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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to B2Gold's Third Quarter and Year-to-date 2019 Financial Results Conference Call.

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

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

Great. Thanks, operator. And welcome, everyone, to our call today to discuss the Q3 financial results for 2019 and the year-to-date. We had a very strong quarter and a very strong year-to-date, and this was driven by our excellent operating performance from the 3 mines: Fekola, Masbate and Otjikoto. We're going to talk on them -- hand over to Mike in a minute to talk about some of the details of the quarter results, and we also have our whole team here and on the phone to answer any questions and to give you a full update.

We also, in the quarter -- some of the highlights from me, I guess, in the quarter was, in addition to the great performance was we completed the transaction with Calibre and it was [seen] for approximately $120 million in cash and shares. We will own 30% of Calibre going forward. I think it's a very good transaction that's good for a -- it's a win-win-win. It's good for our employees, our former employees in Nicaragua who are now employed by Calibre. I think they have a very strong team, and they have a similar corporate culture to B2Gold, and I think they're going to be successful and we're happy to be a 30% shareholder of Calibre.

For us it wasn't the main driving force behind changing our ownership in the Nicaraguan assets. It was really about the size of mines that we're building these days. And it wasn't about politics and there wasn't any other region. We liked the assets, and we actually turned them over in a very good shape to Calibre. So it was more about looking at our future and the kind of things we're looking to drive on with. Nicaragua was a huge success for B2Gold, as our first producing assets and a great success for the Nicaraguan people and it's government. So a very good legacy and we believe they're in good hands.

Other highlights for the quarter and the year-to-date, we've had significantly debt repayments of over $220 million is expected by the end of the year, with another $100 million of that $220 million being paid back we expect in the fourth quarter. And that will bring us down to a total debt by the year-end of USD 260 million, mostly being our revolving credit facility and then some equipment loans as well. So that's a very low debt level, and it's one of the lowest debt-to-EBITDA ratios in the gold space today.

And partly because of that and our really good profitable performance, we've actually announced yesterday that we're paying our first dividend and that's a very important milestone for the company, and I believe, for its shareholders. The goal all along when we created B2Gold 11 years ago, what we aspired to was to become a successful low-cost responsible gold producer that could generate cash flow for 2 reasons. One is to continue to grow the company by building additional great projects and finding more gold, but the other was ultimately to see if we could do that, but at the same time pay a dividend back to our shareholders. And that's where we are with the start of this dividend. And obviously, it's something we'll look to grow over time. And so it's a good start. I think it puts us in the middle of a pack in terms of gold producer dividends. But once again, we're a growth company. So we want to make sure we maintain enough cash flow and access to cheap debt to be able to continue to do what we do and that's building a -- finding gold and building very good gold mines and running them extremely well.

So looking forward, the way forward is quite clear for us. We are expanding Fekola, that's going on extremely well, and we've seen a great performance of Fekola in 2019. But before, that's on track to the -- I think it will be approximately 600,000 ounces of gold production next year. That is Q2, as we detailed in the news release that's due in 2020, it's really driven by the fact that we have a larger mining fleet that we're able to buy some higher grade during 2020, stockpile some low grade. And then the actual increase in throughput at the mill, the expansion will kick in, in the third quarter of next year.

So some people wondered if -- why the expansion's finished in the third quarter of next year. Why is next year such a robust year, that's because of this ability to utilize the larger fleet for the rest of the year, and then the expansion kicks in as well. So we're still very comfortable with our next 5 years, averaging around 550,000 ounces a year from Fekola.

Additionally that will continue to explore in the Fekola area. Fekola continues to be open to the north. We've had a successful campaign of infill drilling and infill drilling 19% of the resource of the Fekola that was in the inferred category. So we'll have results of that by the end of the year, on the resource for Fekola. But it also remains open to the north. We keep hitting it as we step up even further north. So there's more work to be done to see how big Fekola gets ultimately.

