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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the B2Gold Corp.'s Fourth Quarter and Full Year 2018 Financial Results Conference Call.

I'd 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. Thanks for joining us to talk about the year-end results for 2018 and the fourth quarter. We had a tremendous year in 2018 and a little disappointing today to see some of the comments and focus on the fourth quarter. We did extremely well around the year, and indeed, very well for 3 quarters. So the fourth quarter probably shouldn't have been a complete surprise perhaps, maybe we have to do things like update models every once in a while to get accuracy.

At the end of the day, let's talk about the positives. We will talk about the fourth quarter as well. But in terms of looking at, well, 2018 here, we've got a great couple of months here to start '19 in terms of performance, but also in terms of marketing. I'm talking to a lot of our shareholders at Indaba, BMO and PDAC. And I think -- we had a tremendous Board of Directors meeting yesterday where I can say that a lot of our shareholders are very happy with the performance of the company in 2018, and as is our Board of Directors. They seem able to see the forest, not just one tree.

So when you look at '18 and see what we actually accomplished in that year, it was really quite transformative and a remarkable year. And I guess, it's worth reminding people, when we use words like miss in analyst headlines, that triggers arguments, which is a disservice to both your clients, the company and the shareholders.

So in 2018, a few of the things we did was increase our gold production by 51% to 950,000 ounces. We've almost doubled revenue -- did double revenue to \$1.2 billion in 2018, and we almost tripled our cash from operations from \$155 million in 2017 to \$450 million in 2018.

We also repaid \$220 million of debt, bringing our debt down to \$480 million, which gives us one of the lowest debt-to-EBITDA ratios in the mining space. But we also -- because we continued to drill Fekola while we're building it, which is a bit unusual in our space, we were able to come up with a new resource in October that dramatically increased the size of the Fekola resource to 5.7 million ounces of indicated and 1.3 million ounces of



inferred open, and that's still growing. We'll talk about 2019 in a little bit. We also -- because of the way we fast tracked in this year, we were able to also complete an internal initial Fekola expansion study by the end of the year, which we are now optimizing and will release by the end of this month. And it looks like it has very robust economics and pretty much a no-brainer that we'll grow ahead and expand Fekola, so we'll be talking about that.

So overall, we had a tremendous year, and it was nice to see it starting to get reflected in the marketplace a bit in the fourth quarter as we -- and then to the first quarter as we outperformed the gold index and many of our competitors.

So I think I'll leave it there. I'm going to pass it on to Mike to give you a little more detail on some of the financial summary numbers. He will talk about the fourth quarter and also the year. And then we're going to talk a little bit about operations, and also, we'll talk about what we're doing in 2019 and our strategy dealing with that. Mike?

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

Thanks, Clive. So I'm going to take a walk through, I guess, the quarterly and year-to-date statements that are attached to the back of the press release.

So firstly, just touching revenues for the fourth quarter. \$272 million, almost \$100 million higher than prior year quarter, and of course, that is mainly due to having Fekola on and running full steam with commercial production for a full quarter in Q4 2018. It came online -- as you'll recall, commercial production started December last year.

On the production side, very close to budget consolidated basis, 232,000 ounces against the budget of 237,000. The same -- it's really the same story that we saw in the first 3 quarters. Fekola continued to bring its 105,000 ounces against the budget of our 91,000. And Fekola continues to have higher throughput, I think Bill can through that a little bit later on. Higher recoveries, 94% against the budgeted under 93%, and slightly lower grade. Because we have higher throughput going through the mill, we were sourcing some of that extra material over budget from lower-grade stockpiles. So that's why we get slightly lower grade overall. But in total, Fekola just continued to outperform.

Otjikoto, 45,000 ounces, almost on budget of 47,000. Masbate, 52,000 ounces. That's 6,000 ounces higher than budget. And as that -- even though we mined out Colorado vein at the end of Q3, we have some material in stockpile there and we continue to see the benefit of that, just more work than we originally anticipated and more oxide content, which improved our recoveries there.

Then the -- offsetting those positives were -- Libertad and Limon continued to underperform in the fourth quarter. Libertad, the main reason in Q4 is that we didn't get into the Jabali Antenna open pit area as we budgeted. We have been chasing that permit for a while and pleased to say that we have made some very positive developments there. We've been up to public consultation now, and that process has completed, and now we're confident that we'll see the permit for Jabali Antenna coming -- being granted at a time for us to bring it into the mine plan for the second half of 2019, which is what we budgeted.

And Limon, Limon is 12,000 ounces against the -- a budget of 15,000, so 3,000 under. And Limon continued to be impacted, just a knock-on effect from some of those blockades that were in the country earlier in the year. The impact of some of the supplies and getting the permits impacted Limon's production, as I pointed in Q4. But by the end of the quarter, Limon was up and running as we anticipated. So it's come sort of back to steady state. And again, I think Bill Lytle can talk a little bit more about the impact of Limon Central on '19 and beyond as we look forward.

So if you take that and you translate it into cash costs, the consolidated cash costs for the quarter were \$523, just almost exactly on budget of \$519 per ounce.

And same outperformance with Fekola, \$386 an ounce, almost \$30 lower than budget, again, just due to that higher production in the period.

Otjikoto, \$471 an ounce, which was -- which is a little above budget, and that's mainly due to higher-than-budgeted fuel and explosive and tire costs in Q4. Overall, when we talk about Otjikoto, for the year, you'll see that we were right on track in terms of our guidance there, but slightly higher in Q4.

Then Masbate, \$594 an ounce. That was almost \$50 lower than budget, and it just continues to benefit from that higher production. And it has higher production with the operating costs, which were pretty much flat compared to budget, so the benefit of that is lower cost per ounce.

Libertad and Limon were both over budget, and that's a function of them underperforming on the production side for the period.

