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Q1 2020 Calibre Mining Corp Earnings Call

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PRESENTATION

Operator

Good morning, ladies and gentleman, and welcome to the Calibre Mining Corporation 2020 Q1 Financial Earning Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will follow at that time.

If anyone should require assistance during the conference, please press star then zero on your touchstone phone. As a reminder, this conference is being recorded. I would now like -

As a reminder, this conference call is being recorded. I would now like to turn the conference over to Mr. Ryan King, Vice-President, Corporate Development, Investor Relations. Sir, you may begin.

Ryan King *Calibre Mining Corp - Vice-President, Corporate Development, Investor Relations*

Thank you very much, operator. Good morning, everyone. And thanks for taking the time to join the call this morning. Before we get started, I'd like to direct everyone to our forward-looking slide, slide two.

Our remarks and answers to your questions today may contain forward-looking information about the company's future performance. Although forward-looking statements are based on what management believes to be reasonable assumptions, actual results may turn out to be different from these forward-looking statements.

There are complete discussion of the risks, uncertainties, and factors, which may lead to actual operating and financial results being different from the estimates contained in our forward-looking statements. Please refer to our MDNA filed on SEDAR yesterday. And finally, all figures are in U.S. dollars unless otherwise stated.

Present today with me on the call are Russell Ball, Darren Hall, John Seaberg, and Mark Petersen. We will be providing comments on our operating and financial results for the first quarter of 2020, our exploration results, and our outlook for the business in 2020. After which, we'll be happy to take questions.

The slide deck we will be referencing during the call is available on our website at calibremining.com under the Events section. You can also click the webcast to join the live presentation. With that, I'll turn the call over to Russell Ball.

Russell Ball *Calibre Mining Corp - CEO*

Thanks, Ryan. And good morning, everyone. Thanks for taking the time to join us. Notwithstanding our COVID-19 shutdown announced on March 25th, I'm happy to be able to share our first quarter numbers which show gold production in excess of budget at 42,085 ounces with an all-in sustaining cost on a consolidated basis of \$1,030 an ounce.

We increased our cash position from 33 million at the end of 2019 and 43 million at the end of March on an average realized gold price of (1583) an ounce. John will speak in more detail shortly on the financials.



During the quarter we also announce positive exploration results from the drilling program at Libertad, Amalia, and (Limon). And Mark will give you an update on our thinking in regards to the resumption of the exploration program during the call.

After more than a year of due diligence and negotiations, we entered into an (earn-in) and strategic exploration relationship with Rio Tinto. And it's my pleasure to welcome Rio as our partner in Nicaragua.

Rio brings tremendous global experience, expertise, and the capital necessary to further unlock the tremendous mineral potential in Nicaragua, thus creating value for all stakeholders.

Turning to slide four. Disclosed on March 25th, we proactively suspended operations as a result of the COVID-19 pandemic and fortunately have had no positive cases in our workforce today. While we furloughed almost 2700 employees and contractors, we currently have approximately 120 full-time employees performing care and maintenance activities that will allow us to resume operations in relatively short order once that decision is made.

We are presently in the process of reviewing our start-up plan and I anticipate we will restart operations on a phased approach before the end of May. We anticipate providing updated 2020 guidance and more importantly, our 10-year look-ahead with consolidated production and all-in anticipating costs for the company during June.

Notwithstanding the suspension of operations, significant work continues, particularly in regard to permitting, land acquisition, and our social responsibility investments. We continue to make progress with our neighbors at Barrio Jabali. I expect to be in a position to resume mining operations at Jabali Underground in the third quarter of this year.

Darren and his team have been spending a lot of time on our Hub-and-Spoke operating philosophy. Some of you may recall that when we acquired these assets from B2Gold last October, the street's consensus view was that we would be entering closure and reclamation at Libertad in mid-2020. I'm happy to say that it's definitely not going to be the case and will let Darren explain in more detail shortly. Darren?

