide 4.

Our vision at Calibre has always been to establish a quality mid-tier gold producer by generating strong operating cash flow to fund organic growth while seeking accretive opportunities to diversify and growth.

We have consistently delivered into this vision never more so than now with the acquisition of the Valentine Gold Mine in Newfoundland and Labrador. With first gold scheduled in Q2 2025, Valentine will establish Calibre as a quality mid-tier gold producer in the Americas, providing a compelling re-rate opportunity for all shareholders.

I'm pleased to report the construction of our fully funded Valentine gold mine is 64% complete, and we have progressed the haled engineering to 98%.

Additionally, the team has

- Completed the tailings management facility starter dam, received engineer of record sign off, and commenced line of placement, which is a significant milestone in the project development
- Delivered critical path items including mills and motors
- We recently enclosed the mill building and connected site to permanent hydroelectric power
- We've awarded all major outstanding construction contracts and employed experienced and highly motivated operations leadership team, and
- Awarded a contract for, and advanced pre commissioning and commissioning activities.

These project optimization and derisking efforts, combined with accelerating operational and a portion of Phase two capital expansion, results in initial capital costs of CAD\$653 million, CAD\$145 million increased of Marathon Gold's Q3 2023 update, with CAD\$279 million in additional project capital remaining to be spent and CAD\$400 million in cash from restricted cash, the build is fully funded.

Moving to slide 5.

The CAD\$145 million is consistent with our pre-acquisition due diligence and incorporates underestimated costs, inflationary impacts and capital advance by Calibre to derisk delivery and to support future operations. The increase versus Marathon's Q3 2023 estimate primarily consists of three components: schedule and cost estimation of approximately \$70 million, which relates to improved quantity, cost and time estimates with engineering now at 98% and progressed from 60%, which was the basis of the Q3 2023 estimate.

Secondly, \$40 million attributable to Calibre's project optimization and derisking efforts which focus on ensuring that the facility as designed and delivers its full potential as we transition from construction to operations. This investment includes pre commissioning and commissioning, planning and activities, mill and site modifications, access road upgrades and importantly, advancing deployment of the operations team.

Finally, Calibre is advancing operational and Phase two capital expansion of C\$35 million, which is more opportunistic in nature and includes investment in infrastructure that will positively impact operations. This includes commencing construction of permanent mobile equipment maintenance facilities, process plant equipment, treatment plant and accommodation upgrades. A more strategic component of this investment advances a portion of the Phase II expansion capital. In the feasibility study Phase two is the planned plant expansion in years 3 and 4, which increases throughput to 4 million tons per year.

We are early in the analysis and given the current SAG]-ball circuit design, we believe there may be opportunity to increase throughput in advance of a plant expansion.

A key component to enable any increased throughput would be due to ensure that capacity in the CIL circuit and therefore, we have included additional tankage as anticipated in the Phase II design.

We've commenced a scoping study to review process plant expansion options focused on assessing combination circuit alternatives. It's early in the analysis but I'm encouraged that there are combinations of secondary crushing and grinding options, which may present even higher return options than the feasibility study envisaged Phase II.

Which is a good segue into exploration as having an appreciation of the potential scope of the district will influence scale when assessing processing expansion opportunities.

The Valentine Gold Mine and surrounding property offers a robust resource base and discovery opportunities from an extremely prospective array of exploration targets with similar geology to the prolific Val-d'or and Timmins camps in the Abitibi gold belt.

I'll now pass it to Tom to provide additional color on Valentine's exciting exploration.

Thomas Gallo^ Thanks, Darren. Turning to slide 6.

The 250-kilometer square Valentine land package offers us a considerable resource base from which to grow. The discovery potential in our view is high with an underexplored orogenic setting. The 2024 exploration program will include resource expansion and discovery drilling backed by a robust geoscience initiative similar to what we've employed in our other jurisdictions and we'll focus on high-definition property-wide geophysics and LiDAR survey, enhanced prospecting and a comprehensive till sampling program. Several targets, which have never been drilled but are a high priority for Calibre include Eastern arm, Northwest Contact, Western Peninsula and Marathon Northeast.

In addition to the regional potential, it is important to highlight the recently completed ore controlled drilling at Leprechaun, which bolsters our confidence in model performance. The results substantiate the mineral reserve estimate in the first five benches with drilling indicating an increase in ore tons of 15% and overall gold ounces of 12%.