Then on the all-in sustaining cost side, consolidated for the period, it was \$814 against the budget of \$752. And I think you're going to remember there that we were under our -- we were pretty much on budget, sorry, on consolidated basis for operating cash costs, and the remainder of that difference really is timing and CapEx. Some of the Capex that we had incurred earlier in the year, we incurred in Q4. And so when that all rolled through, we were slightly over budget for the quarter. But again, I'll talk to the year. Performance for the annual fee, we actually beat our all-in sustaining cost guidance.

So that's the ops for the quarter. Just walking through statement of operations to highlight a few other things.

G&A costs for the quarter were about \$2 million -- or \$2.5 million higher than last year, and that's mainly salaries. Just higher staff costs across the organization, a little bit of bonus, and then just high -- some additional bodies through the whole organization, especially with Fekola now being online fully for the full year.

We did have an impairment loss of \$34 million, and we -- a charge that we took in the quarter, that relates to Nicaragua in Libertad. We did take a smaller impairment earlier in the year for Libertad. And with the -- once we completed the budgets for the year-end and also we're able to assess the impact of that delay in getting into Jabali Antenna, we pulled that through a new mine plan and we took a further impairment of \$34 million.

We got just under \$9 million as well for some write-offs of some exploration properties that related to both Nicaragua and Namibia.

Further down the income statement, just talk a little bit about realized gains and losses on derivatives. So we have realized gains of just over \$1 million, and that's fuel gains of \$3 million realized for the quarter, offset by some Namibian gold forward losses of \$2 million. And those Namibian gold forwards have all been delivered into now, so we won't be seeing those again. They are related to an older version of our revolver -- revolving credit facility.

On the unrealized losses, we have \$13 million, and that is mainly on fuel contracts -- the outstanding fuel contracts. Now that's really just a reversal of previous gains that we've booked. Those fuel contracts are pretty flat overall. And we're -- the current mark-to-market is pretty close to the forward -- or the current pricing that we have on those contracts is pretty close to kind of forward price. So they're pretty flat overall. But some of the gains that we picked up over the course of the last 18 months reversed in Q4 as fuel prices fell.

The other thing I'd comment is our taxes, current -- mainly current. And just to remind, I know there was a little bit of confusion for some people as to the amount of taxes, what's in them and what the cash payment timing of those taxes are. So first thing on the current income taxes, \$20 million for the period, mainly Fekola. \$11 million in current income taxes for Fekola, but remember that we're also treating that priority dividend for Fekola as a tax because it's a payment that's due to government that's been -- and it's a right that's conveyed by law. So it's similar in nature to a tax, so that's how we account for it. So that's \$3 million. And just for your models, just to remind you to build that into your tax expense as you look forward.

Then Masbate also, \$3 million current tax has been treated. And remember, Masbate wasn't a taxable until the middle of last year, but it's now not taxable.

And then there's also Nicaragua. There's \$1 million of current taxes there. Even though we didn't generate taxable income per say in the country during the quarter, there's -- there are alternate minimum taxes that must be paid. So the result is a small component of Nicaraguan current taxes.



And I'd ask you as well -- you can ask questions later, but in the MD&A, we also laid out what the components of the tax charge are and what we've -- our expected payment timing is for cash taxes for '19. Remember that Fekola, it's our first full year of commercial production for Fekola, and most of those taxes are only accrued during the year but won't be paid until the end of the first quarter, start of second quarter of '19. In addition, we'll have to take our 2019 cash tax installment. So we've laid it out for you in the MD&A.

The accrued taxes at year-end 2018 were \$67 million, most of which will get paid at the end of Q1, start of Q2. In addition, our cash taxes installments for '19 above and beyond paying off those accruals will be about \$65 million. So hopefully, that helps you with your models. And if you've got any questions, please ask them later.

Overall, factoring some of those numbers in, we came in with net income -- net loss for the period of just under \$50 million. Once you adjust out the significant noncash items, adjusted earnings is \$13.6 million or \$0.01 per share adjusted EPS. And I think consensus was \$0.02 per share. But remind you that, as we said, Nicaragua underperformed a bit in the quarter, so we saw some of that impact to earnings. We had budgeted slightly higher cash cost per ounce for Q4 than for earlier in the year, so that would have impacted some people's view of earnings. And then just to remind you as well that those Fekola dividends, priority dividends are included in taxes and -- at the income statement, they were \$3 million for the period.

Just to comment maybe on performance year-to-date. First, on the revenue side. We reported revenues of just under \$1.2 billion. We're almost double our reported revenues last year. I think Clive mentioned that already.

On the ounce side, I think we had great a performance there. 953,000 ounces, so 26,000 ounces higher than our budget. And it came in above our original guidance of 910,000 to 950,000 and still at the high end of our reguided range of 920,000 to 960,000 ounces. The standout performance in there of Fekola of 439,000, original budget was 401,000. We'd guided 400,000 to 410,000, so it came in almost 10% higher.

Otijkoto, 167,000 ounces, came in right in the middle of its range or sort of mid- to higher end of its 160,000 to 170,000 range that we'd given.

Masbate, 216,000 ounces. It just had a standout year, as we've talked about a number of times, the trifecta of higher recoveries, higher grades and higher throughput. I just wanted to say trifecta before Bill said it even though he made it up. Masbate, we originally guided well below 200,000, and then we reguided between 200,000 and 210,000, and we came in even above the high end of that reguidance range.

So Fekola is a standard operation for us, and Otijkoto continues to perform well, but we can't forget how well, for a lower-grade operation, Masbate has run for the last few years.

Then Libertad came in 81,000 ounces. So it was below our reguided range of 90,000 to 100,000 for the reasons I gave earlier. And Limon came in just under 50,000 ounces. So really right at the low end of our reguided range of between 50,000, and 60,000 ounces for the year.

