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PRESENTATION

Operator

Good afternoon, ladies and gentlemen. Welcome to B2Gold Corp.'s Fourth Quarter and Year-end 2017 Financial Results Conference Call.

I would now like to turn the call over to Mr. Clive Johnson, President and CEO. You may proceed, Mr. Johnson.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Thank you, operator. Welcome, everyone. We're here to talk about the results -- financial results for the fourth quarter of 2017 and for the full year 2017. Obviously, the news was out last night in terms of the SEDAR filings and also the news release came out, and we're going to focus on the financial numbers from '17 for the first part of the call, and we will touch on some of the things happening in the company, and we will take questions at the end.

Obviously, the fourth quarter of 2017 was a very strong quarter of production and financial results for the company, and that was part of a very impressive full year of 2017 results as well as, as you probably read in our -- love to hear more detail on. And the driving force of that quarter was the remarkable success in ramp-up, really, ramp-up of production at our newest mine, Fekola and Mali, but I think that it shouldn't completely overshadow a very good quarter and year for both the Masbate Mine in the Philippines but also the Otjikoto Mine in Namibia.

Just in terms of strategy, we do talk about it in the release -- back in the release quite a bit, a little bit about strategy. I think it's important that our shareholders understand that. So our strategy is really, going forward, will be to focus on much of the pipeline, or projects that we have. We've done acquisitions and some of the heavy lifting in there. We have a lot of companies growing and that, to us, was quite a benefit in the things we're able to acquire accretively and then we proceeded to stick with our long-term strategy of growing, irrespective of (inaudible) in the short-term market.

Visions. So we're in a great position today that we're going to see a dramatic, as you'll hear, increase in our cash flow from operations this starting -- started as in 2018. But in addition to that, we find ourselves in a very strong financial position, whereby we can effectively continue to do brownfield exploration, some greenfields, but looking around our existing projects to see the potential to increase resources and reserves but also look at potential expansion. So you'll hear a bit more about that as well. So the idea for us now is to find out what's in our pipeline. We're not seeing ourselves likely at all, in fact, it's not our goal or strategy to be looking at significant M&A right now because of what's in our pipeline. We have very strong pipeline of opportunities from the north of Fekola helping us (inaudible) other things on the project there, but major (inaudible) going on, and situations like Toega, Burkina Faso, potential El Limon expansion, Masbate and Central. So there's lots of things going on in the pipeline of projects as we show the real impact of Fekola as we go through the year and show the consistency that we expect out of that mine and the great performance of the mine. So we're able to do all that, and we see today being in a very strong financial position, and Michael will talk about that.

So I think, with that, I'll pass it over to Mike, and he's going to give you quite a bit of detail, and then we'll update you a little bit about what's happening in '18 in terms of the mines, et cetera, and then talk a little bit about some of the exploration there, and we'll open it up to questions. So over to you, Mike.

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

Thanks, Clive. Before I start running through the detail of the result themselves, I thought it'd be useful just to set the theme with how we've accounted for Fekola in this last quarter and for the full year. And I think that's important because there's a quite a distinct difference between how pre-commercial operations are accounted for versus commercial operations. So Fekola started out [usually] in September. We declared commercial production as of November 30. So we have -- and reflected in our results in under GAAP 1 month of commercial operations for Fekola, and that's in December 2017. And the reason that it's important to understand that, there are probably a couple of reasons, one is because Fekola started up so well, and there's some quite significant results from it. And two, they're reported in very different places in terms of the balance sheet and the statement of operations and the cash flows.

Pre-commercial productions, i.e., those results that run up until the end of November, in terms of sales, any ounces produced in that period and any subsequent sales, along with the related costs, the cash cost of production that go with those sales, have all been reported and netted against the carrying value of the Fekola Mine. And the rationale for that is that when you start out and when you have a mine that you're just getting up and running, those sort of revenues and costs that you incur in the commissioning period until you're fully satisfied that the mine has been running the way you intended it to, they're netted against the carrying value of the property. And then, subsequently, once you've declare commercial production, the results then flow through your statement of operations, your income statement.

Coterminously with that, there's also a difference in how they're reported in the cash flow statement. So any of those pre-commercial cash flows get reported as part of investing activities. That's where you record where your mine costs go in the construction period. So that's also where you record the net revenues and expenses that you incur in that pre-commercial period. After that, once you're in commercial production, cash flows from the operations of Fekola will be reported as part of operating cash flow.

But just to try and put that in context of what Fekola actually did, the results of Fekola in the period. Fekola produced 111,000 ounces since it started up. And of those ounces, 84,000 were sold, and there's still 27,000 ounces in inventory at year-end. Of those 84,000 ounces sold, 79,000 of them relate to that pre-commercial production period. So those ounces that were produced, those 79,000 ounces, the related revenues and costs from those ounces are netted against the carrying value of the mine. And we've got a somewhat unique problem in some ways with Fekola. It started up so well that we actually have a pretty large credit that arose from that accounting. But when we sold the 79,000 ounces, we got revenues of $100 million. The related costs, Fekola's startup cash costs and total cash costs and all-in costs were so low that they only totaled $27 million for that period for the end of November. So we have a net credit of $100 million revenue, less $27 million cost would give you $73 million. Well, that $73 million credit is recorded against the property costs. There is no amount related to that -- those ounces recorded in the statement of operations or in operating cash flows and the related cash flow, that $73 million is shown in the invested cash flow section.

But you'll recall, I said we sold 84,000 ounces. 79,000 went to pre-commercial. That means the only thing in the statement of operations, and these results are the sale of 5,000 ounces of Fekola. So although it produced 111,000 in terms of what actually hit our operating results in terms of operations and operating cash flows, you'll only see 5,000 ounces flowing through there. So we just thought it was important that we highlight that up front. So you can see how the sort of operating results and the impact of Fekola has been reflected in the financial statement.

So with that, I'd just like to walk through the results for the quarter and for the year. Let's start with revenues. We had, for the quarter, reported under GAAP, we had $174 million versus $181 million last year, and that was based on ounces sold, 138,000 ounces sold against 151,000 last year.

On a like-for-like basis, the main reason for that difference or slight -- 9% decline, there's low La Libertad production this year. Remember when I said there's only 5,000 ounces of Fekola in these results, so Fekola didn't really impact that net comparison.

If you added in the Fekola pre-commercial ounces sold, 79,000 ounces, we have a quarterly record for ounces sold of 217,000 ounces and record revenues of $274 million. If you look at revenues for the year, reported GAAP revenues, $639 million against the prior year, $683 million. The decline year-on-year, again, doesn't -- not really impacted by Fekola in those GAAP numbers. It's really based on a slightly lower sales volume due to timing of [inventory] shipments from the Otjikoto and Masbate Mine. If you include the Fekola revenues from pre-commercial production, we had an annual record revenue total of $739 million on the sale of 590,000 ounces.

I just want -- now, I'm going to talk about production. And in production, I'm going to talk firstly about production, that includes all of Fekola production and the impact that it has, and then I'll talk about the impact related to the events that are actually reflected in the statement of operation.

So production-wise, including all of Fekola since it started up, we produced 241,000 ounces in the quarter against the budget of 189,000. So we beat our budget by 52,000 ounces. Most of that comes from the outperformance of Fekola. In the 3-month period, Fekola produced 106,000 ounces, which was 56,000 ounces more than budget. Otjikoto performed and Masbate both continued to perform very well as well. Otjikoto produced 52,000 ounces against the budget of 47,000. Masbate produced 53,000 ounces against the budget of 44,000. Otjikoto's continued outperformance is based on just better throughput than budgeted and the fact that we were getting more of the higher grade Wolfshag ore tonnes into the mine than we originally had planned during the year.

On the Masbate side, Masbate's had the holy trinity of more oxide from Colorado, better grade and related recoveries all the way through last year and continued through this year.