And of course, the Anaconda area, 20 kilometers north to Fekola, has yielded some very exciting results recently. We have a large saprolite, a pretty good saprolite resource over 5 kilometers by 1 kilometers there, that's approximately 1 million ounces so far and heading to -- heading larger as it gets bigger. But more importantly, perhaps, significantly. We're starting to hit what we hope to see below saprolite and that is some really good Fekola tech grades in the sulfides below. So we're quite excited and I know Tom and his team are quite excited about that. It's early, but it's a great success, and we're going to do a lot of drilling there to see if we have another Fekola-type deposit.

In addition to that, we're going to look to Gramalote has become an important part of our world again. As everyone knows, AngloGold Ashanti has been the operator for several years. We reached an agreement with AG during the quarter, whereby we would become the manager of the joint venture, and we're looking to drive that project forward very quickly. Some people will remember, we were actually diluting out of our interest a couple of years ago, we didn't like the [looks of] Gramalote and we had other priorities, frankly.

Some recent new geological modeling for gramalote has suddenly really changed the potential economics of the project to make it potentially quite robust. The main risk now in Gramalote as we see it is our infill drilling. There's a significant portion of the resource that is in the inferred category, and drilling has now commenced or will commence any day to turn -- hopefully turn all of that inferred into indicated. And it's quite a homogeneous ore body. So we're not expecting too many surprises with infill drilling. But obviously, it's one of the things you need to do.

Other than that, we've got a tremendous amount of good work done by Anglo over the years of metallurgy engineering work to be done. There's not a lot left to be done once we hit full drilling to move to a final feasibility study by the end of next year. But we have a budget between the 2 companies of approximately $40 million to achieve that. Gramalote has certainly become a potentially good project for us when we look to build our next mine. We've got some work to do on the infill drilling. But we like the looks of it, frankly, a $1,300 gold. If the infill drilling pans out on the rest of the detail in the feasibility is what we hope it to be. So lots of news coming out of Gramalote over the next year.

So clearly the focus on our strategy going forward is what it's been for a long time that is to grow this company from existing assets. Gramalote taking of primary ore, obviously, the expansion of Fekola. And also exploration of Fekola and elsewhere.

So continuing to grow by developing our existing assets and by exploration worldwide, looking to do joint ventures or on our own, finding -- looking for large low cost deposits. Some of them in joint venture with long struggling suffering junior exploration companies. So we're on the lookout for opportunities where we can spend money in the ground to earn a majority interest.

So that's sort of an overview from me, I guess. I'm going to pass on to Mike, I would just ask you our analyst friends on the line, this is probably not the forum to get as detailed questions about rock types or strip ratios or mining costs per ton. If you want to ask those detailed questions, we all will definitely invite you to send an e-mail to Ian and he'll forward it to whoever is the right one to answer those detailed questions.

So with that, I'm going to pass it over to Mike to give you an overview of the financial results.

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

Okay. Thanks, Clive. Great quarter. So happy to present results. Just before I do. Just to remind everyone what the basis of presentation in these financials is consistent with the second quarter. Nicaraguan results in the financial statements are presented in the income statement as a one line item. And income loss from discontinued operations and on the balance sheet, just as one line item in the asset section and the payables section. But when I discuss the results, I'm going to discuss it as presented, and then I'm also going to mention what it was if you included Nicaragua as well.

So firstly, starting with the revenue line at $311 million for the year -- or for the quarter. And the revenue increase was mainly driven by a 23% increase in realized gold price, but offset by a 10% decrease in ounces sold.

Overall, if you include Nicaragua, there was $382 million versus the prior year quarter of $324 million. And basically, all operations were at or both -- in fact they're both budget in terms of production and in terms of sales.

Then turning to production. Production from continuing ops was 213,000 ounces. So that's Fekola, Masbate and Otjikoto. And if you include the production from Nicaragua of 45,000 the total production for the quarter was 258,000 ounces, which compares very well with a budget of 242,000 ounces. That's a quarterly record for Q3, and we already had a quarterly record production for Q2. So the good news continues.

