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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to B2Gold Corp.'s Second Quarter and First Half 2019 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. Thanks to all as well to you on the phone for joining us. As you saw and came up last night, our results from the -- financial results, operating and financial results for the second quarter of 2019, and we had some very strong results of record quarterly gold production of 246,000 ounces which is 8% above budget, and we have some good beats in terms of our costs, so it was such as a very strong quarter. I'm going to have to hand it over shortly to Mike Cinnamond, CFO, who will give you some detail on that, and then we will -- as part of that, we'll be updating you initially some of the things that we're working on.

I guess I'll talk just a little bit about the front-end of the strategy. Obviously, it's very nice to see the gold price up substantially and it's nice to see our share price reflecting that and, of course, the quarterly results as well. I think, really for us, this strategy going forward, doesn't change a whole lot in the sense of with gold being higher and gold to stay higher. We try not to get too carried away when gold was up, and we don't get too suicidal when gold is down. So at the end of the day, we'd like to try and keep -- this company was never built on the assumption that gold has to go higher to make money or to see our shareholders' benefit, and that's been a discipline at Bema and B2Gold, and we will continue with that discipline. But I think it's really one of the things I -- we're pleased about the course of how well the strategy is working for many years about this discipline acquisition of projects, accretive requisitions and then responsible quality construction and operating of the mines. In addition, of course, the tremendous expansion success around our mines and actually, success in other [areas].

So now we're still focused on our pipeline, and we have a lot in the pipeline. And as we said before, we don't see ourselves choosing M&A. And I would suggest at this moment at gold price, if it lasts, we're going to see other companies that need gold that didn't need the heavy lifting while we were doing it with building what you call it in the Fekola and other things.

So but we think it's going to be a more expensive by ounces. We don't need to buy ounces, we have a lot of potential in the pipeline to realize more. So the pipeline very much is, of course, Fekola expansion, which is underway on schedule, which have a dramatic impact on Fekola expansion starting next year. I think that looks a very good strategic decision, not only a push to acquire Fekola into the competition. Some 4 years ago, perhaps $1 billion of what the work we've done in the, construction and exploration, and great job and we've done and operated the mines, it showed to be what we thought a world-class gold mine to stand the -- of many companies out there.

But also looking at really important decisions was -- move outside the box was over 1.5 years to start a study seeking that what would it cost to expand Fekola and doing the necessary drilling to facilitate or to see that expansion was appropriate. While we were in our first year, we actually started constructing in our first year of Fekola. So that leaves us -- gives us some amazing opportunity to benefit from Fekola and seeing it based on the current projections and producing some around 600,000 ounces starting next year and averaging 500-plus for the first to 5 years from now.

The other thing is, of course, at Fekola in the pipeline, there's always exploration we're doing there. Tom's going to talk about all that, looking to extend the size of the existing Fekola deposit. Also other targets clearly in the Anaconda area to the north, and when it comes to the north, we see huge exploration upside potential in Fekola and the area around Fekola.

Another important thing, I guess, is coming up in the pipeline that's obviously, becomes pretty tricky in difficult prices are staying higher, and that, of course, is Gramalote. We're meeting next week with AngloGold Ashanti, our partners to discuss the next way forward of Gramalote. So for those of you who are not familiar with it, it's a large potentially open pit [of gold mines] in Columbia that we're working on for many, many years.

In the last time for a while, AngloGold came up with a updated model. We always have to just see all the parts, thinking about model late last year. We certainly showed potentially much better economics for Gramalote. There is a ton of work they've done, it's ready to go to feasibility. We need to do some drilling because about 45% of those are being done to the inferred category. So the end dimension of work to build more drill for about $20 million total costs to the initial drill in Gramalote. And then it will be slowly quite happening. We think it looks interesting. I think (inaudible) so the higher amount, it looks a lot more interesting. But we need to be slowly studying and it's subject to infill drilling, but we are looking pretty good with that. So that's another project that we own, we're at around 49% of. And it becomes quite -- potentially quite an asset if this infill drilling proves up. So I think by the years, I will potentially have review or have the infill drilling this time.

Other things in the pipeline is Kiaka, which is 4 million ounce low-grade deposit in Burkina Faso, which we acquired some years ago. When we acquired it, it was a cheap acquisition because it didn't need a higher gold price in our view to be economical or exploration success. We have an exploration success at some 15, 16 kilometers in Toega, which doesn't perhaps directly impact Kiaka. But we have to do some exploration around Kiaka as well. And as we see the gold price, the main factor in Kiaka to gain gold price had power. So we're looking at things in sort of power and other things in terms of power generation, and of course, this higher gold prices will make it interesting to look at Kiaka. As another potential asset in the pipeline, it might affect short to become a mine and as significant size mine.

So between that and all the other things we're doing in exploration , you can see once again why we're even probably even -- we're just simply not to do M&A today as we have been for 4 years because of marketing value for assets, but now, of course, it's also -- the argument now is what's in the pipeline. I have said it many, many times, that cheapest ounces are the ones you find. If you think you have a tracker for finding them, got purchase in the pipeline and which is also coming up.