For the other 2 operations in Nicaragua. Libertad produced 15,000 ounces. That was 17,000 ounces less than budget. And I think, as we've explained in prior calls, Libertad's performance this year and the downturn against budget is based on the change in mine plan that was put in place sort of earlier in the year. We decided because there was a delay in getting access to Jabali Antenna earlier in the year than we had planned, that we would change the mine plan and now would progress new permitted zones, which was San Juan and San Diego. And so that's going on as we've had success with those permits as we've moved through, but it was a little slower than we thought, and so we have this underperformance for this current year at La Libertad.

For Limon for the quarter, 15,000 ounces was right on track with budget. We did have some shortfalls against budget for Limon earlier in the year, but that was due to some underground dewatering issues at Santa Pancha 1, which were rectified at the end of the third quarter, early in the fourth. And Limon is now back and performing as was expected to with that higher grade ore now fully accessible.

To comment on Limon as well, during the current year, we were accessing ore almost exclusively from underground. In early 2018, we are now bringing on the new Mercedes open pit, which will allow us now to have a better blend of open pit and underground ore and sort of manage what goes through the mill. And of course, we also have the new exciting Limon Central discovery, and we'll talk about that a little more later.

I just want to turn to cash cost for the quarter, so take into account the production. So these cash costs that I'm going to talk about first include the full production for the full quarter. So consolidated cash costs for the quarter were $473 against the budget of $593. So we beat budget by $120. Huge part of that is Fekola, but we shouldn't underestimate as well how well Otjikoto and Masbate have and still continue to perform. Fekola's cash costs for the 3-month period were $277. We originally budgeted $600 in the startup period, which we thought -- we knew it was higher than sort of what our ongoing life-of-mine costs are, but we thought it was reasonable based on the startup period, but Fekola just came out of the gates at full force running at 5 million tonnes almost from the get-go, and had the benefit of better grade from early stockpile blending, higher throughput and better recoveries than we'd modeled. And overall, the ramp-up in general just went better. So I think, Bill Lytle could certainly comment on the specifics of that in due course if you've got any questions.

Otjikoto for the quarter was $490 an ounce. It's slightly higher than we budgeted, and that was due probably to the slightly higher fuel costs, stronger Namibian dollar in the period and -- but some of it's just the timing of some of the operating costs, some of which got pushed into Q4 rather than earlier in the year. Overall, Otjikoto, for the year, has a significant beat against budget with guidance.

Masbate was $587 per ounce in the quarter against the budget of $788. So just over $200 an ounce better, and that's for the same reasons on the production side is just higher production.

La Libertad and Limon, they didn't fare as well this quarter. La Libertad was almost $1,100 an ounce cash operating costs, reflecting that significantly lower than budget performance in the fourth quarter.

Limon was $778 against a budget of $584. So nearly $200 an ounce higher. Production at Limon was on track. We had budget in terms of production, but we did have some higher underground operating costs, higher underground operating and development costs as we got back into full access at Santa Pancha 1. But on an ongoing basis, we don't expect to see Limon repeat those higher costs as we move forward.

So that all blended into a consolidated cash operating costs of $473 for the quarter. If we only include Fekola for that 1 month of commercial production, i.e., the month of December, Fekola's stand-alone cash operating costs in that period were $311 an ounce, and the impact that has on a consolidated basis for the quarter, the consolidated cash cost increased to $565 an ounce, but still lower than budget of $593.

There's a similar story in the all-in sustaining cost, again starting with consolidated all-in sustaining for the quarter, including Fekola for the whole period. They were $754 against the budget of $767. That's a $13 outperformance against budget, which is really driven by a significant beat that Fekola has on its budget in all-in costs, offset by higher unit costs in Nicaragua.

Breaking it down quickly. Fekola was $419 for the quarter, $300 lower than budget. Otjikoto was $606, just marginally over budget but again, only over by the same amount that it was over in the cash operating costs. In terms of total capital spend, Otjikoto was on track.

Masbate, $963 against the budget of $972. So basically right on budget. We had been ahead as we move through the first 3 quarters, but then some of the budgeted capital from Masbate mainly related to the mobile fleet, which hasn't been spent earlier in the year was spent in Q4, so we basically caught up.

And then, in La Libertad and Limon, they were higher just because of the lower production. La Libertad was $1,500 an ounce and Limon was $1,231 an ounce.

Fekola for the 1 month, if you just take its commercial production month, Fekola was $446 an ounce. And if you roll that into the all-in sustainings for the quarter, the all-in sustainings, including just about 1 month of Fekola commercial production, were $905 an ounce against the budget for the quarter of $767. So we were higher overall because we didn't have the same impact of Fekola for those whole 3 months.

Now let me just comment on the production for the year and how we fared against the overall guidance. If you recall, we actually did reguide during the year, once for Nicaraguan ops, and then we gave an update later in the year for Fekola when we saw how the ramp up was going. So on a consolidated basis, including all of Fekola production, we produced a record 631,000 ounces. The original budget was 567,000. It's a significant beat on our original guidance, which was 545,000 to 595,000. We're well above the top end, and we're even above the high end of our revised guidance, which we gave out much later in the year. Our revised guidance range were 580,000 to 625,000 ounces, and we beat that still based on very strong ramp-up at Fekola, the continued and record performance at Otjikoto in 2017, and the near-record performance at Masbate through 2017.

So just to give you a quick breakdown of the individual mines and their total production against guidance. Fekola came out in the end, 111,000 ounces against a budget of 50, so above the revised guidance range we gave of 100,000 to 110,000. Otjikoto had 192,000 ounces, and our updated guidance for Otjikoto has been 170,000 to 180,000, so we came in significantly above that, mainly again due to those -- that greater percentage of Wolfshag higher-grade ore tonnes that we pulled from the Wolfshag pit.

Masbate came in second highest total that we've had from Masbate under B2's operation of the Masbate Mine, 202,000 ounces. And the revised guidance from Masbate was 180,000 to 185,000. So significant beat on that upper end of that guidance, again driven by the Colorado -- the volume Colorado oxide that's coming out.

Now Colorado is planned to be mined out in the fourth quarter of 2018. That's in our budget for this year. So to counteract that, after that, we'll move more into the Main Vein area to mine a significant portion of the ore with -- Main Vein is higher-grade but harder ore and lower recovery.

So to combat that, we've actually planned in this year's budget a mill expansion project to expand the mill from 6.8 million tonnes to 8 million tonnes. And we expect that, that will help us -- actually, less output from the mine over its current projected mining life and then also over its processing life, but we'll be able to put more tonnes through that mill.

Just to round out with the Nicaragua. Libertad ended up at 82,000 ounces for the year. We had reguided to between 90,000 and 100,000. So it did miss at the low end of that guidance range, again due to the timing of bringing on the San Juan and San Diego pits, which were part of our revised mining plan for the year.

Limon came in at 43,000. That was towards the lower end of the reguided range that we gave of 40,000 to 50,000 ounces. So Limon now is back and fully functional in the Santa Pancha 1 area. We now have the new Mercedes pit coming on stream early in the current year, and we've also announced the new resource for Central. So we're waiting for an updated engineering study on that Central deposit so that we can look at to see when we think that game-changing deposit might be able to be brought into the Limon mine plan.

Now just to look briefly at the cash costs and the all-ins for the year. So on a consolidated basis, including all of Fekola production, cash costs were $542 an ounce against an original budget of $629. Cash costs on that basis is a significant beat against our revised guidance range of $610 to $650 per ounce, driven again by Fekola ramp-up and outperformance at Masbate and Otjikoto. Fekola's 3 months cash costs, same as before, 200 -- sorry, total cash costs is really only that 3-month period. It's $277 an ounce, as I discussed earlier.