Cash costs consolidated basis, \$495 an ounce. That's really the low end. We guided \$505 to \$550. With the excellent cost performance at Fekola and Masbate and right in the middle of the range for Otijkoto, we more than offset any downside in Nicaragua to come in below the consolidated guidance -- low end of our consolidated guidance range.

And then all-in sustaining costs, same story. \$758 an ounce, again, below -- we guided \$780 to \$830, so well below that range, reflecting mainly the outperformance on the cash cost side and a little bit -- all the time -- some timing differences, I think, with CapEx, the main one being at La Libertad where we didn't incur as much CapEx on Jabali Antenna open pit as we thought we would because of the permit delays.

Just translating that, if you look at earnings for the year -- maybe I'll just touch on a couple of things in the 12-month P&L. Again, G&A, it's about \$12 million higher than the prior year. Remember, Fekola is in there now. G&A costs for Fekola, \$4 million. Last year, all those Fekola G&A costs were capitalized when we were building the mine. Now that hits the P&L. We had some differences in salaries and bonus timing of about \$3 million in there. Prior year, we also had some accrual reversals of about \$2 million that hit that account going ahead this year. And then just about \$3 million in extra salaries across the group because we have -- we just have more bodies in some places and then some salary differentials across our expanded group with 5 mines in 4 countries.

Moving down the income statement. Again, the taxes, \$109 million. So most of that's Fekola, \$77 million. So \$59 million of that's current, \$18 million of that's priority dividends, just to remind you of that again. Masbate is \$18 million and Libertad is \$5 million.

Overall, GAAP earnings of \$45 million at \$0.03 a share. When you take out those noncash items, adjusted earnings of \$162 million or \$0.16 a share, which is -- which I think is right on consensus. So although we previously reported our 3 quarters and some of the analysts here reported a mess on Q4 earnings per share adjusted, we did hit consensus for the year.

I'd like to move on and talk a little bit about some of the items in the cash flow statement. So just a comment on the quarter. \$74 million for operating cash flows. The operating cash flows in the quarter impacted little bit, as mentioned before, by slightly higher budgeted operating costs for Q4 than for the prior 3 quarters of the year. Some underperformance on the Nicaraguan site that didn't generate as much cash flow as we expected from -- particular from La Libertad.

And then also to point out in Q4, we made a voluntary prepayment of our Fekola taxes of \$20 million. All of those taxes for Fekola -- or most of them weren't due until Q1 or Q2 of '19, but we made the \$20 million prepayment because we've already generated the liability in country, and so their cost of revenue, it's already -- we made that payment. So that impacted operating cash flow for the quarter.

For the year, operating cash flow was \$451 million, so almost triple what we reported on the prior year net. So on a per share basis, for the quarter, it's \$0.07 a share, and for the 12 months, it's \$0.46 a share, which we think is -- again, is right on consensus.

On the financing side, just a couple of things to comment on in the queue. We did -- on October 1, we did repay the convertible notes that were outstanding at \$258 million, and that's really the main component of our debt reduction for the year. We started the year with total debt of \$700 million, including revolver, converts and various equivalent loans and leases, and we finished the year with approximately \$480 million. So a reduction of \$220 million overall, most of which is reflected in that convert repayment.

On the investing side, \$60 million for the quarter and \$273 million for the year, and that's almost exactly on budget overall. We're about \$3 million under our total budget, including all CapEx and sites and exploration costs.

The main under -- the item where we were under on the budget was that we were under by just under \$12 million for La Libertad related to Jabali Antenna. And as we mentioned, we expect those costs to be incurred now in 2019 as we get the permit for Antenna and start mining there.

I should also mention Gramalote project. There was \$6 million expended for the full year on Gramalote. That was basically our whole budget, our share of the whole budget for 2018 as we continued to evaluate what we're going to do there. Now with subsequent developments at year-end in Gramalote and new models being developed in early '19, we haven't put anything other than our whole budget in 2019's budget at this point in time. But by the end of March or certainly end of the second quarter, we expect to be able to come out with potentially some -- a revised economic model or our thoughts on what Gramalote might look like going forward with some new geological interpretations built into the model. And then you may see us increase our budget for Gramalote in '19 as I think we'll likely look to do some more drilling to further define resource there.

Some other comments on looking forward on capital for '19. We put our budgeted results out earlier in January, but just to remind people what's not in that budget. So firstly, on the Fekola mine, we're waiting for the sort of initial results from our optimized Fekola expansion study by the end of the quarter, first quarter of '19. And those expansion plans aren't built into the budget. We were waiting to see what we thought they were and the timing of them before we reflected those in our cash flows going forward. We have already commented, we think the CapEx is somewhere sort of \$50 million or slightly less for the whole project, but not all of those would be incurred in 2019. And we do expect to make that expansion decision and move forward certainly by the end of the first quarter and into the second quarter of '19. And so there should be some news flow on that fairly shortly.

Then on Limon mine, just to remind you as well, in the budget there, we did -- we released the results of Limon Central expansion case earlier in the year in 2018. The total CapEx for Limon expansion to sort of optimize the development and processing of the new Central discovery is \$37 million, but we didn't comment to making that full expansion yet into 2019 budget. What we did put in the budget was \$2 million for Limon to



make some amendments to the current mill so it could process the slightly higher ore that we expect from Central. So that is in the budget, but the further \$35 million to expand the mill from 500,000 tonnes a year to 600,000 tonnes a year is not in the current budget.

So with that in mind, just look at the cash at the end of the year. We had \$102 million in the bank and \$400 million drawn on our revolving credit facility. So that leaves us with a further \$100 million of liquidity on the current revolver, plus a \$100 million in the accordion feature that hasn't currently been taken up yet. So we think we're in good shape liquidity wise and cash flow wise, and we're confident as well as we move to the Q1.

We budgeted at \$1,200 an ounce for revenues for budget purposes for '19, and we've already seen in this quarter that the -- our realized gold price result that we have managed over \$1,300 an ounce. So we're already ahead than where we thought we'd be on the cash side, \$50 million plus, I would say. So that's positive and helps liquidity.