Darren Hall *Calibre Mining Corp - Senior VP and COO*

Thank you, Russell. As safety is a core value at Calibre, I would like to thank all of our employees and business partners for maintaining their focus and safely delivering during the quarter.

I'm pleased to report improving safety performance with the number of lost time injuries in Q1 2020 being less than half of what it was in Q3 of 2019. As Russell mentioned, we are planning on commencing a phased restart of operations during May, leveraging off our COVID health and safety protocols which have shown to be effective during this temporary suspension. We will initially focus on mining operations and expand into processing in due course. Where practical we will continue with people working from remote.

Moving to slide five, another pleasing quarter at Limon with the team delivering record production of 20,636 ounces at an all-in sustaining cost of \$984 per ounce. With a full year of production history, we engaged (RPA) to complete a review of the Limon vein deposit models.

For 2019, (inaudible) Limon Central underestimated tons by 12 % and grade by 4% with the additional tonnage coming from multiple small swaths of mineralization which displayed limited continuity between drill hole sections and consequently were not modeled in the end of 2018 deposit model.

As part of the Limon Vein Model Review, we have identified and scheduled 2,300 meters of drilling which is anticipated to increase confidence in the currently disclosed mineral resources for the string of open pits along the vein to greater than 80% indicated.

Focusing on production to the margin, we convinced owner mining at Veta Nueva Underground during February, utilizing our existing workforce and reducing 75 contractor personnel.

As part of our evolving Hub-and-Spoke operating philosophy, we obtained all the required permits and approvals and commenced all haulage from Limon to Libertad during the quarter.

Turning to slide six, as previously disclosed, we suspended mining activities at our Jabali Underground mine as artisanal mining activities caused localized ground instability impacting 21 households several hundred meters from the mine.

The government's negotiations are progressing well with seven property owners signing relocation agreements on April 2nd. The government is well-advanced in those negotiations with the remaining property owners and as a Russell mentioned, we anticipate recommencing operations in Jabali Underground during the third quarter of 2020.

With their focus on production at the margin, we continue to look for and execute productivity across savings initiatives. Some recent examples include renegotiation of our cyanide and diesel supply agreements which have resulted in annual savings of \$1 million and \$300,000 respectively.

Despite the hiatus of Jabali Underground, Libertad delivered 21,449 ounces at an average of all-in sustaining cost of \$951 per ounce. During the quarter, we made significant progress announcing our Hub-and-Spoke operating model with approximately 20% of Libertad production being sourced from Limon and Pavon. During March, we transported an average of 330 tons per day from Limon to Libertad at a cost of approximately \$25 per ton, an equivalent of 0.5 grams per ton.

Moving to slide seven. With the Nicaraguan assets being non-core in these results portfolio over the last five years, they had seen a significant reduction in capital spend both financial and human, but lack of drilling investment presents an opportunity - an exploration opportunity that Mark will talk to a little later.

However, I believe that the key to unlocking value from these assets is looking at them from a different perspective, a fresh set of eyes, if you will. A couple of very simple examples to illustrate my point.

When we got o closing the deal, we idled one of the two gold mills at Libertad having negligible impact on the metal production but eliminating approximately \$550,000 per month across the business. That change alone will fund the over half of our in-progress 12.9-million-dollar approved initial exploration drilling program.

Another example of fresh eyes is Pavon. During the second half of 2019, we completed an independent NI 43-101 which increased the Pavon resource three-fold from 78,000 ounces to 292,000 ounces.

Notably, the 214,000 ounce resource increase came without drilling a hole with 80% of the resource being classified as indicated grading greater than five grams per ton and using a hundred dollar per ounce lower gold price than the previously reported resource from 2014.

At Pavon Norte, we have issued a contract and have all required permits to commence construction of the primary hole out. Additionally, we are currently working through the permitting process and anticipate having all required permits to commence mining in Q4 of this year, which is a good segue into our Hub-and-Spoke approach to maximizing value from our consolidated asset base.