Additionally, high-grade gold mineralization was discovered on the Southwest edge of the pit, highlighting strong resource expansion potential given the limited drilling along the Valentine Lake Shear Zone toward the Frank deposit. Phase one diamond drilling has now been completed.

We are scheduled to follow up along the Frank - Leprechaun corridor with a more detailed program in the fall.

Overall, early-stage drill-ready targets backed by surface anomalies, which have never been drilled, combined with near mine expansion potential, demonstrate the robust nature of this mineral system.

The Valentine Lake Shear Zone and Northwest contact shear zone combined for up to 64 kilometers of high potential opportunity with over 5 million ounces of gold hosted.

As we quickly increase our knowledge base throughout the field season and with incoming drill hole assays, I would anticipate this could lead to a much larger drill program in the future.

With that, I'll turn it back over to Darren.

Darren Hall^ Thanks, Tom. Moving to slide 7.

With construction at 64% and detailed engineering at 98%, Calibre is well positioned to responsibly deliver the fully funded Valentine Gold mine.

With first gold scheduled in Q2 2025, the delivery of Valentine presents a paradigm shift for Calibre as we transition to a quality mid-tier gold producer, which will unlock significant value for all stakeholders. With that, we're happy to take questions, and I'll pass it back to the operator.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Today's first question comes from Ingrid Rico with Stifel.

Ingrid Rico^ Darren and team, I'll probably start with just sort of on the capital. You gave us the update on a lot of the major contracts have been awarded. So Darren, what's sort of outstanding on the critical path right now? What should we be looking for over the next six months?

Darren Hall^ Yes, first, thanks for initiating coverage there in Q1. It is appreciated. Thanks.

In terms of outstanding major items, as I kind of mentioned, we're well progressed on the engineering. We're 3/4 built. The mills, motors are on site. In terms of major deliverables is probably in relation to the conveyors, which come late in the summer, this allows plenty of time for those deliveries. So I don't see them as really a critical path. The major contracts in terms of the SMP, the structural, mechanical and piping has been issued. A list of the instrumentation is we've got a letter of intent, and we're in the final stages of issuing that contract, bringing together those groups of people and scheduling that out through the summer to bolt things together is probably a critical part. So there's not so much delivery of, it's more about assembling the bits and bobs if you will. That's where the team is focused on now is that it's now into truly the execution of bolting things together. The major civil works are done with initial risk from a geotechnical perspective. The mill building is now enclosed. So now it's really about fine detail about bolting all the things together in the coordination of a significant number of people who you all come together during the construction season here in the summer. So I think it's more around execution of those works that it is a critical part in terms of delivery of bits and bobs.

Ingrid Rico^ Excellent. On the operation readiness, you've talked about having now the leadership team. But how is the sort of recruitment process going? What are sort of the targets over the next few months to get fully stocked for operations?

Darren Hall^ Yes. Thanks, Ingrid.

I guess if I cycle back in time to when we closed the transaction, probably one of the concerns I have was assembling the leadership team. We've had excellent take-up over the last three months. And again we had a good core of people to bolt on with Daniel and Mike at site.

But now as we think about the 10 most senior people in the operation, all of those positions have currently been employed. So if we think of mine managers, mill manager process managers construction managers into the operations by business manager, health and safety, all of those positions are now filled, and we've done that over the last couple of months, which is pleasing given the apparent shortage of labor in Canada. So I think that attracting people into the province has been easier than anticipated, and all of the top 10 or nine of the top 10 are actually -- have actually all are relocating to Ram winter in Central New land as well. So that'll be living local and commuting in. So that's a great thing. We know we've got a significant resource base in here in terms of operators and mill rights and mechanics and those sort of things. So hiring into that space there is a pool for talent there, and there's obviously a significant number of people who work turnarounds there wanting to come back. So I think the challenge we'll probably have on a labor perspective is some disappointment that we won't be able to provide everyone with the job to wane.

So I'm feeling actually very confident in that space.

I'll be back on site here in another week for a couple of weeks as we kind of assembled the team and do a little bit of Calibre 101, bring them all together and make sure they've got what they need development is delivering to the expectations here in Q1, but we've seen a great pickup with the projects seem. And I think importantly, having a group like RCC come in as well on the pre commissioning commissioning to ensure that those two groups come together is a critical component as well. So a long-winded answer is a pretty full question, Ingrid, but I'm very pleased with the progress we've made on hiring. I'm very pleased with the quality of people we've got.