Just breaking that down and talking a little bit about the individual components of it. Fekola was 112,000 ounces for the quarter against a budget of 108,000, so 4,000 ounces a day. And it's really the same story that we talked about in the first 2 quarters of the year. Fekola continues to demonstrate the higher sustained processing without reduced recoveries, and it's benefiting from a trend of more oxide, softer material and finer than budgeted size coming from the primary crusher. And because we're able to put more material through the mill, we've actually been drawing down on some of the low grade stockpile. So what you've seen is the grade has dropped a little bit, but there's an increase in production because there's a lot more volume going through the mill.

Masbate was 52,000 ounces against the budget of 49,000. So 3,000 ounces ahead. And again, same story as the first 2 quarters. We continue to have higher than planned grade or tonnage coming from main vein, including some ore tonnes that were taking from backfill areas that we hadn't originally budgeted or built into the models, which show higher grade.

So just to comment on Masbate, we have noted in the press release today Montana -- bringing Montana into the existing MPSA, the -- our mining license and permit continues to move along well. We're now predicting that it'll likely happen late Q4 or early 2020. But overall, from Masbate, because of the outperformance to date and our ability to keep mining from main vein, we think Masbate's going to come in at the high end of our guidance range of 200,000 to 210,000 ounces.

Otjikoto for the quarter was 49,000 ounces against a budget of 4,000. So it was just slightly ahead. And once again, same story as earlier in the year, Otjikoto is continuing to benefit from higher-than-expected ore grade tonnage from Phase 2 of the Wolfshag Pit.

I'm going to talk about cash costs now, and I'm going to talk about those on the basis of ounces produced. In the MD&A, we've presented it on the basis of ounces sold as well as ounces produced but in this case, I'm going to talk about it based on ounces produced.

So on a consolidated basis, the cash costs were $507 an ounce against the budget of $543, so a favorable cost saving variance of $36 an ounce. If you break that down, the total from the continuing operations was $443 an ounce against the budget of $490. And once you add in Nicaragua, then that $443 bumps up to $507 an ounce. And you can see that going forward, we're going to see an improvement in the overall cash cost per ounce because the remaining operations are -- have better cash cost profile than those in Nicaragua, which we now disclose that.

I'm just going to touch on the individual components of those cash costs. At Fekola, $383 an ounce against the budget of $394, so slightly below. But as I mentioned earlier, Fekola really is moving along. So we've got slightly lower grades because we're producing from some of the material from low-grade stockpiles. But overall, we've managed to maintain the same cost profile, but more ounces. So that certainly added to profitability.

Masbate, $622 an ounce against the budget of $673. And Masbate's seen cost savings kind of across the board. There are a number of areas where those savings have been noted and they include like drilling and blasting costs, including taking materials from the backfill locations, are lower than we thought because we need less drilling and blasting. Loading and hauling costs have been lower and there are fewer total tonnes of waste moved than budgeted because we'd be focused on main vein. So all of those have benefited Masbate's costs overall.

Perhaps the most significant cost reduction in the period though is Otjikoto. Actual costs there were $394 an ounce against the budget of $519. So it's saving about $125 an ounce. And again, there were a number of factors, in fact, that contributed to those lower-cost profiles, but lower than budgeted fuel and reagent costs. Higher than budgeted gold production and also a weaker Namibian dollar. Namibian dollar was -- contributed probably $2 million to the -- in the year-to-date in terms of FX to the profitability of Otjikoto.

So overall, Nicaragua -- were the total for Nicaragua in operations were $810 an ounce against a budget of $832. Nicaragua kind of was on budget. We had better than -- we had really good production, I think, from both the undergrounds at [Limon], and Libertad benefited from higher than budgeted ore production at all of its mining areas, including [happily underground].

Finally, a comment on the all-in sustaining costs for the quarter. The total on a consolidated basis, $807 an ounce against budget of $804, so almost right on budget. If you break that down, the total from continuing operations was $755 against the budget of $765. And then Nicaraguan all-in sustaining costs were just over $1,000, which is pretty much on budget.