Our focus as well as there's not as going to be a debt connection and obviously, with this kind of gold price, we can dramatically accelerate our debt reduction. We have very low debt-to-EBITDA ratio. We are lowest in the second time already. And then obviously, these type of gold prices will help us pick that up. Me and Mike will talk about a little bit more of that.

So that's the focus. Stay very focused on responsible mining and running our operations very well and look at the pipeline. We're going to talk -- Mike is going to talk a little bit about Gramalote, what are we going to do with Calibre, we'll touch on that as well. We think it's a win-win deal. It's good for everyone. And we think that we have a good management team and that they are working with our people in Nicaragua and with our assistance and -- during initial period of time. They can make those projects, they are trained in the corner and make those projects more successful, and also perhaps we'll consolidate other opportunities in Nicaragua, and perhaps we'll get involved in that.

So that's our overall approach and strategy. And I'll pass over to Mike now to give -- run down of the financial results and then Tom is going to give us a little talk on exploration, and we will -- we have the entire executive team here. So we'll jump in and invite you to ask questions after that and answer your questions. So over to you, Mike.

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

Thanks, Clive. Just before I start running through the goals, just a comment on the presentation that we have in the financials and the MD&A. Because we've announced the proposed sale of Nicaragua operations with Calibre. We've presented in the financial statements that Nicaragua results has discontinued operations. It's shown as one-liner in the P&L, and there is one-liner items in the balance sheet. So the discussions and the results will focus on the continuing operations, which is our remaining 3 core mines, Fekola, Masbate, Otjikoto and then also on Nicaragua and the operations that we're proposing to sell.

So with that, I'll move to the results. Firstly, on the revenue side. From continuing operations, revenues were $267 million and overall, including Nicaragua were $310 million. And the increase there was $25 million was based on an 8% increase in ounces sold, also 2% increase in the realized gold price, and also to complete the sales experience to sales on gold price of $100 this morning will have a long way to continue.

On the operating side, I think, as Clive has mentioned, the total production including continued and discontinued operations is 246,000 ounces. That's a quarterly record for B2Gold. I'm very pleased to see it. And it's really driven similar considerations to previous quarters. Our performance by Fekola, which is 10,000 ounces ahead of budget, Masbate which is 4,000 ounces ahead, and Otjikoto which was 1,000 ounces ahead. On the Nicaragua side, overall, they were 2,000 ounces ahead of budget.

So to discuss on a little more detail. Fekola at 114,000 ounces in the production in the quarter, 10,000 over budget. And that's really driven, again, by the higher throughput, 34% higher than budget. Mill throughput, 1.8 million tonnes in this single quarter. And because of that, as we discussed in Q1, we made a deliberate decision to see more of the low-grade stock comp with the mills, with the mills [we've consumed]. And we showed that we can do that without reducing recoveries. The mills, we also imported more saprolite and finally has expected ore feed from the permit pressure. So overall, because we've tried mass low grades, stockpile material through -- a great resource was lower in budget, but we had much higher production.

Masbate was 58,000 ounces, 4,000 ounces higher than budget, slightly higher throughput, 3% over budget and higher grade. Production in the quarter focused on Main Vein. And also unbudgeted backfill areas that we didn't have in the mine plan but we found that, that have this grade and we put it through the amount.

Otjikoto 37,000 ounces, just 1,000 ounces above budget, basically in line. Marginally higher in throughput and recoveries there and slight beat on budget. And to remind you of this [law] and as we've said before, Otjikoto production this year is still significantly weighted to the second half of 2019 as we get higher grade material covering in the mines lining up from Otjikoto phase rate in June -- in the third quarter and then from Wolfshag, Phase 2 of the fourth quarter.

And Nicaragua, El Limon, 11,000 ounces, just 1,000 ounces below budget, approximately in line at Santa Pancha underground and Veta Nueva underground as development continues, plus we have rapid advancement of the Central open pit which produced early by late June, and back a quarter.

And Libertad side, 26,000 ounces, that's 3,000 ounces higher than budget due to higher grade. It continues well that we did some work in the first and second quarter where we caught upon some of the deferred strip at San Juan and Mojon but did have -- we have been able to [complete] at the end of the last year. And also significantly positive [to deliver it] now have to have the least kind of open pit permit. We've started the development there and the first production is expected in October, so early in the fourth quarter. And so overall, I think production-wise at Nicaragua, we've turned the corner and (inaudible) are performing well.

So just coming to cost side now. On the cash cost side, I'm going to talk about cost based on ounces produced, whereas in the all end side, we're mandated to talk about based on ounces sold, but I feel like it's easier to understand and if we talk about cash cost in the ounces produced basis.