The key here is not to think about the assets as two unique operations but a single business entity with a combined 2.7 million tons of processing capacity, split between (two mills) connected by paved infrastructure.

The value proposition is quite simple, to improve the utilization of our installed processing capacity. Limon is not constrained and Libertad has significantly more processing capacity than it can currently feed from Libertad all sources. For \$25 a ton, we can move all the 20 properties and tap into the excess capacity at Libertad.

Proof of concept was demonstrated during Q1 where Libertad produced over 21,000 ounces with approximately 20 percent of the production sourced from Limon and Pavon. This was the first time that the operations had seen this level of integration.



Let's consider how our Hub-and-Spoke approach could develop based on our end-of-year 2019 mineral resources which, except for Pavon, are based on integral models generated on drilling data from the end of 2019.

Limon open pit resource was 5.7 million tons at 5 grams. Given Limon's 500,000-ton mill, this represents around 10 years of feed for the plant delivering on average approximately 70,000 ounces per year.

Currently, there's 2.1 million tons of 4.5 grams in underground resources at Limon. Given there is spare capacity - there is no spare capacity in the Limon mill, let's transport that ore to the Libertad mill. It's in the mine plan for Limon open pit source mill and its underground ore to the Libertad mill.

A thousand tons a day of underground production transported to Libertad equates to approximately 45,000 ounces of new production. Now, let's roll in Pavon. A thousand tons a day, 5 grams to Libertad, that's an additional 50,000 ounces a year. So before processing any Libertad sourced ore at the Libertad mill, it's not a stretch to see 5,000 ounces of production whilst only utilizing 730,000 tons or one-third of Libertad's installed capacity.

Now, let's add in ore source from Libertad, considering 240,000 tons per year, 5 grams for 1.2 million tons, 7.9 gram resource is Jabali Underground. This would equate to 35,000 ounces a year of added production.

So adding those three components together, 45,000 ounces from Limon Underground; 50,000 ounces from Pavon open pit; and 35,000 ounces from Jabali Underground, a mill which was planning to commence moving into closure during 2020 is now producing 130,000 ounces a year while utilizing less than 970,000 tons or 45% of the installed processing capacity.

Combined with the production from Limon - from the Limon mill, we are now at around 200,000 ounces per annum with 1.2 million tons of capacity remaining at the Libertad mill. For every hundred thousand tons of capacity we utilize at 3.5 grams, it will generate an additional 10,000 ounces of annual production.

I hope that this simple example illustrates the value we can unlock for our Hub-and-Spoke philosophy at Libertad before considering the other currently identified resources while factoring in the positive drilling resources since the end of 2018, allowing an additional exploration success which we anticipate from this prolific and enduring (inaudible). As part of our Life-of-Mine planning process, we anticipate providing a 10-year look-ahead during June. With that, I'll turn it over to John to review our financial results.

John Seaberg Calibre Mining Corp - CFO

Thanks, Darren. Let's turn to slide eight. As previously mentioned, we produced 42,085 ounces during the quarter. However, revenue for the quarter of 59.4 million was derived from sales of 37,494 ounces at an average realized price of \$1,583 per ounce, resulting in 3,330 ounces of finished goods inventory, which is net of 1,261 ounces produced from Veta Nueva, which is not yet in commercial production.

Veta Nueva ounces were sold in Q1, the proceeds of which were credited to development capital. Net income for the quarter was 12.5 million or four cents per share. Cash flow from operations was 20.1 million for the quarter. After investing approximately 8.4 million back into the business in the form of mine development, purchase of property plant and exploration, we generated 10.2 million of free cash flow bringing our quarter end balance to 43.1 million.

Consolidated total cash cost and all-in sustaining cost were 884 and 1,030 per ounce sold respectively compared to an average realized goal price of 1583 for the quarter. With the remaining 15.5 million payment to B2Gold deferred until April 15th, 2021 and an April 30th cash balance of 36.7 million, we are in a strong financial position. With that, I'll turn it over to Mark for an exploration update.