And so the goal going into '19 with this positive generation in cash flow would be, I guess, to balance, repay the revolver, which I think the intention is to do -- continue to pay that down as we did -- or pay down debt as we did in '18. And balance that with whatever expansion needs that we think we have that I just mentioned. We have potential additional costs that we may want to fund for Fekola expansion, potentially for Limon and also see what we might want for 2019 for Gramalote.

And then finally, just a reminder of what our guidance was for '19 on a production basis, 935,000 to 975,000 ounces. So very close to, I think, where we came in this year.

And then on the operating side, cash costs were \$520 to \$560, slightly higher than our range -- marginally higher than our range for 2018, and that's really due to slightly higher fuel prices in the budget and slightly higher labor costs at a couple of locations.

Then on the all-in cost side, we give a range for 2019 of between \$835 and \$875 an ounce. And when comparing that to the range of \$780 to \$830 that we had for '18, there's probably 2 main differences. One is the slightly higher cash costs, which I just mentioned, and the second one is just the difference in treatment of all-in sustaining costs.

So the World Gold Council put out some new guidelines just before the year-end, really clarifying the sort of broader guideline -- guidance that they had before on how to view or determine what is sustaining capital versus nonsustaining capital. And the main item that impacted us was the new guidance that they had in the first year. Previously, if we were stripping an ore body and there were no ounces coming from that ore body into the current year's production, we'd have treated that as nonsustaining. However, the new guidance now lays out that if you want to figure it as nonsustaining, firstly, the strip has to take more than a year to complete, and secondly, that strip has to benefit at least 5 years of future production. So in our case, the main area where we were impacted was Otjikoto -- at the Otjikoto mine, we're currently prestripping the Wolfshag Pit for phase II and phase III of Wolfshag production. Now that will benefit, we think, between 2 and 3 years into the future, but it doesn't benefit 5. So under the new guidance, which we will adopt, effective January 1, 2019, we can't -- well, we shouldn't -- we don't treat that as nonsustaining. So that has an impact of about \$35 an ounce overall on our total all-in sustaining guidance. So if you sort of adjust the guidance for that, we'd be in a very similar range to the guidance we gave last year for all-in sustaining cost.

So I think with that, those are the main financial and operating items I wanted to highlight.

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

Sure. Thanks, Mike. We're going to turn it over to Bill to give us an update on just more operationally how we've started off the year quite well, talk about that, and then we'll ask Tom to talk a little bit about the exploration budget, specifically for Fekola, and what our plans are there. And I'll talk about '19 as well before we open up for questions. So Bill, please?



William Lytle - B2Gold Corp. - SVP of Operations

Yes, sure. Thanks, Clive. I just want -- I'll just run through the operations real quick. Obviously, on the last call, we went into a bit more detail on the operational side.

Starting with Fekola, I just want everyone to remember that we've been operating now for basically 5 quarters, 1 quarter of commercial production and then 4 quarters of operations, at which time -- over that period, we've put out an additional 90,000 ounces versus what we'd had in our budget. We have continued to outperform on the mill side. We've continued to outperform on recovery versus what we'd originally discussed. And we see that already happening in January as of -- as through February, we're already up approximately 10,000 ounces at Fekola, and that's primarily related to throughput.

At Otjikoto, I think in the press release, we talked about the fact that right at the end of the year, we had 2 high-grade blocks that we didn't get to. We got to one, but didn't get to the second one. But we did end up, as Mike said, above the midpoint of our guidance. In those -- that high-grade block, we've already seen come through in January. So at Otjikoto, through February, we're up more than 2,400 ounces. That's related to the higher-grade block and basically throughput recovery remains as projected.

Masbate, everyone is aware that we expanded the mill. That was commissioned early in 2019. We're currently running it at the designed throughput or higher at 8 million tonnes per annum. We have seen that, that expansion operates beautifully. We have seen higher grades and higher recoveries coming out of the Masbate mine. And so as of the end of February, we're up approximately 4,000 ounces.

In Nicaragua, at Libertad, Mike has already discussed the fact that we have in fact now gone through public consultation for the Jabali Antenna zone. And so while in January, we were down slightly, we're starting to catch up. The throughput remains very good, and the grade is for February, basically, on track. So we see we're moving in the right direction there in the second half of the year with Jabali Antenna, and we don't see any issues.

Limon, with the Limon Mine, with Limon Central coming on right at the end of last year, we're in a prestrip mode right now for Limon Central, but we are pulling some ounces out of some small pits there. We basically remain on budget at this point, slightly under budget, but materially on budget for that project with both throughput, grades and recoveries.

So those are the 5 major operations, Clive.

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

Okay, Thanks, Bill. Tom, can you talk a little bit about -- I know a lot of people are very interested in the exploration, and understandably so, particularly with us and what we've been doing, not just in Fekola, but in other places. But maybe you can talk a little bit about the 2019 Fekola exploration budget? I mentioned before the dramatic increase in the resource, and then Tom could talk about how we're going to -- what's happening in filling with what, and also where else we're drilling and why is Fekola preferred?

Thomas Alan Garagan - B2Gold Corp. - SVP of Exploration

Absolutely. The plan for Malian Fekola, in general, is to spend \$17.5 million at exploration, which will include both 46,000 meters of RC drilling and 28,000 meters of diamond drilling. There's also a significant amount of air core RAB drilling going to be done this year also. The main focus of that exploration, certainly, for the first half of the year is to complete the infill drilling on the portion of the resource that we believe is going to be within a pit as part of this expansion study that's going on right now.

That drilling will be done sometime in June. Additional targets that we will be working on in Fekola for the back half of the year will be the extension of Fekola's charter to the north. It remains open. If you recall, and certainly in talking to some people, our 1,400 resource pit actually went to the edge of the data. So we actually don't know how big our resource pit could get because it took basically everything that was in the resource model. So the exploration will continue to the north.