The one thing to comment there, was there was a fairly significant consolidated cost segment on the cash cost, $36 an ounce, but we don't see that repeated in the all-in. All-ins are pretty much on budget. And the main reason for that is the higher gold price because royalties flowing into that all-in sustaining cost calculation. We had higher gold sales and revenues, as we mentioned earlier. And with those higher revenues came higher royalties and those flowed through the all-in sustaining cost number.

But although pretty much right on budget. There is some CapEx in there that was deferred in earlier periods that flowed through this quarter. For this forecast year, we've probably got somewhere between $7 million and $10 million of total CapEx, mainly related to deferred stripping and several of the operations that we don't expect will flow through into the fourth quarter. So you may see those as absolute savings year against budget.

Just going to comment on a couple of other items in the income statement, one's on the interest line. We see $7 million there for the current quarter, very similar to the prior quarter. And we did repay $100 million year-to-date on a revolver. And as Clive mentioned, we expect to pay another $100 million in Q4. What that will mean when you look at that -- because we've paid some debt that you might expect to see a greater drop than that, but it was really just to do with the timing, we paid $75 million of it in Q3 off later in the quarter. So you will start to see cost -- interest saves as we move forward now.

Also comment on the tax side. On the current income taxes, just some of you frequently have questions on that. $34 million for the quarter. Majority of that is Fekola, $28 million. $22 million of its income tax and $6 million of it is the priority dividend, which we also account for [as a] tax.

One thing for your models, we had disclosed that we were going to pay -- we expected cash tax payments for the year to be $120 million for the year. We bumped up by $10 million in this quarter, and that's due to Otjikoto. There's the higher gold prices and the higher net income generated in Namibia because of those higher gold prices, has now meant that Otjikoto is now more taxable than we thought it would be. So we've added -- and guide you that there's another $10 million that we think you should put in your models for Q4 for total tax payments mainly related to Otjikoto.

Couple of comments, overall now on the overall results as we look forward. So -- and for the quarter. So firstly, for the quarter, the attributable net income was $66 million -- or sorry, $55 million is attributable, $66 million overall. Basic EPS, including discontinued operations, was $0.05 a share. Adjusted EPS, of adjusted net income attributable of $89 million was $0.09 a share. And then cash flow from operations was $168 million or $0.16 a share.

In terms of overall guidance for the year and looking forward, we did change the mix of our overall production guidance range, but we didn't change the consolidated range overall. And I think that's significant, too, because we -- with the disposal of Nicaragua in the middle of October, we don't have the benefit of 100% of that production going forward. But we still think we'll come in somewhere around the mid-range for the consolidated guidance.

What we did change was Fekola, we moved it -- we originally had a guidance range of 420,000 to 430,000 ounces. We bumped that up to 445,000 to 455,000 just based on the outperformance of Fekola year-to-date. And you'll see from that, and the results already reported, that due to the strong first half that we had there, that production from Fekola is no longer weighted half 1 versus half 2, it's pretty consistent on the way through.

Masbate, we're still guiding 200,000 to 210,000 ounces. But like I mentioned, we expect that to come in at the high end of that guidance range as it is.

Otjikoto still guiding to 165,000 to 175,000 ounces. That -- Otjikoto was weighted to the first -- to the second half in the budget and remains so. In half one, we reported 70,000 ounces, and we think we'll be somewhere in the middle of the 165,000 to 175,000 for whole year.

Where we guided down was on Limon and Libertad, and that's because we guided down on the basis that we're only going to pick up our share of their production going forward that we would report is only 30%. So taking into account the production that we did have up to October 15, where we owned those operations and the sort of 30% share that attributes to us going forward, we now think Limon's guidance range is between 50,000 and 55,000 ounces. And Libertad's between 75,000 and 80,000 ounces.

But when you put all those together, the total consolidated range is still 935,000 to 975,000. And like I said, we think we're going to come in somewhere in that mid-range.

On a cash cost guidance range. Fekola for the year, we still expect to be in the range from Masbate and Otjikoto, we expect to be at or below the low end of the range. Same story for those operations on the all-in sustaining cost side.