Otjikoto for the year was $468 an ounce, again below the low end of its reguided range of $480 to $520. Masbate, $543, significantly below its reguided range of $595 to $635. Libertad was $836 an ounce. It just came in at the upper end of its reguided range, and that's because we didn't quite hit the production targets in the last quarter. And Limon came in at $954, which was a bit above its reguided range of $850 to $855, and that again was due to the higher operating development costs that we incurred during the fourth quarter.

If you only include 1-month Fekola commercial production, cash costs for the year were $575 an ounce, it's still $50 less than budget and well below the low end of our range of $610 for the year on a consolidated basis.

Finally, on the cash cost side, the all-in sustaining costs for the year, firstly, including all of Fekola production, were $860 an ounce. We guided $940 to $9,000 (sic) [$970], so a significant beat against that guidance. Fekola's 3 months all-in costs were $419, almost $300 an ounce lower than budget, and again, really, for the same reason those cash costs were lower.

Otjikoto for the year was $750 an ounce, and that was below its reguided range of $725 to $765. Masbate, $843, well below its reguided range of $935 to $975 per ounce. Libertad, when you take the whole year into account, came in at $1,106 an ounce, which was right at the top end of its reguided range of $1,055 to $1,115. And Limon was $1,470, so just above the reguided range of $1,455. And like we say, we -- those higher costs were related -- for Limon again, were related to getting up and running in Santa Pancha, and we look forward -- we see more upside and returning more steady-state production and sort of cost levels at Limon.

Fekola's about only 1-month commercial production was $446. And if you take that into account, our consolidated all-in sustaining costs for the year were $920, which is still below the reguided range of $940 to $970. So all in all, a very positive year in terms of op production. Operating cash costs -- cash operating cost, all-in sustaining costs for Fekola started out pretty well, but we want to stress as well that Masbate and Otjikoto also outperformed this year. They've been somewhat slightly overshadowed by how well Fekola ramped up, and we shouldn't forget how well they performed in the year as well.

And then, in the Nicaraguan site, we're progressing there with Libertad. We've made good progress in getting new permits there, and we're currently working on bringing the last couple of permits that we need in the Libertad's mine plans. The current plans for Libertad based on the resources that we have is to mine for the next 3 years. And the most significant elements of Libertad, cash flows were expected to come in the latter half of that 3-year period as we're mining from the high-grade heavily, kind of open pit, heavily underground.

Now I just wanted to comment on a few items in the income statement that on the G&A side, slightly higher than last year for the year, $2.5 million, and that's due to the inclusion of Fekola admin costs that we now have in since December 1, and we had higher travel and general costs as we brought Fekola online. We also have an unrealized loss still on the convertible notes in the income statement. Those notes mature in October 1, 2018, but they're still trading at a premium, 106.5% of par value. So obviously, there's still some optionality left in them. I'll come back and I'll talk a little bit more about the convert shortly.

On the derivative side, we had realized loss in terms of 5 million, and that relates mainly to some previously issued Rand-denominated gold forward contracts that we entered into under an old revolver. And then, on the unrealized gain, we actually have a gain there. So we've got $5 million gain on those gold forwards, and we also have just over $4 million gain on the fuel hedges. We're still following our fuel hedging strategy where we have hedged 50% of next year's production and 25% of the production thereafter for the next year. And right now, they're -- at the year-end, they were $7 million in the money. So as we see the fuel prices turn, we'll see the benefit of those hedges.

I should also maybe comment here, too, the Otjikoto solar plant, which was being constructed last year is now coming online. And we disclosed in the MD&A that we expect bringing that online and with the successful integration into our current generating plant that we should be able to reduce processing costs at Otjikoto by about 3%.

We also have an interest rate swap in there. We've hedged $100 million of our debt with the swap. And right now, that's about $1 million in the money. And we do expect to start paying down, as Clive mentioned already, some of that revolver amount that we've drawn.

So rolling all that into the quarter, net income for the quarter was $34 million, $0.03 per share. Adjusted net income for the quarter was $6 million or $0.01 per share. Net income for the year was $62 million or $0.06 per share, and adjusted net income for the year was $52 million or $0.05 per share. And again, reminder that those results, they're all for cash statement. They only include 5,000 ounces that were sold from Fekola production. That net $73 million credit that we got from sort of the net cash flows in the early operation of Fekola, that will be netted against property costs.

Just a quick commentary on the cash flow statement. So operating cash flows for the quarter were $26 million or $0.03 a share, and $155 million or $0.16 for the year. There are a couple of 2 or 3 things that we should mention, don't hit those operating cash flows. Firstly, those Fekola pre-commercial production cash flows, they're in investing and not in operating, that $73 million. A couple other main items that are in there, too.

As we brought Fekola on and because it ramped up so quickly and had so much production, we had quite significant costs incurred in the quarter for the year in building up Fekola inventories. There's $32 million that have had operating cash flow, to build up consumable inventory for Fekola, and another $14 million that relates to stockpile and inventory on -- [in circuit]of inventory on hand.

So lastly is, when you first bring a mine on, you have to build up those inventory levels and then thereafter, you will see the benefit as you (inaudible) consumables in operation.

The other thing I want to comment on, on the cash flow side, is that in 2016 we entered into $120 million prepaid gold sales and we used that to fund part of the construction costs for Fekola. In 2017 and 2018, we're required to deliver ounces into those prepaid sales. We got the cash in 2016, and we used it. And now we're delivering ounces in to satisfy that. So in the current year, we delivered in just over 51,000 ounces to satisfy $60 million worth of our $120 million obligation, and we don't see any cash flow from that in the current year. We got the cash last year. So again, that hits operating cash flow. We expect to satisfy nearly half of that in 2018.

When you look forward, now that Fekola is online and running very well, we will see Fekola, full years' worth of production from Fekola, both through our operating results in 2018 and beyond. And that's forecast to significantly increase our overall cash flow from operations on a consolidated basis as we go forward.

On the financing side, we drew down $150 million on our revolving credit facility during the year. Subsequent to year-end, we've already repaid $50 million of that total, and so we're now sitting at -- we've got $200 million still available under our half of -- our $500 million revolving credit facility, which current period runs to 2021.

On the investing activity side, we spent $347 million in the year, with $226 million of it relating to Fekola. Cumulative spend on the project to the end of the construction at end of December was $596 million against a cumulative budget of $599 million. And those cumulative costs include a bunch of things that were early works prior to making a construction decision at Fekola 41; mine feasibility costs, construction costs of $462 million; mill and plant expansion costs of $18 million; Fadougou relocation of $20 million; and then early mining fleet and early mining costs and other related costs of $58 million. So those all added up to the $599 million. Of those costs, the only remaining costs that we have to spend are up to $15 million on completing Fadougou relocation, which we budgeted to do in 2018. So we think on an overall basis, when you look at the construction of Fekola and how it's run, it came in earlier than we planned, and it came in basically on budget, but just a very minor amount over budget. So in our view, it's right on budget.

For the other ops, we're generally on or under budget on overall CapEx for 2018. We did spend $54 million on exploration as we've done a very, I think, expanded exploration program over 2017, and we have a similar amount in the budget for 2018 to pursue our projects. With that, we finished the year with $147 million in cash.

So two more comments on the balance sheet and it relates to cash and cash flow as well. You'll note in current debt, current debt has increased significantly, and that's because the convertible notes, which mature on October 1, 2018, have been allowed to go current, and that's part of our strategy. In 2016, we adopted a strategy, which was to develop Fekola using operating cash flows from other mines and a sensible amount of debt but without using equity. Now that Fekola's built and running very well and the other mines are performing well as well, we're executing the second part of that strategy, which is to reduce our overall net debt levels while still retaining a strong cash balance. And the biggest chunk of that for 2018 to reduce those overall debt levels will be to repay that convert on October 1, 2018, and we think with our current projected cash flows and available facilities that we're very well placed to do that.