So overall, consolidated cash cost including all operations -- sorry, so cash costs consolidated $529 an ounce, $37 lower than budget, which is basically based on the higher production of most of the sites and sort of lower than budget total operating costs. We were that higher in the prior-year quarter, which was $474 an ounce and that's due to a deliberate decision since a process low-grade stockpile materials in Fekola in this quarter. We did have budget in the expected labor drill increases. And then also we shouldn't forget that Fekola had an excellent startup quarter -- in our startup an initial amount in 2018 when they were processing some higher grade stock materials and that wasn't repeated this year, as we get into steady state operations at Fekola.

Overall, in detail, Fekola was $367 an ounce, $33 less than budget. And that was due to the higher production as discussed earlier. Total cost of production were on budget. And basically, things are running very nicely there.

Masbate, $570 an ounce, $64 lower than budget. Cash operating costs, well-below budget mainly due to higher gold production and also lower than budgeted mining cost. We experienced cost savings in a number of areas including drilling and blasting. And so the backfill areas, which didn't require blasting. And we also had blast pattern spacing which has increased resulted in savings in drill meters and block basins. And also because we focused our concentrated production in the Main Vein area, we also had lower [trucking] cost and lower strip ratio.

Otjikoto was $554 an ounce, $25 lower than budget. Again, this is due to slightly higher production also lower strip ratios in model at Wolfshag. And just -- the total from continuing operations, it was $529 per ounce consolidated all operations -- from the 3 continuing operations, the cash cost for the quarter were $456, which was based budget by just over $40.

On the Nicaragua side, Limon, $953, $44 lower than budget. It was well mainly lower budget due to greater activity in the Central, weighted in sort of advancing production near the Central, slightly faster than we'd anticipated. And not -- as I said, it was up a little bit by a touch of development at Santa Pancha underground, which is now being done.

Libertad was $936 an ounce, slightly over budget. The higher cost per ounce mainly resulted from processing higher cost of [inventory] balances, and are also higher due to some higher mining costs related to budgeted weight tonnes moved at San Diego and San Juan as part of that development catchup.

But overall, as you already know, the cons for Nicaragua almost we'll get all into the all-in side, is definitely more weighted for the first half of the year as we did some of that catchup activity. And now, as we're getting in some of that ore resources when we have fully coming online and Limon Central coming online, we see the cost -- the second half cost profile for Nicaragua will definitely be lower than the first half. And overall, we're maintaining guidance for both operations.

And finally, just to comment on all ends for the quarter and, as I said, these are based on ounces sold. $914 consolidated, $37 under budget and mainly nearing the reduction cash cost, as discussed earlier. And also there were some CapEx timing differences there. We have seen lower prestrip as both Fekola and Otjikoto, lower than we anticipated, and some of them are prestrip costs. We'll be timing difference of the reversal, we think of it as $11 million of budgeted prestrip year-to-date that one reverse that we'll see as the savings against budget.

Individually, Fekola was $625 an ounce, $80 lower than budget. Lower cash cost and also some of that prestrip costs, which was partially offset by higher mobile fleet cost that will be budget for the earliest part of the next quarter.

Masbate, $749 an ounce, over $100 an ounce lower than budget, again, reflects a lower cash operating cost and timing of some land purchasing.

Otjikoto was $1,174 an ounce, which is still under budget and that again reflects the fact that we have budgeted higher cost for Otjikoto on the first half of the year. Otjikoto's another one of those operations that definitely has production weighted in the second half, and that will impact its costs in the second half too.

For the total from continuing operations. So those 3 mines were just $807, which was nearly $90 under budget. The El Limon and Libertad side, overall, Nicaraguan operations were $1,589 all-in for the period, which were higher than budget. And that was mainly due to the timing of the CapEx and some other catchup CapEx timing. And like I said, as we move forward, we expect to see reductions in those all-in sustaining costs in the second half of the year.

Maybe just a reminder overall in production guidance for the year. Fekola, we've guided between 420,000 and 430,000 ounces. We see results based on the excellent production profile to date. We see results from at the higher end of that guidance overall for the year. And also, we no longer see a significant weighting at Fekola between half 1 and half 2, just based on the fact that we're ready so far to head in the game in the first half.

With that, we're still guiding between 200,000 and 210,000, so that is primarily the production from Main Vein. Otjikoto, the range is 165,000 and 175,000. Like I said, that is going into the second half of the year and in terms of production profile. And then Limon, still maintaining guidance 55,000 to 60,000 ounces weighted in the second half based on the timing of Central ore processing. And Libertad, 95,000 to 100,000 ounces guidance for the year, again, weighted for the second half based on the timing of process of Jabali Antenna open pit underground ore sourcing.

Overall, our guidance range maintained is 935,000 to 975,000. We have originally guided that it would be very significantly weighted to the second half of the year versus the first half due to the stripping activity in the first half. We're now seeing that -- we don't see such a significant weighting in the second half now just based on the performance in the first half of the year.

And then also we're confident if the Nicaraguan -- the sales does completed as we think early in Q4, we will only be picking up 31% of those operations thereafter, but we still think if that happens at the end of October, for example, that will still meet the lower end of our overall budgeted guidance range. So in total, no change that overall range and no change to the overall forecast cash costs and all-in sustaining costs guidance ranges.