In addition to that, if you were at the PDAC, you saw the long section that the boys were developing a theory on, some shoots that are just below the main Fekola shoot that surfaced to the south of the pit, some of which is already within our resource, and it is in our mine plan for later in the life. So we'll be doing more drilling on these proposed shoots that are just underneath the main Fekola shoot that surfaced to the south end of Fekola.

In addition to that, immediately west of Fekola pit, late last year, we hit on 3 separate vein structures, not -- certainly not as big as Fekola but of interest given the rig beside the Fekola Pit. We had drill intersections of up to 24 meters of 2.5 grams, 10 meters of 4.8 grams in separate structures west of Fekola. So that's the Cardinal Zone, and we'll be doing exploration work on that.

And in our Anaconda or snake zones, we didn't do a lot of exploration drilling on it last year, largely because we were focused on expanding the resource to the north of Fekola. We'll get back at that fairly hard later in the year to follow up on some sulphide hits that we have below the Fekola -- or sorry, below the snake's saprolite resource. We'll look at expanding the saprolite resource. And we just picked up our new license that adjoins the snakes to the north, and we'll be following that up with exploration, maybe auger and air core drilling, to see if the saprolite resource and the underlying sulfide style mineralization extends to the north. So that will be the plan for Fekola. But you can see from my discussion, from the different targets, there's a heck of a lot going on there outside the Fekola deposit, and we're still very, very optimistic to potentially expand resources at Fekola property. The Fekola property in the region is very, very good.

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

Great. Thanks, Tom. So looking forward to what other milestones, I think, is going to happen in 2019. Obviously, we're going to continue to optimize our production on all sites, and we've got a good start to the year already. We're going to focus on our pipeline of internal growth. So as we talked about quite a bit on the release and touched on today, we've already completed our initial Fekola expansion study by the end of the year, and that was extremely positive, with the initial view of the economics of that very robust. We will come up with details of that by the end of March. And in talking about the impact on production and based on our conversation with our board yesterday, we're very confident that we will make a decision to go ahead and expand Fekola starting at the end of March, with the expansion program that could probably take somewhere around 12 to 15 months.

In terms of Gramalote, there's been some interesting potential positives there. Last -- late last year, AngloGold Ashanti, our joint venture partner, came to us with some new modeling that they've done on their old prefeasibility model from some years ago. They may seem to be coming up with some better grade, potentially some better economics of the project. So we -- they asked us to review that. We have -- we ran our own model, which wasn't quite as rosy as theirs but still quite interesting, and now we're applying some economics. We're working well with AGA to try and come up with a model that everyone agrees. We've had a bit of a difference of view for some years because we felt there was more drilling required on the resource to really understand Gramalote. They didn't share the same view. So we now -- the point now is, over the next number of weeks, is to get with AGA, look to see if we can come up with a model that everyone agrees and then decide what we want to do going forward.

The next steps would be, if we want to proceed to final feasibility, would be to do some -- in our view, some infill drilling to infill the 35% or whatever it is of the resource that is on the inferred category, infill drill that. And also, there's very low engineering to be done, and there's really no metallurgy to be done to final feasibility study. So we'll be discussing that with AGA, and we'll be able to come out, probably sometime in April, with our view and probably announcing a preliminary economic assessment from our point of view. And they may announce a prefeasibility study because they're under a different jurisdiction of regulations than we are at the end of the day. So we'll see. Gramalote, these new economics that we've seen is very early, but they seem to be more encouraging than what we have before, so we'll keep you posted on that.

Tom talked about exploration, and our focus will be continue doing our -- continue our financial discipline and look to repay debt as we move along as we did extremely successfully in 2018.

We get asked a lot recently about M&A. So maybe there'll be a question on that, but I'll probably hit it just to give you our thoughts now about that. Clearly, we want to find out what's in our pipeline. We think that we owe it to our shareholders to get out the news if we're going to expand Fekola and also if we're going to move forward on something like Gramalote. So we're very focused over the next few months on what's in our pipeline.



But I think the market has changed quite a bit. With the Barrick-Randgold deal with 0% premium and the 17% short-lived premium for the Newmont-Goldcorp deal, it seems that the goalposts have changed that the big boys aren't going to do any of the 30% to 40% premium deals that got them in so much trouble over the last several years by overpaying for assets which turned out to be inferior.

At the end of the day, I think that there's a couple of positives for us out of all that. Frankly, we're very keen to keep running this company, and I think the vast majority of our shareholders are happy with management. I don't think any big company is going to come and pay a 30% to 40% premium for anybody these days, and I don't think they're going to pay that for B2Gold. And I think most of our shareholders are very happy with management, so I don't think anybody offering a no premium offer for B2Gold, I can't imagine that would be of interest to our shareholders. We look to continue to grow this company and continue to do what we've done very well for 10 years.

In terms of looking at it the other way about M&A, what about us doing M&A? Well, I've said for 4 years that we weren't likely to do any major M&A until we were getting credit for Fekola. We aren't getting some credit for Fekola yet. And as we said, let's see what's in the pipeline, in expansion, et cetera. But if the same thing applies, looking down is looking up, where the big guys aren't going to be spending the big premiums anymore, then I don't think the shareholders of smaller companies than ours can expect the big premiums as well. So certainly, there may be opportunities out there over the next -- later in the year or whatever, we'll always look forward to acquire something with little or no premium because there may be shareholders of smaller companies that would like to have B2Gold shares.

So we'll be looking at that. Our rules of engagement have never changed in acquisitions. We'll never buy anything that needs a higher gold price and/or explorational success to justify the purchase price. And we've always said the cheap sales are the ones you find. And we have an extraordinary track record, with Tom and this team, and we'll continue to focus on exploration.