When you look at the consolidated range that we gave, so cash costs for $520 to $560. We think we're going to come in at or below the low end because you'll have seen the positive results year-to-date for those. And then on the all-in sustaining cost guidance range of $835 to $875. We think we'll come in there somewhere in the range.

A couple of general comments on the operations and again, a couple of comments for your models. So Fekola the expansion started in 2019, well underway, we expect it to be completed certainly by the end of Q3 2020. Detailed engineering we expect to be done early to mid-November. Now we did guide for the plant extraction costs itself, we expect to be $50 million in total, $25 million split between this year and next year. We still expect that the split is accurate.

On the fleet upgrade of $86 million, the larger fleet, we originally thought that we'd probably have about $25 million of that in the current year 2019. We now think because of accelerated purchasing and what we're doing there, get things moving, the $86 million split will now be split $36 million for the balance of 2019 and $50 million in 2020. And also in the solar plant, again, well underway there with plans to get that built. The total cost, as we disclosed before, is $38 million. Previously, we thought we'd incur $20 million of that in this year and '18 next year. Now we think we'll incur $17 million in 2019 and the balance of $21 million in 2020. So again, just for you to update your models.

Clive mentioned gramalote and where we're going there. And for the purpose again of your models and what you've built in there, we've agreed with AGA that we'll have a remaining budget of approximately $6 million for the fourth quarter of 2019. And then up to $40 million for 2020 to get us hopefully to that feasibility stage -- study stage by the end of 2020 because we've agreed to fund the first $13.9 million of that, first a, to earn our way back to a 50-50 joint venture interest; and b, to become manager. Our split of that $6 million plus $40 million, so a total of $46 million will be $6 million for the balance of 2019 and approximately $24 million for 2020 at this stage, if you want to put that in your model.

Just finally, a couple of comments on the cash flow statement. As I mentioned, cash from operating activities, $168 million for the quarter, including the cash flows from Nicaragua. Year-to-date, it's just under $350 million, operating cash flows, assuming $1,500 per ounce gold price for the -- for Q4, and we've seen that pretty much all the way through so far. We think we're tracking right on that $500 million of operating cash flow that we previously disclosed for the year.

On the financing side, we have paid back, in total, $100 million on the revolver, $75 million of it so far, in this quarter. And in Q4 because of the weighting of some of that production we talked about Otjikoto and the strong cash flowing in for [all the] operation, we think we'll be able to repay another $100 million in Q4.

And as Clive mentioned, the total debt reduction, [including] paid down some of the capital leases and equipment loans we'll -- it's estimated to drop from $480 million at the start of the year to $260 million at year-end. And the way things are going, especially with the Fekola expansion coming online and certainly the larger fleet, start seeing the impact of that and mining earlier in the year and then the expansion coming fully online at the mill. Later in the year strong cash flows there. We think if we want to be, we could certainly be debt free on the revolver side by probably Q3, just after the second half of next year -- or just after the first half of next year, sorry.

On the investing side, we spent $205 million year-to-date, $73 million in the quarter. And like I mentioned, there is some -- there may be some timing difference in the CapEx year-to-date. But in terms of both CapEx, it's likely it was budgeted, but it's not likely to be incurred, it's probably somewhere in the region of $5 million to $10 million for the full year. Maybe we'll give an update on that when we report Q4.

Also, we'll see cash inflows in the fourth quarter of -- are $53 million in total for the first part of our payment related to the sale of Nicaragua. So there's a $40 million cash payment as part of the consideration. And then there's also the first part of a working capital cash adjustment of $13 million, so a total of $53 million that we'll see flow in, in Q4 in cash related to the Nicaraguan disposal.

We finished the quarter with $146 million in cash. Now that excluded $18 million of the Nicaraguan cash, just because of the way we have to report it. But in reality, in the -- early in the fourth quarter, we pulled up the majority of that cash back up into B2 so, -- because that was cash that was generated under our ownership.