Mark Petersen Calibre Mining Corp - VP Exploration

Thanks, John. Turning over to slide nine, last year, when we began our exploration drilling program focused on resource expansion opportunities and first pass testing of potential new discoveries in El Limon and La Libertad.



Now, six months and 18.6 kilometers into our program, we're encouraged by the upside potential we see emerging at both sites from both near and longer-term perspectives. It's also really great to see our all-in exploration costs coming in more than 20% below budget at \$210 per meter which will allow us to extend our program well beyond the originally planned 47,000 meters.

Most of you have seen our Limon and Libertad Amalia exploration new releases that were issued during the first quarter which included positive drill results at Limon Norte and more recently at the Panteon vein where we announced multiple high-grade intercepts including 17.7 grams per ton over 10 meters true width.

Limon Norte is located approximately 200 meters north of the Limon Central Open Pit and Panteon is located approximately 150 meters west of our Santa Pancha underground mine. At Amalia located 35 kilometers from the Libertad Mill, we announced some initial results from a new vein structure that had never been drilled before.

We're very pleased with the positive results coming from targets that range from near mine resource step-outs to untested greenfield opportunities and we look forward to when we can resume drilling with the operational restarts at Limon and Libertad.

Despite the suspension of operations last month, our exploration team has been keeping busy integrating these latest results into our deposit models and exploration targeting framework.

Those of you listening on the call have likely seen this, our plan map of the Limon mining district showing the principal vein structures and recent 2019 and 2020 drilling locations at Limon Norte and Panteon in relation to current sources of mill feed at the Limon Central Open Pit and Santa Pancha Underground Mine.

Turning to slide 10, you can see some of the recently announced results from our drilling in Panteon in the plan map along with a cross section showing just how close the Panteon ore chute is relative to the Santa Pancha mine. On restart, without a doubt, we'll be resuming drilling to expand the Panteon gold deposit along strike and down plunge.

Onto slide 11, where we see a map showing the Libertad Amalia concessions along with the surface traces of the main vein systems and Amalia off to the northeast. As you know, we got off to a good start with our first pass drilling campaign at Amalia with positive results returned from three out of the first eight holes drilled. That's a pretty good result for a first pass - first pass campaign.

Since the start of this year, we've been continuing our first pass drilling program at Amalia and upon restart will be expanding our focusing to include reconnaissance mapping and sampling across the broader Amalia and neighboring Nancite concession package.

To date, the Amalia area has not received the level of systematic exploration coverage that Libertad has, and given the results we're seeing so far, we're quite excited about the area's broader discovery potential.

At Libertad, we had three drills turning on three targets to test the down-dip potential at Jabali as well as the previously untested Tranca vein located 500 meters to the south. We will have updated results from Amalia and Libertad in the coming weeks.

Finally, turning to slide 12, during Q1, we engaged a consulting expert in structural geology to complete preliminary reviews of the district scale ore controls at Libertad and Limon. Through a combination of field traverses with our geologists who have been working the districts for many years as well as the wealth of high quality legacy data provided by our predecessors, this work has highlighted at both sites broad areas of bearing cap rock alteration that's typical of un-eroded cover sequences that overly high-grade bonanza vein systems, systems like the one and half million ounces of Limon vein and the 1.2 million ounce Mojon-Crimea deposits at Libertad.

As we continue to build our knowledge and grow our pipeline of exploration targets, we now recognize significant opportunities exist for the discovery of new high-grade bonanza gold systems concealed beneath barren cover and located in close proximity to establish infrastructure at both Libertad and Limon.

Upon restart with the six drills we currently have between the two sites, we'll resume drilling with two drills at Limon, one in Panteon and

one at Limon Norte; three drills at Libertad, two at Jabali, and one at Tranca, and one drill at Amalia. We're also looking at opportunities to add more drills at both sites as we ramp back up.