Bill talked we're on our own around our own mines and brownfields but also greenfields on our own but also greenfields in joint venture partnerships with junior exploration companies that have assets we like. But we won't be the operator. Our team is that good. We want to spot the drill holes but -- and we think there is an interesting opportunity potentially in that regard as well. So we'll keep an eye on M&A. We'll continue to be very disciplined in due diligence as we always are. There's nothing at the front burner at the moment.

But I must say also that we did the heavy lifting here when very few were doing it. We're one of the very few gold mining companies to grow over the last 5 years. So we don't feel -- with that, and what we have in our pipeline, we don't feel any sense of urgency to go out and do a deal. I think this might become a [pirate's] market as we look through this year. There are some assets that are going to come up, clearly, out of Newmont and Barrick. We'll look at them, but frankly speaking, there's other companies that need growth much more than we do. And we're not going to overpay, and those companies aren't going to give away assets.

So we'll see what's out there. But at the end of day we may end up looking down a little more than up, down looking at other opportunities in smaller companies than ours and see how those pan out.

So that's really most of what we wanted to tell you. We'll answer some questions now. We had a fantastic year in 2018, and thank you for those of you who have supported us and those of you that got it, and we're very excited about 2019. So we'll open up now for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from Michael Sroba from Macquarie Capital.

Michael Sroba - *Macquarie Research - Research Analyst*

Clive and team, just a couple of questions in terms of the financials going forward. You've successfully paid off a large portion of the debt in 2018. Are you able to give us an idea of what to expect in a couple of years in terms of the magnitude of debt repayment?



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

Sure. Mike, do you want to answer?

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

Well, I guess, like I said before, we'll balance off [this fee] which we pay off the facility with what we will self-fund, I guess, for expansion activities, particularly at Fekola. So I think you've got to look at it like that. In terms of becoming debt-free, if we wanted to, I guess, the next couple of years, give or take, or certainly in early 2021, I think we could be debt-free, if we chose to be. But that's really a question of did you actually want to be completely debt-free or do you want to use those facilities to fund some other activities. So looking forward, we haven't got any numbers in there for -- like if it's for Fekola expansion or for anything beyond the whole budget in Gramalote. So you've got to balance those off. But certainly, at \$1,300 gold prices, very strong cash generation. We certainly have the ability to pay down that facility rapidly, if we want to.

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

And the focus is going to be, as Mike said, to continue to grow the company, looking, first and foremost, at our pipeline of projects. In the longer term, what we aspire to be in the future is a company that's going to take some of its cash flow and spend on our growth and some of the cash flow on -- and, ultimately, pays a dividend to our shareholders. So that's the longer-term view. For now we think our shareholders are -- want to see us focused on what we've done pretty dramatically and very well for the last 10 years, which is grow profitable gold production.

Michael Sroba - Macquarie Research - Research Analyst

Okay. Fantastic. And just on the G&A, do you foresee similar total G&A going forward given the Malian office and some of the additional cost that were incurred in late 4Q?

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

Yes, I think G&A for '19 to be somewhere in the ballpark of 18 months, right? You see Fekola's already in there in '18, so it will be in there in '19. And then we have hired up a little bit in the latter part of '18 in some areas, so there might be a slight increase on the salary side, but generally speaking, ballpark, would be roughly in the same ballpark.

Operator

And your next question comes from Georgie Mark of Haywood Securities.

Georgie Mark - Haywood Securities Inc., Research Division - Co-Head Mining Research

Just maybe jumping the gun a little bit ahead of the optimized study coming out for Fekola. Instead of talking to the details, that will come out soon, just thinking about more holistically, about timing of investment decisions, if it comes out positive, which I'm sure it will, when you could hope to implement that expansion and expect the completion of expansion through to 7.5 million tonnes per annum.

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

Well, the details are going to come out. I guess, what we're looking at so far was spending -- do you want to answer that about what we're going to spend this year or next year if we had in fact -- if we decide to pull the trigger on the expansion that we see today.

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

Yes, Clive. We're looking at spending about half the amount this year, so \$24 million to \$25 million this year, \$24 million, \$25 million next year as far as the cash flow outlay. And right now, the expected completion is in September of 2020, but we're trying to move that date up if possible.

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

As we tend to do, we're going to look at fast-tracking that process and a lot more detail will come out of this by the end of the month.

Geordie Mark - Haywood Securities Inc., Research Division - Co-Head Mining Research

Okay, great. And if I could add one more question there and stay close to home at Fekola and moving north up to Anaconda. Just thinking, obviously, you got a program there through 14,000 meters of work around there. Just thinking about what the scope of work is there in terms of infill versus expansion? What are you expecting on a footprint basis, how much you might expand it by? And what are the considerations on the trade-off studies through standalone versus tracking that back down to Fekola to further increase production?

Thomas Alan Garagan - B2Gold Corp. - SVP of Exploration

Are you talking about the -- step on, on the saprolite resource or the footprint of the sulphide resource?

Geordie Mark - Haywood Securities Inc., Research Division - Co-Head Mining Research

No, just saprolite at the moment because I think you've got an idea of continuity there at the moment.

Thomas Alan Garagan - B2Gold Corp. - SVP of Exploration

Yes. No -- certainly, the saprolite is open going north into the new license that we've picked up. And it's actually wide open. We know that there's small mining activity up there, so we'll be following that to the north. As for size and potential expansion, well, I have no idea yet. We've got some work on that. And then within the main snake areas of sulfur, we picked up a new area of saprolite mineralization in the last year in the Boomslang area. We plan to follow that up. So those are the main expansion areas of the saprolite resource.

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

And drilling forward.

Thomas Alan Garagan - B2Gold Corp. - SVP of Exploration

And in reality the expansion is drilling below it.

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

Dennis, do you want to talk about what we're doing in terms of potentially -- at least looking at whether standalone makes any sense at the saprolite, I think that's part of Geordie's question as well.