Couple of comments on the income statements, just for your information. Mainly on the taxes, and I know, sometimes it's a confusion as to what the tax breakdown is particularly in Mali. So $24 million tax expense for the year -- or for the quarter, and that's made up. For Fekola, income tax is $13 million. Fekola government dividends, which is kind of [inferred to] tax, $4 million and withholding taxes of $3 million. And then we also have another $5 million there from Masbate and that's because Masbate is now fully taxable, so tax is already there anymore. Remember, we did guide $120 million cash tax payments for the year including 2018 liabilities and also making 2019 cash tax installments. And we've got just under $60 million of that to go for the balance of the year.

On the income -- for the $41 million, adjusted income was $52 million. So basic earnings per share $0.04, adjusted earnings per share $0.05 and year-to-date basic earnings $68 million or $0.07 a share, adjusted income $89 million or $0.09 a share.

Final comments also on the few items in the cash flow statement. First thing on this, on the operating cash flow side, we generated just under $93 million for the quarter or $0.09 a share operating cash flow, $180 million year-to-date. We had guided at the start of the year that the base on the gold prices of $1,300 per ounce, we generate somewhere around $400 million in operating cash flow. Obviously, cash flows are significantly higher with a higher gold price, and we now see ourselves coming in sort of around maybe around the $480 million or close to about $500 million operating cash flow for the year. And just to give you an idea, every $100 change in the gold price, after royalties and taxes, translates about $70 million in additional operating cash flows.

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

(inaudible) $1,400.

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

$1,400. Yes. Looking at -- just on the financing section, we did repay $25 million on the revolver in the quarter, and we expect as we go through the year, those higher cash flows to repay more debt as we go through the year. On the investing activities section, business as usual at all the sites. Suffice to say, we probably got about $11 million in deferred strip that we expected to incur over the year-to-date, and we're going to expect to incur enough for the balance of the year.

As a reminder, there will be various additions to the CapEx to the drop with some of the original budget results were predominantly on prior calls and news releases. But just give to you a reminder, those are made up of mainly related to Fekola. So Fekola expansion was subsequently approved and expect to be $50 million in total for the mill expansion, $25 million this year, $25 million next year. Purposely, in total amount, we think that the larger trucks, larger-sized trucks, total anticipated fleet cost to be $86 million, of which $26 million is expected to be incurred this year, including some pulling other fleet forward and some into 2019.

Fekola Solar Plant also approved. We think it's going to be largest off-grid hybrid solar HFO plant in the world. We think that will reduce processing costs by about 7%, and we will take up to 3 chances outside of operations every points in the day. The CapEx for that is $38 million, of which $20 million is budgeted for this year with the balance of '18 and 2020.

In addition, we also increased Fekola's exploration budget by $3 million earlier in the year. Just the frac spreads, somewhere growing with some of the targets that we got there in which Tom will talk to you in a bit. And overall, we were able -- all that's been built into the budget are into the reforecast cash flows for this year. I'm pleased to say that with the increased operating cash flows that we have and the data of unbudgeted production [as decided], we were able to observe all those and more and still forecast that we will be able to pay up more debt as we go through the balance of the year.

And in addition is the Calibre sales go through, that's expected in early Q4. This should be another $40 million in cash proceeds. This is the first time the cash proceeds that will come in, in the fourth quarter. So again, that will add to the available cash and increase our ability to pay down debt.

And final comments on that is based on how we see 2020 on fully right now are on our current mine plan. We'll updated the mine plans later in the year. So based on the current mine plans, particularly, including expanded Fekola operations, both expanded fleet and circulated on year, the expanded mill. We expect significant cash flow generation. So we chose to be debt-free and paying them over down. We think it will clear by year-end -- 2020.

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

(inaudible)

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

As $1,300 or $1,400 goal. So the way we see it right now, we have $375 million on the revolver, $1,400 goal, we certainly think we can pay that off over the balance of this year and in the end of next year.

So I think those were the main items that I wanted to talk about on the results.

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

Okay. Thanks, Mike. Just one clarification or one -- the $85 million for the large expanded fleet for the fourth quarter expansion would be -- we will anticipate with equipment modes. So just a point to be mentioned.

Okay. I guess we pass on to Tom now to give us an overview of -- obviously, with major expressions of budgets and the number of locations that makes a chunk of question at the e-mail of Fekola and the area around Fekola. So over to you, Tom.

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

Thank you, Clive. As Clive said, we've had a pretty major exploration budget for this year for all the projects. Up to this point, we've drilled over 100,000 meters in all our exploration projects. And in Fekola, up to this point, we've drilled 30,000 meters of diamond drilling in 100 holes -- over 100 holes and 22,000 meters of RC drilling in over 200 holes.

The focus of that has been in several areas. Initially, it was due to the infill drilling on the PEA pit, and then we do exploration down plunge on Fekola and to the south of Fekola and also up in the Snakes areas to the north and then to a new license we acquired to the north of that.