So that's a summary of the financial results for the quarter and for the year, I take summary lightly because I know there are quiet to a lot of results that go through year-end, but that's the highlight. And again, I hope everyone sort of understood the impact of Fekola in our precommercial and then commercial phase in. And if there are any questions, obviously, I'll be very happy to answer them.

Clive Thomas Johnson *- B2Gold Corp. - President, CEO & Director*

Convertible note?

Michael Andrew Cinnamond *- B2Gold Corp. - Senior VP of Finance & CFO*

The convertible note? Yes, we were just discussing that, as our plan to repay that.

Clive Thomas Johnson *- B2Gold Corp. - President, CEO & Director*

Yes. Right. So (inaudible) promote what's there, okay. Could you just talk quickly about the projections and budgets for 2018, what we put out there? I think we have it in the release. We'll just talk about our providing everybody relative to what we're projecting.

Michael Andrew Cinnamond *- B2Gold Corp. - Senior VP of Finance & CFO*

We're expected to go on in the (inaudible)

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Yes, just from the (inaudible)

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

On the (inaudible). So in 2018...

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

No, (inaudible) about some of the specifics.

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

Sure. Well, 2018, bringing Fekola online and out into that operating plant for full year has a very significant impact on overall production levels. We think they'll go up somewhere around about 300,000-ounce mark. So we've guided between 910,000 and 950,000 ounces on a consolidated basis. Fekola's 400,000 to 410,000 ounces of that total; Masbate, back to sort of more steady-state level, 180,000 to 190,000 ounces. But as I mentioned, when we bring that plant expansion on, we expect that to increase. Otjikoto made 160,000 to 170,000 ounces. La Libertad, we're forecasted to be 115,000 to 120,000 next year. And El Limon back to its sort of historical levels of between sort of 50,000. We guided 55,000 to 60,000.

Consolidated cash costs related to that production, we've seen it dropping back to the sort of really good levels that we saw in prior years, and we've guided $505 to $550 an ounce. And then on the all-in sustaining basis, we've guided somewhere between $780 and $830. And again, it shows the benefit of lower cash costs at certainly Fekola, Masbate and Otjikoto, and lower all-in costs there and then bringing back La Libertad and El Limon more into sort of steady-state levels.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Thanks. We're going to carry on and then we're going to open up for questions a little later on. But now we'd like to pass it on to Bill Lytle. Bill's going to give us an overview of the operations, just what's happening today in terms of mines. I'd also like Bill to touch a bit on the -- we are talking about '17 and prior years so a lot of the results you said driven by a number of things, obviously Fekola being a start-up, being each part of that. So maybe Bill can touch on what we did and how we did it, and I think people are always interested in hearing a little about how we succeed in building mines.

And before I do that, I just neglected at the (inaudible) of the call just to mention that we have a room full of the -- the vast majority of our senior executives, our executive group are here, including our, all of our technical executive group, finance, et cetera. So we have them in the room, so we can answer all of the -- any and all of the questions that come up a bit later on. So with that, I'll pass it over to Bill.

William Lytle - *B2Gold Corp. - SVP of Operations*

Okay, thanks, Clive. Mike has done a pretty decent job of summarizing a lot of the key information on the operational side. So maybe I'll try to provide some color without going into too much detail. And as he pointed out, Fekola obviously was a house on fire when we started out. But as you correctly said, you can't forget about modifying Otjikoto. So talking about Fekola, Clive, he asked me to talk a little bit about how we do it, and certainly, I'm sure everyone's aware, one of the key things that B2 has that maybe some other mining companies do not have, is we have our construction team, a team that's been with B2 and earlier, Bema, really since the late 90s, and this is the fifth project we've all done together. So the accountability and responsibilities that those guys take really is the key. And we were actually talking earlier, or yesterday as a group, and John Rajala also pointed out the fact that very early on, we do the detailed testing early on to make sure that what we -- that the flowsheet that we can

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put together is what we're actually going to build. So then it is, and it is just making sure that we follow through on the promises. So that's really the key.

For those that don't, remember we had about a 27-month construction period -- or sorry, originally it was about a 30-month construction period, which we shortened to 27 months. And basically, that was really aided by some of the early work that we did back in 2015. We were able to punch in the access road and make sure that our logistics went great. So as Mike said, we started commissioning in September, 60 days later, which is pretty spectacular, we reached commercial production. We basically, for the year, exceeded all of our targets as far as throughput, availability, recoveries and of course, grade. The grade being primarily driven by the fact that we had ordered our mining equipment early. And in April of 2017, we actually started mining. So we currently sit with more than 3 million tonnes of material on our stockpile at an average grade of about 2.79, and the mine plan in general or the ore that we're mining is matching up with the model -- with the reserve model quite nicely. Of course, it's very early on, but so far, everything looks great. I should also point out one of the things that B2 is very proud of is the safety record we have there. We've gone more than 600 days in that project. Remember, this is a construction project in an area where there's not a lot of machination -- or mechanization. And basically, we've had to train and teach people basic health and safety guidelines. And we feel we've really got a very strong team there led by the construction group, and now the operations group. So we believe that, that record will continue.

As far as Masbate, Mike mentioned the holy trinity of good results. In the middle, we've had better throughput, better recovery and higher grade come out of there. And that's mostly due to the fact that we've seen higher oxides than what our model would have projected. In 2018, he said we're going to -- Mike said we're going to produce between 180,000 and 190,000 ounces of gold, coming primarily from the main vein pit, and we expect that ore will be harder and recoveries will go down. One of the things that Dale wanted me to mention was actually that we had implemented some pretty significant cost-saving measures there, led by the mining group as I'm sure you're aware, we bought a new mining fleet there, and the mining costs there are extremely low.

Dale Alton Craig - *B2Gold Corp. - VP of Operations*

So I can interject there. We see in our mining costs, we're about $2 million down to 2017. Processing about, right on some increased processing costs associated with increased throughput, offset by lower costs for (inaudible). And G&A is down about $2.4 million. So we've done -- we've made a good effort on the cost savings side as well.

William Lytle - *B2Gold Corp. - SVP of Operations*

Thanks. At Otjikoto, Otjikoto had a wonderful year, for sure. They also had better recoveries than budgeted, higher throughput and better grade primarily due to the fact that we had higher tonnage out of the Wolfshag pit. In 2018, we will be mining almost exclusively at Otjikoto, most of our ore will come from Otjikoto, we're doing a big push back in Wolfshag. So we don't know that we'll see the additional tonnage out of Otjikoto. It also should be noted that we have come to the decision that we will create a Phase 4 Otjikoto pit. I think the actual information on that is going to be in the AIF at the end of March, but it should be noted that the final decision was to create a Phase 4 pit, but there also is still an underground tail. It does remain open at that. So there is still some future upside there. Libertad, Mike mentioned we did struggle a little bit on permit there. We did rejig things a little bit and end up with a -- with less ounces than we had hoped for. But certainly, we had seen some love in Q4 and being in this year, we don't really want to go into too much details, but we're confident that the Jabali Antenna will come in into our mine plan. We do have a budget for Q3 of this year, and we're anticipating between 115,000 and 120,000 ounces this year.

Limon. Limon, as Mike said, suffered a little bit from some water issues and some maintenance issues. Those issues were both rectified in 2017. We -- Limon operates best clearly when we have an open pit and underground feed going simultaneously. With the Mercedes pit coming on in 2017, we anticipate a very decent year for (inaudible). Of course, with the Limon Central, there's nothing but upside there. I don't know, how much more you want me to say, Clive, about any operation.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

No, I think that's good. Great. Thanks, Bill.