And I guess, final point to note on the cash flow side, what we'll see, I think, and you'll see this probably in early to mid-December, in Q4 will be the payment of the dividend of approximately USD 10 million, reflecting our first quarterly dividend of $0.01 per share.

So I think those are the main items that I wanted to highlight in terms of the results and the cash flows year-to-date and how we see the year panning out.

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

Okay. Thanks, Mike. I think we'll open up to questions now.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Geordie Mark with Haywood Securities.

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

Yes, nice work on the quarter, could see a dividend coming out. That's great. And perhaps in line with what you were saying, Clive, for leaving the (inaudible) for later and maybe as a segue from your comments on focusing on assets of scale. Just looking at Gramalote, what sort of makes sense there for yourselves and your partners in terms of relative scale of production on a gold product basis and an asset life for that asset? Do you think you're able to make any comments on that to give an idea of what you're thinking or?

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

Yes, we're doing that. We're working on an updated PEA, which we would hope to have done by early -- early next year. But I think the most recent economic runs that have been done. I've been looking at something starting out at Gramalote Ridge and we're talking about somewhere -- starting out of somewhere around 400,000 ounces a year. And if the infill drilling (inaudible) and the other economics stay similar to what they've been in the past in terms of mining costs and all those things, [we'll do a lot of work on] them, it has the potential to be a pretty low-cost producer with pretty robust economics, $1,500 gold.

So the mine life -- what are we talking about guys? What are we -- do we -- mine life, I think we were talking about internally some of the most recent numbers around -- but I think Geordie, a lot of the details going to (inaudible) we feel that's something that we would like to share with our -- publicly to indicate why we like it so much more than we liked it a couple of years ago. The big driving force has been the new geologic modeling that's been done, that has showed a significantly better project and (inaudible) strip ratio, great logistics, great metallurgy. Those are some of the keys to a low-grade ore body, and we've got all of those. S

o we're going to -- we'll be getting with the second drill now and so the key driver force will be the infill drilling. But so far, we like the looks of it a lot, but there's more work to be done, but not that much, actually, it's mainly infill drilling.

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

Okay. Maybe I'll just -- one point, moving across to Fekola. Just there was obviously some language on the solar plant there. Just thinking about, obviously, full year payback there? Is there a particular cost benefit on the scale of that production, on the scale of that capacity at 30 megawatts? And on that basis, given the collective capacity of, I guess, fuel plus solar, if Anaconda was to make hay, ultimately, would you draw from the same plant? Or would you do something separate? I'll leave it there.

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

Well, yes. I mean, Dennis, I think Dennis is on the line, he can talk a bit more to the solar, but I think the concept would be if Anaconda becomes something that becomes mineable, which we're seeing the -- just the [separate] of the loan continues to expand, so we're kind of keen on that as being -- if that was sustainable. But definitely, you'd be looking to perhaps shift hard to some extent, you'd be looking at perhaps expanding the solar plant, those types of things are our options. I'll let Dennis answer the other question about the solar. Dennis are you on?

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

Yes, Clive. The solar plant is going to provide about when the expansion is up and we're running at that higher rate, provides about 18% of the power, it drops the process operating costs by a little over 7%. And it does provide additional -- it lets us do maintenance during the day on the units, things like that. So we can draw more power from the plant simply because of the maintenance schedule. We don't need the plus-2 scenario that we have in the power plant, we can almost go to a plus-1 scenario because of the daytime maintenance that the solar plant creates. And the solar plant is being built to where it could actually be expanded without too much trouble also. Hope that helps.

Operator

Lawson Winder with Bank of America

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

I think I'd like to also just echo those comments that I commend you on introducing the dividend and particularly at a competitive yield. And then Clive I definitely agree with your comments that -- I think this is a milestone for B2Gold.

So with that said, question on Gramalote. So Clive, I mean, you mentioned that, obviously, one of the big sort of challenges or next big steps here is getting the infill drilling done. That makes a lot of sense. But just looking beyond that, assuming the geological model checks out, the infill drilling confirms everything you'd hoped, what do you see as the biggest challenge to getting Gramalote built?