So just we've completed the infill drilling on the PEA pit, but with -- changing gold prices has forced us to look at going further down plunge. As everybody has known or I've talked about several times, our $1,400 resource pit that we came up with is really, although it was $1,400, it was at the edge of our data, so -- which really says we don't know where the $1,400 pit really goes. And so we started doing some infill drilling within that $1,400 pit, and now down plunge that $1,400 pit. And the mineralization still continues. For example, we just hit a hole 14 -- 413. We had almost 4 grams over 59 meters at the bottom of the $1,400 pit, so at the edge of our current resource. And at the edge of the PEA pit, we hit some holes. We had 6 grams over 20 meters, 4.5 grams over 24 meters. And we had almost 4 grams over 56 meters at the edge of the PEA pit. So that suggested the orebody is still continually strong at that edge and continually strong within the $1,400 pit. So we'll continue exploration further down plunge. We are studying -- we're talking internally about what our new gold price will be for reserves. But it certainly suggests that Fekola, although it's become one hell of a large orebody, still continues to the north and has potential to get larger again.

In addition to that, we've started the saprolite drilling, extending the saprolite mineralization in Anaconda to the north with the Batanko license we recently acquired. We've hit saprolite mineralization over 1 kilometer north of the current resource, with some very significant mineralization within 500 meters of the current Mamba zone. With that mineralization, we're now doing not only the saprolite RC drilling, but we're now starting diamond drilling in the sulfide mineralization down plunge of this zones of saprolite mineralization we found at Mamba.

So in summary, although we've expanded Fekola, and it certainly looks like a really big pit, it remains significantly open to the north. And now, with the saprolite mineralization, we're seeing large extensions of that mineralization beyond our current resource, and we'll continue with exploration throughout the year aggressively in those 2 areas, and we'll have results to release in probably a month or 2 time.

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

Thanks, Tom. Before we move for questions, just maybe a couple of comments. I do want to just -- shut out to our Nicaragua employees. We had a tremendous group down there led by Dale Craig, who was with it from the beginning. And just a tremendous team of people who've done an excellent job over many years. We really put Nicaragua on the map of gold mining in a big way and attracted lots of other people to go in Nicaragua including Calibre some years ago. They have experience in the country from an exploration perspective as well.

But I just wanted to thank our employees and part of our -- those of you that know our culture know how much we care about our people. So the Nicaragua deal was a really good fit for us because when you look and evaluate what we got or didn't get for it, don't forget we didn't sell it. All right. We didn't look -- decided to get out of Nicaragua and sell the assets. We did restructure the deal. We want our people, our legacy to continue there by combining it with Calibre. And they've got a very good, strong executive team. But our management team and our employees stay in place. So their legacy continues. And you'll now have, with the closing of the deal, Calibre very focused on growing within Nicaragua and I'm sure other things potentially in Central America, et cetera.

So the deal was great and I think a real win-win for us. But we were happy to be 31% shareholders of Calibre. Our decision to combine with Calibre, see them go forward with the assets in the ground, was not based on politics. This is not a decision based on clinical activity. We are -- we really are great believers of Nicaragua and its people, wonderful people. It's had great success. People forget that sometimes with what's happened recently with some of the rhetoric coming from people who don't really know what they're talking about. At the end of the day, Nicaragua has been a great success story. And it's really unfortunate to see what has transpired over the last year. We believe in the country and its people and the future, and we believe that they will be successful.

And part of the reason to recognize our people down there is just the remarkable job they did over the last year, very difficult circumstances, keeping the mines running. And one thing that everyone in Nicaragua seems to -- almost everyone in Nicaragua seems to have in common is they want these mines to continue. So they want these jobs to continue. These are some of the best-paying jobs in the country. We're very safe miners, responsible environmentally and done huge social programs that have been great benefit.

Nicaragua has been good for us, and we've been very good for Nicaragua, and that continues. If, as expected, the deal closes, it continues, the legacy with Calibre and our people, and also we'll give them help along the way in any way that we can.

I think now we'll open it up for any questions that you might have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Geordie Mark with Haywood Securities.

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

Great quarter. Just one question in several parts, I guess. On -- I guess the main is Fekola so let's start there. Obviously, doing very well throughput plant at 7.3 million tonne run rate for the quarter. Can you give us an idea, given that you're sort of going above the original nameplate, using that capacity, where available, to put in stockpiles, how you foresee the sort of balance of mined tonnes in H2 versus stockpile? Or how many -- put another way, how many tonnes are coming from the -- from being mined in H2 in the current plan?

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

[Randy should know].

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

Yes. I mean Randy is probably closer to it. I can answer if you want. But Clive thought Randy should.

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

Randy? You there, Randy?

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

Yes, maybe I'll take a shot at it. So Geordie, we see -- I mean certainly it's not just the second half of 2019 we've got to consider. As we build up our stockpiles, we've got to look at what we're doing in 2020 as well. When we put out this PEA with some pretty aggressive numbers, we want to make sure that we don't move too many ounces out of our high-grade and medium-grade stockpiles that we would have in 2020. So I think the short answer is we're managing it to be kind of what the first half looked like.