Maybe just a couple of comments back to, now we're talking about '18, just about -- I want to get a bit more on the strategy going forward. We talked about it quite a bit in the news release, but we've mentioned that early in the call as well. But the real focus is to go out and see what's in the pipeline of projects that we have. I think that, at B2Gold we've always believed very much in the value-added exploration. With B2Gold, we're born of exploration, and I think therefore that's definitely in our DNA, that we have just a tremendous track record of Tom and his team of both grass roots (inaudible) discoveries, but also the ability to find gold in (inaudible) qualities around all of our mines and our discipline in acquisitions remains at it always has been, which is we won't acquire anything, any deposit, any project that needs either a higher gold price or exploration success or both to justify the purchase price. And I do pound away on that quite a lot, because sadly, to me, that's a strategy that's not been used by some others in our sector, unfortunately it hurts all of us in terms of what we see, some of the acquisitions that happened historically. So I think that's one of the reasons why, when we looked at doing (inaudible) for Fekola. Fekola, that growth was really out of favor at those times, because at the end of the day, we were all in the dilly box, and we didn't belong there, and a few others didn't, but everyone was in the dilly box where the market was very negative on the growth because of the problems of companies attempting to grow. So people, to this day, perhaps as some of them believe we actually chose a response to what Fekola is, how well it's done and is doing and what it does for the company, because there's still so many investors that you get seen the dreams dashed by the inability unfortunately, of too many companies to deliver in terms of good acquisitions performing well in terms of running mines, et cetera, and building mines. I mean, there are other people -- producers out there but, unfortunately, we've seen too often, for too long, the inability to deliver on the promises. So we, we're -- hopefully you've seen the worst of that, and we're starting to see some companies get out of the dilly box. But that means people are going to start to -- are starting to look at growth again. So we did it when it was contrary, which means we were able to do it at a lower entry point. And it wasn't -- I still find it amazing, this was a competition for Fekola, a world-class deposit, that it was known to be one of best in Africa and one of the best in the world 3 years ago when we acquired it. So it's about a long-term strategy for us. We've had it for a very long time, look back to the (inaudible) days in B2, and that is to continue to grow a responsible, profitable gold producer through accretive acquisitions and exploration success, but trying to really do that irrespective of the gold price and the short-term markets that we're in. So I think this is a good example right now of what our strategy's done for us. We find ourselves in this tremendous position where I do think it's going to be more expensive to do an M&A to grow now. There will be more competition, and there's less good purchase out there, because of what the lack of exploration and development opportunities in the world, because of the lack of exploration for a number of years, so it's going to be interesting to see where that goes, but we're in what we said in a position of not having to compete. We know our rules. They are exactly as they are as I mentioned with our acquisitions, but it's interesting to note we stated that discipline to do our due diligence, but in every single big deal we've done over the last 11 years -- 0 ounces of production to almost 1 million now, due to various acquisitions we've done, and every single one of them, we never paid for exploration upside but we had really great exploration upside. So that's really a great place to be. And that's part of our development and commitment, always to do some exploration. So the strategy's working very well. So we know -- shift our strategy a little bit, which is less focused on looking for M&A, because of sort of the reasons I mentioned, but also (inaudible), according to an awful lot of mining analysts, so I think they're right. With the new reality of Fekola, the new reality, the transformative nature of what it's done for this company, not only in production but also cash from operations and cash flow. This is a huge, transformative mine. So many people believe that, that's not reflected based on today's gold prices in our market, in market capitalization. And if you look at other producers, they're now -- we are now in this new category, senior producer. There's a lot of focus getting much more generous valuations that we seem to see in ours, but that's our largest markets. We don't -- we're not going to give up markets, we're here to build a business. So that's another reason why M&A would be very likely to see again, but the bottom line really is what's in the pipeline. So we're going to have -- we have a tremendous amount of high quality brownfield exploration out there, and we're looking at a number of areas to potentially this year, start to see growth -- potential growth from understanding what's in the pipeline more. First and foremost, obviously, the northern, potential northern extension of the main Fekola ore body, 3.3 million ounces that we purchased in the takeover of Papillon. We always knew there was potential in the north and we'll go to the north. So there's been some exciting results from last year, and there will be more results coming out, i.e., midyear or sooner. So 4 rigs are turning there. And we believe as that gets bigger -- and Tom can talk about more of it. We believe that the pit gets bigger, the question is, how much bigger. So that's not just about how we always believed that we'll go underground. At some point we still believe that, but how much bigger can this thing get? Potentially it's could be a lot bigger. It's going to depend on the drilling to see how far in the north it can go. But I think it's important to point out that, for us that's not -- for us to continue to be successful, that's not just adding mine life beyond the current 10-year. That is actually in our hands, would be, it was the ability to potentially expand the Fekola mill. Now some people say, wow, you're getting way ahead of yourselves. Well, I don't think so. I think one of the things that I'm really pleased with about our company is our ability to deliver on the bricks and mortars, the mine building, the performance and promises that we -- promises made to shareholders and employees, et cetera. But we're all, we're still entrepreneurial, and part of that in my mind is thinking outside of the box a little bit in an area, in an industry that could be, sometimes a little bit less inclined to that, especially when you're looking across your scenarios. So we've already -- because this is what we do, and the beauty is, we do it internally. Nobody starts to look and say, okay, what if the pit get a lot bigger? We probably will be looking at a pushback, and we would be saying, well, we say it to the engineer group, okay, so what if there's a lot more ounces there? (inaudible) is what we do for pushback for the, with the mine builders and John and the group are looking at design of how would you make a plant bigger, you add a ball mill, et cetera, et cetera. What can you do to make Fekola a bigger mine now? This isn't premature because you're not going out and spending lots of money to do it, but what you're doing is just thinking ahead. Getting outside the box. So it's not just about a piece of mine (inaudible) for adding value, probably the most valuable ounces is -- it seems not so much what you find, and the most valuable ounces are the ones you find that are a good grade near a mill. So this speaks for itself in a way. So that's part of that concept of looking at a pipeline, of course, then to the, some 20 kilometers away, from maybe the Fekola ore body, we've had some great discovery success in what we call the snake zones, in the Anaconda area, which is -- people remember that's a (inaudible), that is, whether it's material that has (inaudible) on the ground, and some decent size that is (inaudible) those resorts. That's down to 15 meters. So Tom's group has done very well in understanding the geology there. Now there's 4 -- just in 4 zones hit along there. Early days, but hit with Fekola type grade mineralization that, in the bedrock, the (inaudible) that suggests maybe the model is right, that mineralization came from depth, so is there another potential, significant Fekola-type deposit or more in this very large area. So there's 4 rigs turning there as well. So that's another idea for what's in the pipeline. And then, (inaudible), we talked about a new resource that -- there and very exciting resource because it's about close to 5 grams of minimum material. And (inaudible) 1,000 ounces so far, open. That's a real game changer for Limon, so not only increasing the mine life for Limon, and dramatically improving the economics, but also potentially looking at expanding the mill, which we're having a hard look at that as well. So that's an important thing now in the pipeline as well. We've heard us about expanding that mill to take us to reasonably 200,000 ounce a year thereabouts as we go into (inaudible), so.