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

Well, permitting is always one of the challenges of our business would be -- we do have an environmental effect. This has been already accepted with the government. So there's various steps to go along the way to continue to -- the permitting process. But we're in now in (inaudible), which is definitely one of the best places to be in Colombia. In terms of pro mining, there's both -- if you were to fly over Columbia in a helicopter and you knew nothing about mining and someone asks you to pick the best spot in the country to build the first large open-pit gold mine, you'd pick Gramalote. It's general low in hills. It's not an altitude. It's not steep terrain. There's not a lot of local crops and vegetation. Anglo's done an excellent -- AngloGold's done an excellent job working with the local people and working with the (inaudible) miners and the local population. So we're very popular there and we've (inaudible) on AGA.

And taking over as operator, we're going to inherit a lot of the people, the AGA people, that have been working so hard, they're on permitting and all the other social issues, they're going to stay where they are, they're going to be managed by B2Gold, but and also AGA will have a strong presence as part of the management committee.

So I think we think we're in really good shape there. And frankly, because of -- and AGA's a big company, and they probably -- they do things methodically, and they spend a little more money than we would sometimes and do a little more work than we would sometimes on things like metallurgy and engineering, et cetera. It's a little risk reward thing. So we benefit from that after many years. And the fact that there was a lot of good work done by AGA in terms of the metallurgy in terms of engineering. So there's not a lot of risk that we see in terms of those things.

In terms of the ore body itself, and Tom can speak to it (inaudible), but it's a very homogeneous, low-grade ore body. So we're really hopeful that the infill drilling is going to bring no negative surprises. We will have the results of that starting in July, I guess in May, [Tone] of May of next year.

So yes, we see it as a very advanced project, and much more advanced than you would normally expect to be when a significant portion of that is actually in (inaudible). So the good news is it's advanced -- in permitting it's advanced,, and social issues is well advanced and all the other things that make up our feasibility study, a detailed -- engineering and stuff. But there'll be some more detailed engineering and some more work to be done on looking at the plant and stuff. But we're cautiously optimistic that this can potentially be a significant low-cost producer. And that's one of the reasons why our focus is organic growth, as I've said many times in these calls, I'll say it again, you're not going to see any significant M&A from us because why would we buy anything, when you've got the kind of assets we have, Gramalote, the potential for additional ounces at Fekola, et cetera, et cetera. So we're going to see the course of that and Gramalote potentially becomes an important part.

Another note on that, I guess, one of our -- I think one of our reasons for our success will be to the strength of our executive team and our technical and all the people that work for us, a tremendous amount of experience. And Dale Craig who is a Vice President at (inaudible) at B2Gold has offered to go down and -- asked to go out and be the country manager in Colombia for B2Gold. And I think that's a great move for Dale and for us. I'm a bit jealous actually, but -- a nice place to work. But at the end of the day, Dale came to us when we originally acquired the Nicaraguan asset. So he was country manager in Nicaragua, then he was promoted to come to Vancouver, and he wanted to go to the Colombia and have this experience. So that's what I think is one of the keys to our success, is the bench strength, the ability to have this incredible team of people around the world that can slot into different projects and different opportunities as they come up. And of course, if we get to the point of building Gramalote, it will be our in-house construction team who has done such a fantastic job and is currently doing the expansion of Fekola. So yes, we're cautiously optimistic that Gramalote has got a really good shot to be a low-cost open-pit goldmine.

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

I look forward to further updates on Gramalote. Thanks for those comments, Clive. And then, Mike, maybe just a question for you on -- or perhaps someone else, but I think this one's going towards Mike on Montana, the extension pit. You highlighted that the permits, or the approvals rather, could be delayed into 2020. I'm just curious how many approvals are needed? And what are they? And then finally, I mean, if there's any more slippage there, is there any risk to the guidance you guys have provided preliminarily for 2020 there with 200,000 to 210,000 ounces?