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

Okay. Great. And I guess, ultimately, the -- I guess the performance, well above, I guess, a nominal nameplate, could be expected -- or concurrent with the operator's 7.5 million, you'd expect 7.5 million could be 8.5 million to 9 million in the right conditions?

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

Do you guys want to talk about softer rock and all the rocks are going to get harder? Let's talk about that. John?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Yes. Well, the higher throughput now is the result of the saprolite that's in the mill feed as well as softer rock that's from the low grade that we're processing through the mill. So with all fresh rock coming in the future, higher grade, those higher -- we wouldn't have as high a throughput now as we had the higher-grade fresh rock, so -- and that's what the expansion is designed to process, it's higher-grade, harder rocks.

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

Yes. And maybe just to add on that, Geordie, one of the things that we're looking at right now, don't forget with this expansion, we've got a tie-in. And tie-in obviously means shutdown time. So when you're talking about 7.5 million or 8 million or 9 million over the course of 2020, you got to factor in certainly we're going to have quarters where we're not going to be able to run that because we'll be shut down for a tie-in.

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

Yes. Okay. Great. And maybe just some housekeeping on Libertad. I see you obviously have your internal mining activities started there and expecting ore, I guess, from September onwards. Can you give us an idea of kind of grade distribution Q3, Q4 and perhaps expectations on CapEx there in the current play?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Yes. I can respond to that, Geordie. CapEx, really the major items in CapEx have been taken care of in the front end of the year, that includes the land acquisition and dam construction. So we're expecting CapEx to tail off for the back half of the year. And in terms of grade projections coming out of [Halloween], we're expecting it to run just under 4 grams per tonne and contribution to the mill feed to be in the 10% to 15% range, [so touches] above its grade upgrade, and our advanced production will really depend on how effective we are in operating the pit. That's our starting point, number one.

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

Fabulous. And maybe one last one, if I can, for Tom or anyone else, I guess. In terms of drilling at Fekola, you've done very well, in terms of the [hydrogenate depth]. Obviously, that's done well. It looks like you've doubled your budget there to have another $3 million. I guess that bodes well in terms of some success on grade. And you're quoting Fekola's ore mineralization there, but from memory, the other target, Cardinal, is something different again?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Yes, Cardinal is something different again. We don't have a lot of drilling on there right now. We're just, as we said at the beginning, tied up everywhere else. But Cardinal seems to be quite a bit tighter than Fekola. So I don't expect a Fekola target at Cardinal. I'd expect that, that may be something small, at one point in the future, that will carve out.

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

Where is it? How far is it?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Cardinal is only less than 500 meters from the pit.

Operator

Lawson Winder with Merrill Lynch.

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

I actually just wanted to look at Masbate. I mean that's an asset that certainly seems hard to sort of pin down, which I mean is actually good because it's always surprising to the upside. But maybe just a couple of questions on what the second half looks like. And so in your original budget, you -- or your guidance, you said 69.7% would be the average recovery for the year at Masbate. And so based on that, that would imply that the budget for H2 would be something over 80%, is that correct? And if so, what's kind of driving that expectation?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Yes. The original budget concept had a significant Montana component, which is high recovery. The blend will depend on the arrival of that component. And our recoveries projected through the back half of the year will run between 69%, 70% in Q3 up to 80%, climb to 80% in the fourth quarter, so slightly below our original projections.

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

Okay. That's great. And then you also spoke about the Montana pit expansion. Are you able to give us an idea of how many ounces we're talking about there and at what grade? And then are you looking to publish an updated technical report on that?

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

Go ahead.

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

I'll be back in a minute. I've got a quick chart to check here.

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

Okay. No problem. I got some other questions on Masbate as well. Just on the oxide, I mean it's always surprising to the upside in terms of the percent of oxide. So I mean I guess first off, your budget for the first half was 1% in terms of oxide. What is the budget for the second half in terms of the oxide percentage? And then maybe if you could just speak to your understanding as to what's kind of driving that huge variation in the percent of oxide versus the budget and particularly if the previously mined out areas have anything to do with that.

John Rajala - *B2Gold Corp. - VP of Metallurgy*

As far as -- it has a lot to do with our current mining places. I'm anticipating through Q3, we'll run about 20% oxide in our most recent forecast, and that declines to about 2% in the final quarter of the year. Really, the blending -- the original blending strategy through Q3, Q4, while we developed budget, included a nice blend of low-grade ore coming from stockpiles and high recovery of material coming from Main Vein and Montana. So that blend in our forecast is changing slightly, and that's why you see the difference heading towards more oxide and less pressure in our mine component.

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

From the history of that, the whole oxide history, [Tom Bryan is somebody -- do] you want to talk about what you -- why do you think we're seeing so much more oxide historically than we thought we would?