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

Yes, we're updating the study that we did earlier where we've done some additional metallurgical work on it to -- what's the easiest and best way to process just the saprolite material, ignoring the hard rock that's under it. So we're doing a plant design on that right now, which we -- our goal here is to reduce both capital cost and operating costs from what we had in a previous version of that study, looking at the tailings disposal, getting those costs down, things like that. So we're doing that right now, and we hope to have some numbers out on that. Our goal is to have that kind of wrapped up by the end of May.

Geordie Mark - *Haywood Securities Inc., Research Division - Co-Head Mining Research*

Right. Okay. Do you think there is any trade-off to come back to Fekola for an expansion there? Or are you thinking more just a self-standing saprolite?

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

We'll look at bringing some of that material to Fekola. We're going to look at haulage cost, and we're going to look at the cost of actually putting that thing through the Fekola mill because saprolite goes through there pretty easy, actually. We can't get the blend too high at Fekola or shortstop some things up there, too. So we have to be careful with that. But we will look at that as a trade-off to the stand-alone plant, and we'll looking for those considerations.

Operator

And your next question comes from Lawson Winder of Bank of America Merrill Lynch.

Lawson Winder - *BofA Merrill Lynch, Research Division - VP & Research Analyst*

Just, first of all, Mike, thanks so much for the tax guidance for 2019. It's very helpful. When you mentioned the corporate income tax installment payments, totaling \$65 million, are those just income tax? Or does that also include the priority dividend and the ad valorem tax from El Limon?

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

No, just the income taxes -- sorry, and the ad valorem but not the priority dividend.

Lawson Winder - *BofA Merrill Lynch, Research Division - VP & Research Analyst*

Okay. Okay, great. And then with regards to the fully participating 10% interest, I mean, right now, obviously, you guys have no need to pay a dividend to the Malian government at this point, the intercompany loan has to be paid off before that happens. But one thing I wasn't clear on is that loan can also be used for the Malian government share of CapEx. I'm wondering if you can provide any guidance around sort of when you think that loan might be paid off and then you would then start paying the fully participating dividend to the Malian government.

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

Well, yes. You're correct that the loan -- the deal we have is that we get to recoup our capital investment before any payments are made or any dividends are due. In terms of -- I didn't quite follow your question on if that loan could be used to pay the government share of CapEx. But, we can self-fund Fekola going forward. We can cover any required further capital from Fekola's cash generation. So that loan, the original capital loan, that was put in for construction purposes is being paid down. We did disclose in the MD&A, if you look on Page 14, at the end of December, we have approximately just over \$400 million outstanding on those loans. Remember, those loans included the original loans we inherited when we

bought Papillon. It includes the capital to build Fekola. It includes the fleet cost. It includes the early works. It includes the Fadougou relocation, all those things so -- and an interest charge. So right at the end of '18, there was about \$400 million. So if you want to plug that into your model, I guess, you can figure out when you think that will be paid down.

Lawson Winder - BofA Merrill Lynch, Research Division - VP & Research Analyst

Okay. Does that \$400 million also include the \$47 million for the purchase of the additional 10% interest?

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

No, remember that that additional 10% is a loan, it is a payable that's due to us, B2Gold, by the state of Mali, right? It's not an intercompany loan with Fekola, right? It's due to the holder of Fekola. So that's over and above the \$417 million.

Lawson Winder - BofA Merrill Lynch, Research Division - VP & Research Analyst

Okay, got you. Okay. That's very helpful. And then on Jabali Antenna, I was just curious, so I mean now it looks like it should be going ahead in the second half of this year. I'm just curious, when you guys did the impairment, were you assuming a second half 2019 start-up of Jabali Antenna? Or is this something now that could lead to a potential reversal in the future? I'm not sure if you're able to speculate on that.

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

No, we don't need to speculate. I could tell you it did include Jabali Antenna from the second half of 2019. But remember, the impairment was based on the timing of Antenna coming in, right? Like, the previous life of mine sort of assumed that Antenna would be in much earlier and that the benefit of those cash flows would have been recognized earlier. So that had a positive NPV impact. With the delays in the country and the delay in some development, particularly with Antenna, and with the delays in getting to the ore face at Jabali underground, that had an NPV impact. So we are anticipating mining in Antenna open pit and underground, but the timing delays caused by the unrest in the current 2018 year, did have an impact on the NPV overall.

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

Pavon maybe a positive. I don't know.

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

Yes, Pavon. With positive developments at Jabali Antenna, there's also now new engagement on Pavon. Historically, we had looked at Pavon potentially as being mill feed for Limon, but I think it's probably -- if it doesn't [but almost] Bill commented on more between Limon or Libertad, where it could be a possible future source. The benefits of Pavon aren't built into the model because we don't have any indicator of when any potential permitting time line might be.

Lawson Winder - BofA Merrill Lynch, Research Division - VP & Research Analyst

Okay. Got you.

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

Bill, do you want to comment -- sorry -- on Pavon?

William Lytle - B2Gold Corp. - SVP of Operations

Yes, I think very interesting development that effort's been that as we look at that property now, we've been around the community, we're in known neighbor, we've been invited to participate in development in the community. So our orientation is completely different. You may recall, at Pavon, we had on our plants roughly 50,000 ounces yet to be mined, the grades are good, 5 grams, mine development only. And the thought was always that we would transport that to one of our operations proposals.

Lawson Winder - BofA Merrill Lynch, Research Division - VP & Research Analyst

Okay. Can you share the time line on that?

William Lytle - B2Gold Corp. - SVP of Operations

No, we will see how this proceeds.

Lawson Winder - BofA Merrill Lynch, Research Division - VP & Research Analyst

Okay. And then maybe just one last one for me, if I might. Clive, you mentioned, with any acquisition, B2Gold wants to be the operator. And so I mean that, to me, relates well to Gramalote where, based on the current agreement, AGA is the current operator. And I'm just curious, for Gramalote to go forward, I mean is there any sort of impediment there, given that B2Gold is not the current operator?