They're also very motivated in the fact that the relocation to Newfoundland and taking up the opportunity to live in a great place. So yes, feeling more and more comfortable with every day that goes forward.

Ingrid Rico^ That's great to hear. Thank you for all that sort of update.

If I may ask just one last question on mining. I wanted to ask on Berry. I understand that the federal permit is still outstanding. Can you sort of tell us a little bit of what's the latest on that? And when are you expecting to receive it? And I guess based on your sort of baseline schedule, when do you need to start mining Berry?

Darren Hall^ Yes. No, good questions. And Berry, the original intent, I think was the Berry was going to start running at either late this year or very early in two -- we're confident in the permitting process. It's been through the provincial EA review, and they've got an early release from memory, I think that was in October then came across to the federal piece. The federal group, which, again I'll say if I can get the acronym correct, I think it's IAAC, which is Impact Assessment Agency of Canada. They completed their public comment period here in end of March, which is a very good sign as well because it is kind of foreshadows their intention to approve. So no, I think it's all kind of going as planned.

I mean we haven't seen any significant public comment from our external parties as part of the federal review I think the federal government are working through some issues with respect to process because I believe there was a comment made by the Supreme Court that I thought the process was overreaching right, which is great. I mean I'd rather be overreached by a regulatory and make sure that we're doing the right things to ensure that our stakeholders are protected, but I don't anticipate that to materially slow down the approval process. So -- and this relates to all projects in Canada, right? It's not just us. So no, I'm still confident in. But now to say well there's always risk and kind we tend to be a little conservative in approach, which is probably not a bad way to be.

So when we did the rebaselining and as we've continued discussions with our senior debt folks as well is that I said, look, let's just take it out of the discussion context, and we'll push Berry out from a commencement until early Q3 of 2025. Then there's an opportunity to drag it forward if we see the opportunity and produce a little bit more metal than earlier. So yes, I'm not concerned about it, but it absolutely is the focus to ensure that we deliver into expectations. But we've derisked the scheduled by taking it out of contention. So that way it's a positive when it comes back in as opposed to pushing it out.

Sorry, just -- actually, just as a layer on that, I think the lowest being kind of a more technical person as well inbreds that we think about the 2025 production schedule and Berry was one component of the three and basically pushing the production. Producing Berry derisks the production profile but with Leprechaun and Marathon producing as planned that's significantly -- I won't say derisked but delivers into the expectations. And from memory, but I think we're looking at probably 2 million to 2.5 million tons of inventory in stockpile at the end -- so given those sorts of things you're likely to see on startup, we've got more than adequate capacity to offset any of those boots and bobs that come up.

Ingrid Rico^ Well I appreciate that. Thank you, Ryan, for passing on that question. I was looking for some of that sort of color last night.

Operator^ The next question is from Don DeMarco with National Bank Financial.

Don DeMarco^ Darren and team, congratulations on all the derisking with this Valentine update.

So first question, the -- by increasing the throughput to 3 million tons per year. I get it that this probably still has to be subject to its own derisking improving, but how would you expect that to change the production profile versus the futures in the first two years?

Darren Hall^ Yes. Don, 3 million tons, that sounds like a good number. Again that's part of what we're working through right now is that is the design work that was done initially with SAG ball is very, very solid. It's good quality product, good work. As we go through some of the -- looking at the analysis for that grinding and crushing optimization in 2025. I think there will be potential to exceed what would be that 2.5 million tons. When that happens, I can't necessarily say categorically right now but I think there is good potential. That's part of the reason why we advanced the Phase two capital into this construction build. It's not required to. But adding that 30% increase in tankage positions us well to be able to realize any potential that comes from

increased -- so yes, no, we'll work it through as we get closer. I think that an important part of what we're looking at now is that first set of is, if you will, looking at the Phase two expansion and what that really looks like. I think that as envisaged, it's solid and it's good. But I think that given the configuration of the crushing and the grinding circuit, there's going to be options to look at maybe it's a secondary stage crusher and tertiary stage milling or maybe it's a pedal crusher after the SAG and increase combination capacity to push those tons as well earlier.

So we'll work it turn as we have a high degree conference, we start to talk more openly about it. But I get right now I'm pretty confident in what we see and anything we do will obviously improve the positioning of Valentine as we transition into production here in 2025.