Looking forward, I anticipate we'll be able to extend our program toward 60,000 meters which is well above the 47,000 meter program originally envisioned. We'll also be expanding surface targeting work in Amalia, Libertad, and Limon. And later in Q3, initiating drilling at Pavon. So with that, I'll turn it back to Russell.

Russell Ball *Calibre Mining Corp - CEO*

Thanks, Mark. And finally on slide 13, you can see the focus for the team for the balance of 2020. We look forward to updating you on our progress, particularly in regard to the exploration program, the development of Pavon and the integration of our operations through the Hub-and-Spoke approach in the form of our 10-year look-ahead in June.

I think this is the end of the formal presentation. With that, operator, we'll be more than happy to take any questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Justin Stevens from PI Financial.

Justin Stevens *PI Financial - Analyst*

Good morning, guys. Congrats on a good financial quarter, nice to see the plan being laid out as well. Did a pretty good job answering most of the things I had on my list, just a quick question on the excess gold production in Q1 versus the sales. Has that gold been sold or is that sort of still in inventory?

Russell Ball *Calibre Mining Corp - CEO*

John?

John Seaberg *Calibre Mining Corp - CFO*

Hey, Justin. Yes. Thanks for the question. Now that gold was sold in early April.

Justin Stevens *PI Financial - Analyst*

Okay. All right. Yes, there's a discrepancy there, but also on the - so the production from Veta Nueva is recognized in your total production number, but not in the sales number, correct?

John Seaberg *Calibre Mining Corp - CFO*

That's correct. Because it's not yet commercial production, so the revenues were actually credited against the development CAPEX.

Justin Stevens *PI Financial - Analyst*

Right. Yes. Some of the delta there is just from that accounting treatment as opposed to an actual lack of sales?

John Seaberg *Calibre Mining Corp - CFO*

That's correct.

Justin Stevens *PI Financial - Analyst*

Okay. And then the only other thing I was wondering is once operations restart, how long roughly do you expect it would take to develop over to Panteon?

Russell Ball *Calibre Mining Corp - CEO*

I'll let Darren take that one.

Darren Hall Calibre Mining Corp - Senior VP and COO

Yes. Hi, Justin. Yes. We've actually done 120 meters of development in the first quarter of the year in anticipation as well. So, you know, we've commenced or we've just completed an initial resource model. The last four holes for the recent round of drilling are coming in as we speak, we'll update that and we anticipate updating that resource model by the end of May and probably providing a little bit more clarity on Panteon from a resource perspective and the plan forward in the last week in May or the first week in June.

Justin Stevens PI Financial - Analyst

Got it. Great. Well, good job, guys. I'll leave it there.

Unidentified Speaker Calibre Mining Corp - Unknown

Appreciate it, Justin.

Operator

Your next question comes from Andrew Weekly from SmithWeekly Research.

Andrew Weekly SmithWeekly Research - Analyst

Yes, gentlemen, can you speak to the importance of your relationship with the governments, local communities and how the company is mitigating single jurisdiction risk as a result of this relationship? Thank you.

Russell Ball Calibre Mining Corp - CEO

Yes. Andrew, hi, it's Russ. I'll take that and then I'll ask Darren. Yes, we've been fortunate, we've been in country for 10 years as Calibre mostly as a junior explore co until the acquisition of these assets and have developed extensive relationship both at the local, national levels.

B2Gold similarly was in country for 10 years and, you know, we've had the benefit of I think their expertise in this area. If you look at B2Gold's track record around the world, they do an exceptional job developing those relationships both immediately around the mines and just as importantly at the federal level and, you know, we got the benefit of inheriting that history, but more importantly the people that were working with B2.

So [Omar] and [Thomas] and particularly in country came around to the Calibre team from B2Gold and have been instrumental in maintaining and improving those relationships.

I would say that the working relationship between us and the government whether it's ministries of health energy and mining is outstanding and we are the largest producer in the country and we have great working relationships and are able to leverage those relationships in the situations across the portfolio.