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

Well, I think there's going to be some discussions. There's already been some preliminary discussions with Kelvin Dushnisky, the new CEO of AGA that we've got a good relationship. And I think if this project looks like it's in an economic interest, I'm sure that we'll -- both companies would be keen to see it move forward. Kelvin said publicly that he's very impressed with our ability to build mines, and I think there will be some interesting discussions around that. My comment on operatorship was merely -- that was when -- I think when I was talking about exploration. Also though, we do want to build our own mines and run our own mines as well. But I think if you have a -- with new economics and/or better gold price, or whatever it is with Gramalote, if you got an asset of that size with a mining permit already in hand in Colombia, I'm pretty sure between 2 sensible groups it is going to be weighted and advanced. But we'd be willing to build it. Our team is ready to build.

Operator

(Operator Instructions) Your next question comes from Chris Thompson of PI Financial.

Chris Thompson - PI Financial Corp., Research Division - Head of Mining Research & Precious Metals Analyst

I actually thought you did a great job in the fourth quarter. So just one quick question on Fekola. You've spoken about, I guess, low-grade stockpile supplementing mill feed. Can you give us a sense of percentage of mill feed from mined ore versus low-grade stockpiles as well as the grade of each?



Thomas Alan Garagan - B2Gold Corp. - SVP of Exploration

Yes, what period are you talking about? Are you talking about going forward? Are you talking Q4? What are you talking about?

Chris Thompson - PI Financial Corp., Research Division - Head of Mining Research & Precious Metals Analyst

Yes, maybe just going forward, Tom?

Thomas Alan Garagan - B2Gold Corp. - SVP of Exploration

It's just funny that you asked that question because we were just talking about it before the call. It's going to be like 50-50 for Q1 and Q2. We have approximately 4 million tonnes of low-to-medium grade stockpile left at an average grade of 1.77 grams. And so right now, we're hastily beating down Stage IV to get in the high-grade zones where we want to be in the second half of the year. I don't know if you remember, we're actually weighted second half ounce-wise for Fekola because of that.

Operator

And your next question comes from John Bridges of JP Morgan.

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

I think I did have to say miss, but I didn't really mean that it was a bad miss. Just wondered, with Gramalote, what's changed? And then could you give us a little comment on the security situation around Gramalote?

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

Sure. Well, I'll talk about what's changed. Well, we're not really sure yet what's changed, John. I think that -- I mentioned in November, there seemed to have been a change in AGA. There was some personnel changes. And perhaps it was a more receptive audience to hearing the ideas that maybe they had a lot -- they've been able to create a lot by trying to make it bigger. And we had some issues with their model for some time and felt there needed to be more drilling because the model can swing so much. They told us that we need more data points, so we're drilling. For some reason, some people within AGA had believed that they need more drilling, but that seems to be changing now. So they came with a new model, which showed some improved -- potential improved economics. But they said, look this is a work in progress. Can you guys check it? Can you run it among yourselves, and let's get an independent to do it. All very positive things from a joint venture partner, and we're working very well with them. So I think we're closing in right now on coming up with some of the economics for the new models that we've run, and they're doing the same thing. And we'll try to come together with one model or at least very close over the next month or so. So what's changed is potentially better economics than we were seeing. Before, the economics are quite poor. They had a grade of like a 0.66 or something or 1 point a while ago, making it bigger. And the economics were not attractive to us, we actually took the decision to start diluting rather than to spend money. We're not as big as they are, and we don't just spend money and spend money and spend money for long periods of time. So we took the decision to start diluting. And then all of a sudden, this new model comes out or a potential new model that got our attention to say, okay, well, they seem to have had a change within AGA in terms of their approach to Gramalote. So let's work closely with them to try and understand it better. So we can't say today whether it's going to be something that is attractive at this gold price, but I think we're going to have a lot better idea in a month or so. And if that's positive, then we'll be suggesting that we go ahead and do some more drilling together, and move -- probably move to a final feasibility study. But all of that's going to come out of what comes out over the next 6 weeks or so and working with them. But we're working very well as a joint venture. As I said earlier, I think Kelvin is keen on growing AGA, and we're keen on growing. So we got a lot of work to do. We definitely can't say it's a project for us yet, but it's definitely more interest.

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

Security?

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

Security. Yes, Dennis, you -- Dennis spends a little more time there than I have. And Gramalote is located in an excellent place to build a large open pit gold mine in Colombia. And as I've said, we have a permit and a tremendous local government support as well. So Dennis can talk about security. Thanks.

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

Yes, it's a mining district, too. That's why the permitting there -- I mean the people want the mine and everything. In all the years -- we've been there quite a while now with -- as an operator originally, and then now with AngloGold as operator, and security has never been a major issue there. We do have a military contingent in the area that helps secure that. But it has always been a very, very stable area in that part of Colombia. So no issues, really.

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

And you say the original grade was 0.60. The new model is pointing to what, 0.8 or 1?

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

Too early to say, John. We're looking at a bunch of different models and cases, et cetera. So I just don't want to -- we're not ready to answer that question yet. But there are some models -- some ones that are showing an improvement in grade, and maybe some of those ounces but an improvement in grade, but we really...

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

More ounces.

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

Sorry?

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

More ounces.

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

More ounces, and potentially an improvement in grade. But once again, it's just too -- we're not prepared -- we don't have a number for you yet in terms of where it's going to go, but we'll have a much better idea in the next 6 weeks or so.



Operator

And we've come to the end of our Q&A session for today. So I'll turn the call back over to Mr. Clive Johnson for closing remarks.

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

Okay. Well, thank you all for joining us. And thank you for your interest and support and your questions. Have a good day.

Operator

And this concludes today's conference call. You may now disconnect.

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