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

I'll give it a shot. We've been studying this a lot. I mean a couple of things. First of all, that sulfide material or the stockpiles, most of the stockpiles are getting oxide if it's sitting out there between 10 years and 30 years with saltwater rain coming on them. So they've had some oxidation themselves. So there's a bit of a surprise, a positive surprise in the stockpiles. Second, and I'm guessing a little bit, but we have looked at this a lot. The interpretation of sulfide within the rocks is largely based on RC drilling with some diamond drilling. And what happens with RC drilling, the mineralization itself, which occurs in veins and fractures, is getting oxidized. But they're quite narrow and are hard to see when you drill RC drilling across the alteration halos around these veins and a lot of sulfides in them. And they don't get oxidized.

So I think there is a little bit of misclassification going on. I don't know how much. And we really can't, unless we redrill the whole thing with diamond drilling, we really can't change our interpretation on our models. So I think we can expect some positive changes, but I wouldn't put too much on that. I think the bigger change is a lot of the stockpiles were classified as sulfide, and I think they're being oxidized.

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

Probably in the previous [audit], they didn't spend as much time differentiating, is that right, between the different ore types?

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

No. No, we certainly studied it a lot more than they had for sure.

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

So that's partly why there's more -- with further analysis, there is more oxide than they have thought.

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

Yes.

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

Okay, that's great. That's very helpful explanation. And then just on the backfilled prior workings in the Main Vein. I mean obviously you had expected to encounter those, but have they ever been drilled out? And like to what extent can you expect that to continue, where you're actually getting grades worth processing out of those old workings?

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

Again, the same thing applies to -- we talked about with the oxidation state. You go drill a good chunk of the orebody with RC, as what has done here in Main Vein, it's very difficult to pick out all the workings. So there's going to be some conservatism applied to the modeling of the workings. Certainly, when you're drilling RC and you go through a pit opening that's been backfilled with rock and maybe a bit of paste, you don't really pick it out in an RC hole. So I think what's happened is we've had -- we've been conservative in our modeling on some of these workings. It's turning out to our benefit. I'd say it's starting to do that and not the opposite happen.

John Rajala - *B2Gold Corp. - VP of Metallurgy*

[Operational] conservative forecasting and recovery issue drilling through backfill, [hard to recover nothing].

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

[I can take the] Montana question as well. Montana has got about 225,000 ounces at about 2 grams.

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

Over what period of time will that be might?

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

Over 2 years, approximately.

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Yes, we see it holding in at about 12% of our mill feed, and the grade in the coming 6 to 8 months will range from 1.4 to just over 2 grams per tonne active recovery, 80%.

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

I would advise you to reach out to the guys for any more detailed technical questions. There may be other people in the queue that want to ask questions as well. So thanks for your good questions and your interest.

Operator

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

Chris Thompson - *PI Financial Corp., Research Division - Head of Mining Research*

Congratulations on a great quarter again. Three quick questions. Just a point of clarification on, I guess, the discussions from the previous caller on Masbate. So what I'm hearing here is that you're planning on pushing more oxide through the plant towards the back end of this year to increase the recoveries. Is that right?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

No, we will be sending more low-grade through the plant, not oxide, in the back end of the year, final quarter.

Chris Thompson - *PI Financial Corp., Research Division - Head of Mining Research*

Okay. And then I think you were mentioning close to 80% in the fourth quarter. Is that right?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

No, closer to 2% in the fourth quarter, approximately 20% oxide in the third quarter.

Chris Thompson - *PI Financial Corp., Research Division - Head of Mining Research*

So a good recovery is 80%?

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Say again?

Chris Thompson - *PI Financial Corp., Research Division - Head of Mining Research*

I'm just looking at the recoveries, what we should be modeling, I guess, in the fourth quarter.

John Rajala - *B2Gold Corp. - VP of Metallurgy*

Yes. Recovery, third quarter, sits around 70%. 80% in the final quarter of the year.

Chris Thompson - *PI Financial Corp., Research Division - Head of Mining Research*

And just moving on to Otjikoto quickly. Obviously, you've been guiding for a stronger second half. I guess grade-driven, I would imagine, Phase 2 Wolfshag. Can you give us a sense of the sort of the head grade profiles we should be putting in our model for this?

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

Yes. I'll look it up. Hold on. Yes. Maybe, Chris, call me outside of this call, and I'll let you know.

Chris Thompson - *PI Financial Corp., Research Division - Head of Mining Research*

Fine. Sorry. Sorry for asking the details here. Final question, guys. Obviously, Fekola, fantastic performance from the asset here. I think you mentioned earlier on that you're going to be managing the second half tonnes, milled tonnes, very much like what we saw in the first half of this year. Would the same be for the head grade as well?

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

Yes. I think you could assume that. Once again, we are managing the head grade as well. And so what we're really trying to is target an ounce profile as opposed to a grade and tonne throughput.

Operator

Carey MacRury with Canaccord Genuity.