Lots of things in the pipeline, just to perhaps to continue on. Toega is a new discovery, as you have seen in Burkina Faso (inaudible) because, the grade, around 2 grams. Early days, it looks like an open pittable, 1.2 million, just over 1.1 million ounces was in the initial -- for resource to be put out there. And as soon as that, there was a need to become a stand-alone. (inaudible) mine while it's open, and more drilling is happening there (inaudible) potentially parallel zones. So for us, and it's not really the stone, but the kind of company we are now, size does matter is a sense of management time and all things that go into it, so we have kind of a benchmark of, we'd like to see something that is maybe 100,000 ounces potential annual production for 10-year mine life. Once again, (inaudible) but obviously, Toega, the initial starts were very good and we see that it's moving towards that kind of a direction. Once again, very low-cost acquisition that came as part of the package and took our bolt-on several years ago. So that's some of the things in the pipeline, and we are going to continue also looking at growth through exploration, doing our own grassroots, which we always do, we don't kind of talk a lot, but we're always looking for the next major discovery in the world in different locations. So we're definitely going to be doing more of that as well. We see a real lack of quality exploration. No, I shouldn't say quality, there's some good explorers out there. A lack of funding for exploration among a number of years, and that seems to continue today. Obviously, joint ventures with junior companies. I think we're a big part of, because we were juniors ourselves twice, and that we treat junior companies with the respect they deserve. But we're prepared to come in spend the risk dollars not by -- as payments per se, for ounces that might be there. But in terms of spending the risk dollars to the ground, to the majority interest in a struggling, new exploration company, because the market, in a strong (inaudible) company that doesn't want to doom themselves out of existence, and the shareholders are just open to an idea where they might -- they could see us spend [various] dollars, but that we want the majority -- expect of majority interest, but only then just keep the lights on. They put on a soothing percentage of potentially an economic ore body. The other one that some of our competitors have been doing is investing money in juniors. That's something that we would look at more, I guess, as an opportunity to potentially have a toe in to some additional exploration success. Frankly, one of our issues, and it's not intended to sound arrogant at all, but at the end of the day, we have one of the top world exploration teams in the world. So we would definitely would like to have some kind of a input technically at a technical committee level. Pretty sure that the juniors, when they find (inaudible) succeed (inaudible) I think they would be really very happy to have Tom or whatever senior management on our central committee (inaudible) investor, and they didn't want talking about a committee yet, I kind of wonder why. They want the mines and they want low shares. So at the end of the day, that's an avenue that we'll look at as well in terms of growth. So within all of that, let's find out what's in the pipeline, because at the end of the day, this strategy has worked well in the past, and now we're modifying that, because we have the opportunity, we would practically be doing a disservice to our shareholders if we didn't find out what, a, get value for what we've done, b, find out what's in the pipeline, (inaudible) that we have. Will we do M&A again? Most likely we will, but we'll do it in our terms, and our terms are pretty tough, because our terms are based on a discipline that we've always brought to acquisitions. So let's see what's out there.

Finally, I just want to talk a little bit about the Nicaragua situation. We missed out a couple of weeks of a meeting with senior government officials. And so, people ask us some -- or they want to ask but don't. But at the end of the day, we have a lot of legitimate questions saying why are you guys still there?

I mean, those mines don't owe you anything. We had done very well, especially when you looked at the $45 million purchase price many years ago to acquire out the AngloGold mine and the -- and delivers that deposit, in which we had built into a very successful mine. So they don't owe us anything. They're been great producers, and what I can tell you is that if we thought that the Nicaraguan mines were going to go from as poorly as it did in 2017, we probably would have looked at handing it to another company or selling them. And there is -- there wasn't an interest in that. But the reason we didn't do that is because we saw a couple of things developing that we thought could improve either the value of the assets or make them better. So either way, our job is to get value for the assets.

So therefore, given the fact that we were drilling El Limon and we believed it was a significant discovery, a very mature discovery given its 100-meter -- part of it is 100 meters from the mill at El Limon and has a very good grade and the size of it, the impact you get out of it, the economics of, as I said, potential expansion. So we wanted to get -- to find that and now we're moving towards that, with a resource doing work as this opened, but also looking at the economics and the plans of potentially expanding the mill. So that's why we are there. And then at La Libertad, we -- last year, we did have some frustration in the timing of permits, et cetera. But I just want to point out a couple of things there because the government of Nicaragua is usually supportive of what we're doing. We've invested more than $500 million in Nicaragua over the years. That is not lost on them at all as of 2 weeks ago.

In the permitting side of things, we've got a really good track record of getting permits at the El Limon and La Libertad. What happened last year, first of all, it's important to realize that we are getting delayed on the mine life, so we don't have as many alternatives. Back in the day, if there was a permitting play, bureaucracy, whatever, then we would -- should know to mine more from another pit or 2 more pits as we got the permit or did some resettlement, which we've been very successful on as well. So one of the things that happened there was we didn't have as many alternatives of pits, so permitting became more and more important. So we've brought a couple of permits recently that we were after, so that was good, and now we are looking for an important permit as later on in this year and we're confident in our ability to get it. We're underground at Antenna underground. We're getting very close to the orebody. That's been successful. It's been great there. And we're looking for the permit from the pit above that. And we've had a very good track record of not only permitting but also resettlement of people, and I think that -- so we have a big reputation there. So those are all part of the process. So the bottom line really is, if you can get 200,000 ounces-plus from Nicaragua in a year, which with El Limon and La Libertad, at a reasonable mid-range of lower operating cost and all-in sustaining cost, then why would you rush to sell it? I know it's easy to sort of manage what we do for 30,000 feet, and I know people have legitimate questions on the way about why are we still there. Well, I think now maybe people are seeing why we're there. At the end of the day, 2,000 ounces of gold production is not easy to replace. That's pretty much close to preproduction presently because we've had these assets for a long time and had great exploration success. So instead of just saying, well, why don't you have -- that's not core gold so that you'd strap on a couple of hundred thousand ounces of low-cost production, gee, well, anybody we've missed, just anybody on the call, who can give us a call, and tell us where we find 200,000 or 250,000 ounces in production today and that we can get cheap because I have not seen it out there.

So we know that we've got it and let's find out what it's worth. That doesn't mean one thing. We're always looking at one nit as we get bigger, what are our core assets, what are -- at the end of the day, that's why we're still in Nicaragua because we believe there's more value to get locked and we are now unlocking it with the permitting and improvement in La Libertad, accessing more good grade and also with the El Limon game changer of the El Limon Central. So that's why we're there. So we'll continue to improve that as we go through each zone. So that's most of what I wanted to say, I think. Obviously, we're very pleased that as our Board of Directors said yesterday, extremely pleased with the progress the company's made. And we stuck with our long-term strategy, even if that means being (inaudible) at times, and now I think we see the benefit of that. And it's a very good position to be in, in the company as we look towards this year and beyond.

So with that, and I think we'll open it up for questions. I was just telling -- maybe why don't you do a quick overview of them or maybe touch on some of the -- it's a pretty well-attended conference. But well, as you know, I didn't touch geology, did I? Yes, but it's worse, maybe though. I don't know. I don't do that, so over to you. But well, I think that maybe we'll head to questions, or do you want to give them an update? I know you've been -- were trying, talking to some analysts, et cetera. Maybe you'd want to share a little bit about -- I actually would like to hear more about your thoughts, specifically on Fekola North and the snakes.

Thomas A. Garagan - *B2Gold Corp. - SVP of Exploration*

I'll just give a brief summary on Fekola, and then you can hit me with the other targets with questions. So at Fekola this year, we're spending $15 million in exploration, which is close to 30% of our total exploration budget. Of that 15,000, we're drawing close to 90,000 meters of drilling without auger drilling. The bulk of that drilling is split between the snakes and Fekola Deeps or Fekola extension. Now the Fekola extension, we're drilling up to, well, mostly, we'll drill up to 1.6 kilometers away from the reserve pit boundary. But currently, we're drilling within 900 meters of the resource pit boundary, and this is an area where we see the extension of the heart of Fekola or the pipe that makes Fekola so economic. We're trying to fall that [dump on], but also drilling above it.

If a lot of -- I'm sure a lot of you have seen a long section of Fekola Deeps drilling. We've been drilling above that area, looking for the extension of the high grade on higher up or more realistically now, we think, is a second ore shoot that sits above the main Fekola pipe. We saw some of that in the Fekola pit, and we're seeing that now in some of our drilling as we go down plunge, the idea being, we think or we believe strongly, that there's good potential to expand the Fekola pit. How big that gets, we don't know. That will come under the drilling we're doing. Results of that drilling will come out sometime in the second quarter. And once that's done, we'll complete a new resource, including all of this year's drilling to then see how big we think the pit can get and then go from there in the next stage of planning.