So from my perspective, it's actually a great working relationship, and in the 10 years both B2 and Calibre were in country, we've continued almost uninterrupted except for a brief span in 2018 where some consumables were impacted. Darren, what's from your perspective?

Darren Hall Calibre Mining Corp - Senior VP and COO

Yes, Russell, I think you covered all the highlights and there's not much I can really offer, you know, apart from the fact that we have got excellent continuity with, you know, the legacy B2Gold people coming on with Calibre, we also have our people from the legacy Calibre coming on to the new Calibre.

And recently, we've made some organizational changes as well. [Omar Vega] was the country manager and he had responsibility for operations and all assets of the business. Over the last month or so, we've really focused [Omar] on - and rebranded him as Vice-President and Country Manager, but focused pretty much exclusively outside the fence. So to ensure that we maintain these good relations - relationships with federal governments and local governments as well.

So, you know, he's got an excellent relationship with all layers of government and - so we've - we've kind of removed the distractions of operations from his portfolio to ensure that we continue those relationships going forward as, you know, we're now investing, we're seeing exploration success which is going to result in permitting requirements vis-a-vis Pavon and we see things tracking on really well.

I mean, for example, I did mention that we've got the required permits to commence the development of the Pavon multi-access road and ore road. We've got that without pending issues at all, forestry permits, environment permits through the appropriate processes. And I guess it kind of highlights and demonstrates the good relationships we have with the regulators.

Andrew Weekly *SmithWeekly Research - Analyst*

Well, thanks, gentlemen. That's all I had. Appreciate your guys' good work and I appreciate you guys coming out and clarifying that. I know it's important for investors and I think you guys are doing a fantastic job with the relationship. Thank you.

Russell Ball *Calibre Mining Corp - CEO*

Thank you, Andrew. Appreciate your comments.

Operator

Your next question comes from Geordie Mark from Haywood Securities.

Geordie Mark *Haywood Securities - Analyst*

Good day guys. Some questions here. Perhaps maybe holistically in terms of underlining the - I mean the dual Hub-and-Spoke approach going forward, do you have an idea of what makes sense in an equilibrium mode in terms of proportion of source components to come through various places including Limon to Libertad and where that sort of equilibrium is at Libertad in terms of optimal phase up throughput rates for, you know, material types but, you know, obviously capacity rates?

Russell Ball *Calibre Mining Corp - CEO*

Geordie, Russ. I'll let Darren get into the details and a lot of this will become clearer when we provide the 10-year outlook in June. But I'll say from my perspective, you know, keeping that mill somewhere between 1.6 million ton a year and with exploration outside pushing that closer to the 2.2 installed capacity. Clearly, we're all going to generate significant value and, you know, that's the long-term focus of Mark and the exploration team, but I'll let Darren fill you in on some of our thinking around ore sources in regards to that Libertad Mill, go ahead, Darren.

Darren Hall *Calibre Mining Corp - Senior VP and COO*

Yes. Thanks, Russ. Hi, Geordie, how are you? Yes, no, I guess we have kind of a bit of the process there as we kind of went through the slides. Holistically, if you think about the capacity at Libertad, obviously there's 2.2 million tons of installed capacity. You know, if we think of a thousand ton a day which is absolutely within the realms of reasonableness from Limon, similar numbers from Pavon, you know, we're up to 2,000 ton a day, you know, which is one-third of the Libertad's installed capacity and that gets us to - that puts us 100,000 ounces a year without too many difficulties.

Then you start layering on Libertad and the primary source of Libertad as we currently understand it would be Jabali Underground, there are some other opportunities in there as well. But, again, bringing back exploration success as we start to see extensions to Jabali Underground, some of the other emerging deposits coming in, Amalia, Tranca, we'll start to layer those in.

So, again, it will be a staged approach but, you know, as I think of it right now, you know, I can say pretty comfortably over the next three years or so a million ton a year at four grams being fed to that plant without any exploration success. And predicated on the models we have which, again, just highlighting our ore based on end of 2018 drilling data that don't include any data that was, any drilling that was done subsequent to December 2018.