Don DeMarco^ Okay. Okay. Well good to see that upside there, and we'll look for more color as you get closer to that. So you got the contract with RCC for pre commissioning and commissioning. Can you tell us a little bit about this? I mean maybe the scope of work or your experience working with these guys or some of the other -- the work you've done in the past and so on.

Darren Hall^ Yes, absolutely.

It's not typical of companies outside of projects for this size to have a group like RCC involved there are quality up, but we've got [Tim McKay] and he's assembling a team or resemble the team is able to support us. The real focus here is that to bridge what is the project team who are focused on scope, schedule and budget on getting to the delivery room. Then we've got an operations team who want to pick the child at once is delivered and raise it into a responsible adult. Yes. This group of people are really ensuring that transition and handover happens well. The operators are greater operating the plant, but putting in the processes by which you're going to operate to ensure that and realize the full potential of the asset is not always a strong point, particularly as they're hiring teams of people. So really, as I see, that's what that -- the focus of this group is, is to help us. It's a material cost. I mean we're talking the pre commissioning, commissioning activities are in the order of Canadian dollars, probably around CAD\$9 million to CAD\$10 million. I mean it's a significant commitment we're making, but it significantly be a risk, the medium, longer term. The last exposure I had with this group of people was actually according to. They did the pre commissioning commission works at Boddington in Australia when we delivered that asset. So it's a very experienced for people. This is what they do for a living. They're not engineers. They don't do -- they're not a pain and no process optimization and those sort of things. It's not that sort of group. All they do is this is their brand and others. So a good group of people, great to have them on board. We've got a great project team to deliver the asset. We've got a great operations team to be able to run the asset. I think that adding this food link to the store makes for a very stable check.

Don DeMarco^ It's good to see there's that derisking there then. And maybe just a final question. Does this discovery along the southwest side of the Leprechaun pit. We've seen some press release some intercepts are looking encouraging. But does this have potential could be mined early in the mine life if it continues to be proven out and converted to reserves and so on?

Darren Hall^ Well, I think there's a couple of parts to this, and I'll maybe throw it over to Tom, if there's anything I miss.

But some of what was identified in that Valentine's Day release is that will be mined as a consequence of because it's a side of the pit. It wasn't actually identified as -- well two parts, some of was identified as inferred, which we've improved the confidence to measure an indicated category. Some of it was never identified, so it's considered as waste. So that waste now becomes ore. So we don't actually process measured indicated in 2P, we process whatever ore presents out of the ground. So that means that will end up as available grist for the mill as it were. But as it kind of bleeds off there to the Southwest towards Frank, I think that Tom and the exploration rides are very encouraged by what they see in terms of the ability to expand into Tom, is there anything you layer in this?

Thomas Gallo^ Yes. No. I think you covered it.

I mean I think it is important to understand that we will have ounces sort of, by default, come into the mine plan because they were not captured previously. So they'll do things like lower ratio in place or just add bonus ounces, and that's part of why we saw that increase in tonnage and subsequently overall ounces in that grade control because the tonnage actually comes from things that weren't categorized. To the southwest, once you get outside the bounds of the pit, there's still considerable work that needs to be done from a drilling perspective. Definitely encouraged with what we've seen visually, don't have all the assays in to speak about yet from our first phase of diamond drilling that was completed in Q1. But of course this is a very visual ore body, so we can see where the mineralization should be. We do have indications on surface as well of that same mineralization continuing fairly regularly down to Frank where we did that drilling. So again there's some follow-up work to do there, but it's very consistent on from what has been what -- we've known and to be let's call it, Marathon-style QTP, quartz thermal and pyrite in the tridymite mineralization, right? And I followed the story as an analyst back since 2017. So it's very consistent from what we've been familiar with.

Don DeMarco^ Good luck with the rest of the build.

Operator^ This concludes our question and answer session. I would now like to turn the call back over to President and CEO, Darren Hall for closing remarks.

Darren Hall^ Thanks, MJ. I would like to thank all of our shareholders for their continued support. In particular, your participation and questions this morning, it is appreciated. Thank you for taking the time. I know it's a busy time of the year for everyone.

As always, Ryan, I and the leadership team are available if you have any further questions. Take care. Have a safe and enjoyable day. And back to you, MJ.

Operator^ Thank you very much. The conference has now concluded. Thank you for attending today's presentation.

You may now disconnect. And have a nice day.