However, regardless of what happens at Fekola, how far the pit goes, one of the important things to note about Fekola is that it's clear in our mind, that in one of these holes that illustrates that as an older hole, that had 4.77 grams over 45 meters, some 700 meters down plunge of the Fekola resource boundary, that's clearly economic in a bulk underground mining situation. So we believe strongly that there's going to be, at one point, an underground mine at Fekola.

Now the best way to access that underground, this is thinking we have a future in me being an amateur engineer, is thinking at what point we would access it from the bottom of the pit. Now to continue the throughput that's in the mill, we're going to need further open pits to drill or further material to plan with that, and it's likely going to be open pit. This is where the snakes come in, and it will play a very critical role. Up to this point, we've released a resource, a significant resource, in the saprolite of 1 gram of material close to 800,000 ounces. Now that's not, well, marginally economic at this point for a separate plant, but not going to be enough to carry the -- what I think is going to be a pretty large underground mine at one point. So our exploration is also focused on the -- or underneath the saprolite in the sulphide material that's weathered to create the saprolite.

And as Clive said, we've had decent sulfide intersections under the 4 different areas in that area. Those numbers have been released, but there -- that some of the better holes are 4 grams over 24 meters, 6 grams over 20 meters, 2 grams over 20 meters and in multiple, multiple targets.

The exploration is continue in those areas to try understand the geology of these. They all have a plunge to it. But as Clive mentioned, that's -- a strike length of 4.5 kilometers, up to 1 kilometer wide. It is essentially a super-large (inaudible) anomaly. And when you throw in that the surface expression of the Fekola pipe is only about 200 meters but less than 100 meters, it gives you the proverbial needle-in-the-haystack target. So we are aware that this is not going to be a sulphide mineralization from one end to the other, but we do believe that the (inaudible) ore shares that we see at Fekola, we're seeing similar sort of things at -- in the snakes area and exploration this year is going towards trying to understand those. And once we get to a point where we understand any one of them, then we'll hit them hard with infill drilling for an additional resource. But the idea is maybe it's going to be its own mine, but certainly, without question, it's going to be the additional feed that will support the mill in combination with a future underground mine.

That's that area in general. I cannot answer more questions on some of the other things that we're doing with exploration, but I think of all the things I'm most excited about is we, as a team, this had been a really good team effort for all this work. We're pretty excited about the Fekola potential.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Thanks, Tom. Just to, I guess, to point there, maybe because of what, as we said, being bored of exploration a couple of times is obviously in our DNA, you can see why. But we're always looking to do high-quality drilling that can add value. There -- not every company goes through a major drill program during 2.5 years of a little over 2 years of construction in a mining like Fekola. But because of the fact that we were -- have been drilling all through that piece, now here we are today with a very good understanding of the potential and where to go and drill and doing it effectively, looking at the north and also the great work these guys had done in understanding the snakes at the Anaconda region area. That's not simple especially under the cover of the saprolite. So that's, I think, one of the other ways of thinking outside the box a little bit. Let's find out, even while we're building a mine, what the potential size is. That's one of the reasons why we -- the optimized feasibility study to Fekola is at 4 million tonnes a year. But we overbuilt. So as we did with Otjikoto, so we could go from 4 million tonnes a year to 5 million tonnes throughput, with very little additional money on top of the $450 million of construction costs other than $50 million or so. Now the intention would have been to do that in the first or second year of production as we did at the first year on Otjikoto.

Essentially doing so well at Fekola, it's important to remember that the guys gave us some -- well, we've got everybody on site, why don't we just do the expansion while we're doing construction? So it only was 3 months in the schedule, but we did the expansion as well. So we started it up at 5 million tonnes a year. We talked a little bit about -- I've been doing this for a while and I've never seen anything like the start-up that we saw at Fekola. Now lots of reasons, Bill touched on the team, but also the most recent -- and then that's huge. The most recent mine they built was Otjikoto, which is not -- which is really quite similar, it has (inaudible) which Fekola doesn't, but really quite similar in many, many ways. So everywhere they go, they learn from that and they go to the next one. So this is the -- all of the experience of this remarkable group over many years with us would be maybe 2. I think this all culminated, and Fekola is a great example of what they're capable of. And it is extraordinary and sadly not seen often in our industry lately because none of it -- it doesn't do any of us any good when others stumble. In fact, it hurts companies like ours, who are kind of, unfortunately, the outliers. And hopefully, having people, there's improvement happening, continuing to improve in the business of building mines in our business.

With that, I'll pass it over for questions and I'm happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from Rahul Paul from Canaccord Genuity.

Rahul Thomas Paul - *Canaccord Genuity Limited, Research Division - Director*

Just one question for me, really. The Fekola from a cost standpoint, we've seen extremely low cost so far. In particular, you've indicated that mining costs were below budget. Can you remind me as to what the -- what mining cost per tonne you're targeting? And the -- as per the last study that you put out, I think it was a 5 million-tonne scenario that you completed last year. And do you see an opportunity to do better than that?

William Lytle - *B2Gold Corp. - SVP of Operations*

Let me look for it. We'll definitely come back for sure. But I can answer the second part, that we do think there is some upside and we can beat what our mining costs are. We did have a bit of conservatism built in there. So once I give you the number, we think we could beat it.

Operator

(Operator Instructions) We do not have any questions at this time. Sorry, we do have a question. Okay, we have a question from John Bridges, JPMorgan.

John David Bridges - *JP Morgan Chase & Co, Research Division - Senior Analyst*

The next catalyst seems to be the agreement with the Malians on the additional 10%. Could you give us a bit more color on that?

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Sure. We mentioned it in the release. The situation there, John, is that as part of the 2012 mining convention, which we were the first large company to go through the process there, and part of that, there's 10% carried interest to the government, and then there's a 10 -- the government has the option to buy 10% interest at fair market value. So we, early on, both sides appointed an evaluator, we gave them everything and obviously, transparently, the feasibility study, everything we had. And the Mali government used that in a group comparison. We used that group out of the U.S. And anyway, the valuations -- the values came back and there wasn't a lot of negotiations over that. It actually came out within about $1 million of each other. So that was great. So early on, the number was established in the sector. And we then went into a process, and we have, as we said in the news release, have actually reached agreement on the -- the shareholders agreement, which includes the 10% purchase. And the only thing we've been waiting for is the needs of the formal approval of the Parliament in Mali. So the ministers responsible have signed the agreements. The Council of Ministers, Prime Ministers, et cetera, have approved. And the president, obviously, is very much in approval. He was on site, made a great speech about the importance of the mine, et cetera. So we are just -- out of respect -- for the fact that we have a joint venture or ownership with the government, we are waiting for the session. In April, we expect it to be approved. The next part is the session. Now the reason that it hasn't happened was because there was a change at the Prime Minister level. The ministers, our ministers didn't change, which we were happy about because we have a really good relationship with the Minister of Finance, the Minister of Mines and others. So it was really just the fact that with the new Prime Minister, there was a delay in having the next meeting of parliament. So that's where we stand, and then we'll be able to come out and talk about it. I think the important thing, and Michael, jump in here if I get this wrong. But the important thing is that the idea is that they purchase another 10%. That is based on core fair market value, but they also -- we get repaid our loans with a reasonable interest rate for loans that we put in to build Fekola. And that by assuming a 10% interest, they would be assuming 10% of the low level set. Is that good, Mike?

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

I think you're getting better at this accounting thing. That's good.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Sorry?

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

I think you're getting better at this accounting thing, okay?

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Well, there you go. Well, that's frightening. Okay. Go ahead. I hope -- no corporate cross dressing as we say, so do you want to explain that a little better than I did?