Except for Pavon, that was a new resource, but all the other resource models that we currently quote are somewhat dated. So I think as

we go through this process this year, you know, we'll give a bit of an oversight here in June that I think as we go through an update our models for the available information, do some conversion drilling, increase levels of confidence, you know, and do a more fulsome update to our 43-101s between now and the end of the year, you know, I think the people will be pleasantly surprised with what they see.

Geordie Mark Haywood Securities - Analyst

(inaudible) extension to that obviously feeding material through or not in terms of the potential outside sources there. Any particular significance, sort of those pressure points to move Limon up to a thousand tons per day or so?

Russell Ball Calibre Mining Corp - CEO

No, Geordie. I mean we kind of had a very steady ramp-up through the first quarter, we took it kind of slowly, we made sure that we carried along all of our stakeholders and we had all the appropriate approvals from the Ministry of Mines and Ministry of Environment and also engaging the unions at Limon to understand what we're doing, why we're doing it and the local communities as well.

And the other was I think the team did a great job at socializing it, walking it through and there was - there's really no objections and no issues. We saw that demonstrated in March when we did that 320 tons per day on average for the calendar month from Limon to Libertad and, you know, it was not uncommon to see days greater than 500 tons a day. So I fully expect a thousand ton a day is well within the realms of what's practical. So (inaudible) slow and steady just making sure that we carry everyone along and we understand the impacts and very important with our service providers that they understand what's expected of them from a social perspective and also a safety perspective.

So we're working with them to ensure that they've got the appropriate fatigue management processes in place with their operators and we'll support and then educate them on GPS monitoring in trucks that we can remote monitor and make sure that they're obeying speed limits and do those sorts of things. So I think it's all coming in pretty well.

Geordie Mark Haywood Securities - Analyst

All right. Thank you. If you can indulge me one more question. Maybe you said earlier, in terms of any milestones we should be looking towards for, you know, ultimately sort of coming out of a suspension of operations that we should be, any events milestones we should be looking at there to look at to show I guess coming out maybe later this quarter or later than that.

Russell Ball Calibre Mining Corp - CEO

Go ahead, Darren.

Darren Hall Calibre Mining Corp - Senior VP and COO

Yes. Okay. Yes, no, as Russ foreshadowed, we fully anticipate commencing a [phased restart] here during May. We've had initial discussions with our stakeholders in the last 24 hours. They're absolutely supportive. Nowhere the people are holding things back right now with the government, the communities, the workforce, they're all very keen for us to restart.

We understand much better the situation in Nicaragua than what we did a month ago which was effectively why we made this decision to idle out once we saw this growing pandemic globally. We didn't understand what was going to happen in Nicaragua. We didn't understand how the country would respond.

But, again, we have seen no reported cases at the mine, none within the local communities. And people are, they're responding to the social distancing measures and things we're putting in place. So, now I think we feel much more comfortable.

So, I think we'll start to see things move pretty quickly. And I would fully expect this to be, actually that notwithstanding to be back to capacity before the end of the quarter.

Unidentified Speaker Calibre Mining Corp - Unknown

Well, thank you very much.

Operator

Your next question comes from [Tom Gallo] from Canaccord.

Unidentified Participant *Canaccord - Analyst*

Hey, guys. Just really quick on the exploration, you mentioned an increase to 60,000 meters. Is there a specific target of the ones we walked through, where were that, maybe more of those meters were focused or is that just a broad increase of general meters planned.

Unidentified Speaker *Calibre Mining Corp - Unknown*

[Tom], I'll take that and then Mark can [add]. If you look at the savings we're recognizing on a per meter, we'll be able to drill that 60,000 for the same roughly 12.9 million, whatever it was, 13 million budget.

What we told Mark is that in the event we have the opportunity to go after additional targets, we will fund that as well. So, I'll let Mark speak to the details but I think we feel very comfortable like when we bring this back up we're going to have more targets realistically than we can drill.