Carey MacRury - *Canaccord Genuity Corp., Research Division - Analyst of Metals and Mining*

Just had a question on Anaconda. It looks like you've pushed out the scoping study as you're continuing to drill there. Just wondering from what you're seeing there, are you still contemplating a stand-alone operation? Or is it still potentially could be mixed in with the Fekola mill? And then finally, do you anticipate -- I was wondering about the time line in terms of coming up with releasing details around the plan around Anaconda.

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

Tom -- [Dennis and Tom talked to it]. I mean he just mentioned that it's open to the north, and we're getting good results there. So getting bigger, of course, makes us to have a little more interest. And Dennis, do you want to talk to that a little bit?

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

Yes, it gets bigger. And from the things we're seeing in saprolite now, it's a bit higher grade, which is the [real deal] on this thing for making a stand-alone saprolite plant. And we're just kind of waiting and seeing a bit right now. Tom's guys are just really getting into the -- drilling this thing up further to the north. We'd like to give a little more definition on what we really think we've got there for 2 things, saprolite, the saprolite itself, both tonnes and grade. I mean how big can this thing get and what is the grade really. And as soon as we have a better understanding of that, we'll drop it into our models, and we'll take another look at how that plant looks and is there a hard rock component of this thing up north that we need to consider also, so will we build a different style of plants. So all the success -- with the success the exploration guys are having comes a whole new list of questions for us.

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

[Would you be able] talk about, you mentioned about when you're going to be drilling the well for saprolite?

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

Yes. So I think Dennis' point is a really good point, in terms of timing of knowing things. I mean the saprolite is getting bigger, so we're expanding the saprolite, and we have started -- we actually had our first hole #1 going into Mamba sulfide target at the north end of it. So we're still early stages on the sulfide targets. But initially, we had several targets, in sulfides, we had one in Adder, in Anaconda. We had 2 in Mamba. And now we're drilling one of our best sulfide targets in Mamba below the saprolite. So to talk about timing on when we would know what we have there, your guess is as good as mine. If hole #1 turns out a monster intersection, then we'll hit it really, really aggressively. If it's hole #50, well, we'll be working at it for a while. So it won't be hole 50, but that would be my bet. But still early-stage exploration. So your guess is as good as mine as when we'll have the feasibility on it.

But I think in summary of it, I think what Dennis says and John said yesterday is let's find out what we have there in the sulfide before we decide what plant we want to build there.

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

So it could be potentially a stand-alone if the saprolite continues to get bigger and then the grade looks like there are [some areas got a] grade, but then again maybe the saprolite gets mined in a bigger mill if it's on top of another large deposit and the sulfides,

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

Can I answer the other part of that question, Clive?

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

Yes.

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

So the other part of the question, second half of the year, Q3 grade through the mill 1.73 grams, Q4 is 2 grams per tonne.

Carey MacRury - *Canaccord Genuity Corp., Research Division - Analyst of Metals and Mining*

So just a follow-up on Anaconda. Based on the drilling today, do you think you'll be in a position to at least expand the resource at the end of the year?

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

I don't think so. And just because we haven't done the edges yet. So it's August already. Unless we find the edges, I don't know that we'll have a new resource by the end of the year.

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

But we might potentially do an updated resource at some point in the next year or so. But [end of year is still open], is that right?

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

Yes, we might. Maybe sometime next year, we'll be able to come up with a new resource.

Operator

There are no further questions at this time. I would now like to turn the call back over to Mr. Clive Johnson for final remarks.

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

Thank you all for staying on the call and for your interest. I'll just say if you have further follow-up questions, reach out to me and we'll get you to and talk to the right person here. I think we're obviously very pleased with the results that we've seen for the quarter again. And I think based on our successful growth strategy over 10 years, remember, we have no gold production 10 years ago. But based on the successful growth strategy, perhaps (inaudible) I really do believe we're almost, if not uniquely positioned to continue to generate strong cash from operations but also to continue as a real growth engine by focusing on what we have in the pipeline. We're going to generate lots of cash flow. We were looking for the right cash flow point of view, our (inaudible) gold and debt repayment, obviously, with gold being higher, that looks even better. Our long-term goal, but maybe not too long term anymore, is to continue to be a responsible producer but also obviously continue to grow. And a lot of that from existing assets and through the drill bit, but also ultimately, we'd like to be a company that takes a portion of our cash we generate and use it to grow the company's production further. But also we'll look at our dividend strategy in the future.

So I can't tell you what gold price we'll pursue with the dividend and when yet, but we're going to be looking at that, and that's part of our goal as a company. We think we're a very attractive company for lots of investors. Minerals and gold investors look at a company that's low-cost, profitable, (inaudible) can grow from existing assets and then drill bit based on our extraordinary track record of what we've accomplished so far but also become a dividend-paying company as well.

Once again, thank you all for your interest, and we'll look forward to talking to you soon. Have a good day.

Operator

This concludes B2Gold Corp.'s Second Quarter and First Half 2019 Financial Results Conference Call. Thank you for your participation. You may now disconnect.