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

No. No. That's right. The -- there's 2 elements to how [to stay for longer on] interest. There's the first 10%, which is the entitlement of priority dividend, which means they will get paid 10% of recorded earnings each year, and that's irrespective of what anyone chooses to do with loans or dividends or in other words, they will get their priority dividend. But for the second 10%, it's participating interest, and the state will have the same rights in their ordinary shares as we do in our 80% shares. So we're entitled to -- in fact, we've negotiated with them in such that all our loans will be repaid first. Full-in cash loans related to the investment we put in will be returned with an interest rate, which is basically LIBOR plus the West African rate. It's quite a healthy rate. And thereafter, whatever is left, we'll split up between extraordinary shareholders.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

But I think that the only thing whereas I draw the line is that -- its transparency is really reality, while it's always been reality for us. But at the end of the day, we made a point, and I've talked about in the press conference in the speech down in Mali at the grand opening, which is to actually go and talk about the benefits to the people of Mali of the -- of building Fekola, not only the 2,000 jobs that we have now, which will come down a bit as we finish growing those in Fadougou, but with local workers. But not only that and all the benefits that we know mining brings, but also when you really look at between the dividends and royalties and taxes and other things, the government, over the 10-year base case, based on what we did on AngloGold, will receive, over that time, an amount of up to USD 1 billion or effectively after the loans, we paid about -- and based on the initial, about 10-year mining, they will be looking at about something approaching 50% of the economic benefit of Fekola. Now I don't know. I think more companies should be talking about that transparently, though it's not like it should be a huge news. It's not a negative thing. In fact, I think it's a real positive thing in the world today, where we have people still around the world saying these 4 mining companies are going to be exploring the Africans or other places. Did these happen in the past? Absolutely. Does it still happen? I'm sure it does sometimes, but that's the real thing that's changing, and we're part of that. We embrace and applaud the government ownership, at least with levels and mines, but we're spending all the risk dollars. So we expect to get our money back with reasonable interest. But I will say that what I did in my speech in Mali, I talked to the -- I spoke directly to the president in my speech, and I said that we took a risk here that maybe not all those actual mining companies work. And that was because we started building the mine before we had actually completed the shareholders agreement with the government instead of the other thing. So there was an element of risk there and I think that, perhaps, a more conservative approach with everything at stake. You'd all need your documentations done. You had all done the -- with the government too. And you don't start spending that $450 million to build that until you have that done. We, as I said in my speech to the president and everyone there, I said we met the government officials early, and we believe we can have a relationship of just mutual respect and trust. So we started construction and we were right to do it. And I said then there, that if we hadn't done that, the mine we were inaugurating on February 3, just recently with the president, that mine would be another 3 years away from production if we had taken a more conservative approach. So once again, that's maybe a little outside the box, pushing the envelope, but it's done, it's what I call a measured risk. And that's, I think, one of the keys to the success. And so the reason I bring that up is because we have a tremendous relationship with the government. Mining is very important to them, and they really like the way we're approaching this in a very transparent, respectful basis.

Thomas A. Garagan - *B2Gold Corp. - SVP of Exploration*

Clive, can I just answer? We're not even [talking about it]. So the follow-up question was on the life of mine, mining costs or the mining costs at Fekola. Life of mine, we're about 2 65. But for 2018, the life of mine will be at 2 20. We think we're going to be around $2 or just under.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Okay. Good. Just I don't think we have any questions. So thanks, everyone, for being on the phone. And I just wanted to -- the last thing, we could do a whole hour on safety and CSR, but we are -- our job to -- these things, really often, the focus is on analysts and investors. At the end of the day, we have -- Bill touched on a fantastic safety record. We're very proud of that. And a lot of work was into that. And we've been in growth mode for 10 years. So I think it's really a remarkable job of everyone to be -- to have that commitment to that ongoing. We have a couple more questions, apparently, that have just come in. So go ahead.

Operator

Next question comes from Steve Todoruk from Sprott Capital -- or Global.

Steve Todoruk

Tom, I think your only current exploration joint venture was at juniors, Aurion Resources in Northern Finland. Can you please tell us or give us an update on your plans there for this year? And what attracted you to that area?

William Lytle - *B2Gold Corp. - SVP of Operations*

We actually had quite a few joint ventures at juniors. Aurion's the only one that sits in the budget breakdown. That's in Finland. It's in the early-stage exploration project. It's an orogenic target, really underexplored, some early drilling by Finnish companies had identified a pretty decent high-grade zone that hasn't been drilled to depth. So we're looking at that as a target and the area around that. But just to say, it's a very early-stage orogenic target.

Operator

Your next question comes from Ovais Habib from Scotiabank.

Ovais Habib - *Scotiabank Global Banking and Markets, Research Division - Research Analyst, Mining*

Just a quick question for me. Clive, when we see your production profile chart, obviously, in 2009 -- '19, you guys are targeting that 1 million-ounce mark. And there's a lot of initiatives underway during 2018 and I would say even 2019 in terms of expansions, specifically in Masbate, and then you're looking at Limon as well and possibly Fekola. Are any of those expansions or upside potentials already included in that target of 1 million ounces for next year?

William Lytle - *B2Gold Corp. - SVP of Operations*

Well, the Masbate expansion would be...

Michael Andrew Cinnamond - *B2Gold Corp. - Senior VP of Finance & CFO*

Masbate is not currently in the life-of-mine forecast.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Okay. So and El Limon Central is not either. But I'm saying no El Limon. So I guess the answer is no. They aren't. Any of those would be potentially additional production beyond what we currently projected for '19.

Ovais Habib - *Scotiabank Global Banking and Markets, Research Division - Research Analyst, Mining*

And when would we start seeing some of that news flow coming in, in terms of looking for those assets to kind of start coming into production or even some studies or anything like that?

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Yes -- no. Thanks for asking that because we neglected to talk about that. The El Limon, well, guys, what's the timing there now? We're talking about, just help, somebody, to maybe at the end of the year...

Dennis Robert Stansbury - *B2Gold Corp. - SVP of Engineering & Project Evaluations*

We hope to be at a decision point on the El Limon expansion and El Limon Central by the middle of this year. We're looking out to some tail. There's pretreatment work there that we will have those studies' results until quite later in the year, probably October, November, fourth quarter anyhow.

The Masbate mill expansion is underway. It's under construction right now. We're attempting to shorten the schedule. So we finish that no later than -- we bring that production online no later than the first quarter of next year. We're doing a bunch of what-ifs on Toega and things like that, so those are still in very preliminary stages, and mistakes, they're in kind of in the same category. Until we understand what the snakes look like over there, it's really hard to put plans around it as to what really happens there. So that's a little brief summary.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Sure. Thanks, Dennis. So we're going to see probably a lot more exploration results for a bunch of different areas throughout the rest of the year now, some sort of second or third quarters. And further in the year, lots of this will happen. And also you will see us coming out, and we will be talking, as appropriate, putting news out about some of these studies that we're doing, and then we'll see as we go through the year.

Operator

At this time, I'll turn the call over to Mr. Johnson.

Clive Thomas Johnson - *B2Gold Corp. - President, CEO & Director*

Okay. As I was saying before, that we feel sad about safety, and we don't talk about it in the forums more often because we're really trying to report to our shareholders, analysts, and we hope to please the shareholders or inspire the shareholders, I guess. But the deal between safety and CSR, we pride ourselves in being, we hope, the leader in our industry and showing that mining has changed a lot over time and we can be a very positive force in so many ways and in the previous (inaudible). So thank you, everyone, on the phone for your attention. But just got a note put in front of me that we received just now the permit -- the under -- permit for the Jabali Antenna underground zone, which are 1.8 kilometers (inaudible) so far and are a few hundred meters away from the orebody. So that's pretty good timing. So that will give us access to some good (inaudible) from underground there as we -- later on in the year. So that's a positive, once again indicative of the fact that we are gaining the permits and the government is supportive of the effort. And now we look forward to mine above that (inaudible). So that's a little bit of good news and indicative of what I was talking about with our relationship, exploration with the government, not only the government of Nicaragua, but the local governments and the people support we have and the communities that we work in (inaudible). Thanks, everybody. Thanks, operator.

Operator

This concludes today's conference call. You may now disconnect.