But Mark can give you an idea of where the additional 13,000 meters may end up going.

Mark Petersen *Calibre Mining Corp - VP Exploration*

Sure. Yes. Thank you for the question. I think right now, your description is more broadly focused. It's probably the most accurate. But that said, certainly, we're going to continue focusing on the multiple targets that B2 identified at Libertad as well as some new things that are coming into view on the back of the recent review we did with the structural overview.

That was mainly focused on Libertad but also up at Limon. And at Limon, that is a world-class gold district for this type of gold system. And we also have multiple targets to work on there where as I said we'll continue with Panteon, that vein system we've been focused on one shoot we see an opportunity for another shoot just literally next door to it.

Same with Limon Norte, we've still got some work to do there. And once we think we've sufficiently grown what there is to grow there, we're just going to step north to the Tigra Chapparal, portion of the Limon vein system and take off there. But I am thinking that there are some opportunities to add at least one more drill up at Limon either to partner up on the Limon main structure which is about two and a half kilometer long system, but as well there are some other targets right in the neighborhood that have a lot of merit to get after.

So, like Russell said, yes, we have plenty of targets. And it's really a matter of just prioritizing where we want to deploy the drills.

Russell Ball *Calibre Mining Corp - CEO*

And, [Tom], this is where really the [Hub and Spoke] and the integrated philosophy will add huge value for us when we're able to take exploration success and turn it into production at roughly 25 bucks a ton or for half a gram with no additional throughput capital required, because we have a million plus tons of installed capacity at Libertad that is unutilized.

So, if you think about it, we have two Limon mills that are sitting idle waiting for ore feed and that's really the focus of the drilling program is to find material to feed that hungry mill at Libertad. And I think with the program we've outlined, I feel pretty good that that program is going to deliver.

You won't see any of that upside in the 10-year look ahead we provide in June. As Darren said, that's all based on potentially the end of '18 drilling but stay tuned.

Unidentified Participant *Canaccord - Analyst*

Perfect. Thank you for that.

Unidentified Speaker *Calibre Mining Corp - Unknown*

Thanks, [Tom].

Operator

Your next question comes from [Martin Lowenthal] from Calibre Mining.

Unidentified Participant *Canaccord - Analyst*

Hi. Good afternoon. Thank you. I'm a shareholder. I'm not sure, I don't work for the company.

Russell Ball *Calibre Mining Corp - CEO*

I recognize the name. That's good to know, [Martin].

Unidentified Participant *Canaccord - Analyst*

I'll take it if there's one available. Anyway, great job, great presentation, very interesting, very exciting. Most of my other questions were answered, one I have left is are there any plans to move on to the main board in New York.

Russell Ball *Calibre Mining Corp - CEO*

That's a very interesting question. We had our board meeting yesterday and that was on the agenda and the topic for discussion. Ryan has done a good job researching that and looking at that.

And that's certainly something we're considering. I think it's not the right time for us right now. But it is something we're obviously looking at. As we look to grow the shareholder base particularly half of the board, as of today, we're largely a retail story in Canada and that's going to change as we continue our efforts and continue the execution and delivery so, definitely in the plans. The timing is still [TBD].

Unidentified Participant *Canaccord - Analyst*

Okay. Great. Thank you.

Russell Ball *Calibre Mining Corp - CEO*

A pleasure. Thanks, [Martin].

Operator

I'm showing no further questions at this time.

Russell Ball *Calibre Mining Corp - CEO*

Excellent. Well, thanks, operator.

And again, thanks, everyone, for your time. And thanks to the team. I'm blessed this year with an outstanding team that continue to deliver and we look forward to updating you, a lot of new (inaudible) around the restart and we still have some exploration results we need to update you from the drilling program in Q1.

And, again, stay safe and we'll be in touch and communicating on a regular basis. Thanks again. Bye.

Operator

Ladies and gentlemen, this concludes today's conference. Thank you for your participation and have a wonderful day. You may all disconnect.



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