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

Well, I think to answer the first part of your comment or your question. The -- I think we're right at the -- we've got one more final approval to go and then we'll have rolled -- we think we're ready to go -- other than that, we think we're ready to go on Montana. And so that's why we think it will either happen a bit later now in Q4 or early 2020.

In terms of the guidance, as you likely said, we're going to hit guidance at the upper end. In terms of sensitivity to next year. Yes, Montana's not in there, there might be a slight slippage, but it won't be very significant, certainly not in the scheme of B2 production overall. And we're also going to look at that as part of budgeting, just to the -- what we would do if it didn't come in right at the start of 2020. But right now, that's when we expect it.

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

As Mike said, it would have a minimal impact if it doesn't come in at all. But I think it's important to point out that we're not looking for a new permit, it's a consolidation of the Montana permit that we already have. There's a lot of pressures in the Philippines for this having been done before. So we're not doing anything that's outside -- that's outside the norm and we've gone through a partner and a bureaucratic process, as we see in many countries, we're at the final, final stages of -- we don't anticipate -- we anticipate getting that -- the final approvals very shortly here.

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

And then, Mike, just -- actually, one quick follow-up on your comments around Namibia. Certainly, the costs in Namibia this year have been remarkable to say the least. You highlighted several factors that have contributed to that. And I'm just assuming no change in FX from here? Are there any sort of pressures that could work the other way going into 2020? Or would you consider some of these cost savings sustainable? I mean, assuming no change to the FX?

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

Well, we've budgeted -- and let me put it in context, we've budgeted when we sort of reforecast for ourselves, what we thought the costs looked like at the end of the year, we've assumed that the Namibia costs will be on budget. So we did have some cost savings through the year. Some of that is related to where we're mining and the ore we're mining.

The FX rate, we'll probably budget somewhere around 14.5 and 15 for Namibia and foreign exchange rate for 2020. And so I guess, you can factor that into whatever you've got in your model, but I don't think we're planning that we have sustained cost savings that we've seen there this year. For next year, the budget will be pretty consistent with how we budgeted this year.

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

And then are you seeing any -- where I'm going with this, just on the labor side, with the depreciation and the currency. Are you seeing any pressure on labor costs there?

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

Labor costs, we have a union agreement, collective bargain agreement there, they take off a little bit each year, just reflecting something a little over, I guess inflation rates are standard growth. We don't see any particular pressure on the labor cost next year. Again, it will be based on what your FX rate is, I assume, like I said, we'll probably budget somewhere between 14.5 and 15.

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

Fortunately, a lot of mines in Namibia have shut down over the last number of years, various types of mines. So these are pretty good jobs, and these are well paid -- well-paying jobs, and we've got tremendous support from the government and recently had a successful negotiation with the unions again. So they're -- these are jobs that are very much, I think, in demand.

Operator

(Operator Instructions) Chris Thompson with PI Financial.

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

Again, congratulations on a stellar quarter. A lot of my questions have already been answered. But just moving to Otjikoto quickly. Nice to see the high-grade from Wolfshag hitting the mill. When are we going to get a better idea of a life of mine plan for the mine here?

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

Who wants to take that, Bill Lytle just left here, he's heading to the Philippines. (inaudible) take that on.

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

Well, I think there'll be -- for Wolfshag, the -- what we've always been considering is when -- how big we think the open pit will be versus the underground. So we're still looking at that. It's probably a waiting or sort of -- I thought that maybe going underground earlier might be the most profitable option. But that will be reflected in the mine plan and the new reserves and resources that are done by the end of the year or for the AIF in Q1 next year. So in terms of understanding how that fits into a mine plan. I think that's when it's going to be available.

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

Great. And then just quickly, finally, I just want to make sure my facts are right. A new resource for Fekola before the end of the year. Is that right?

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

Yes, that's right.

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

Guys, congratulations.

Operator

Michael Fairbairn with Canaccord Genuity.

Michael Fairbairn - *Canaccord Genuity Corp., Research Division - Associate of Metals and Mining*

And again, congrats on the great quarter. I've just got a couple of questions on Fekola, if I could. Starting with just the stockpile that you have there? I know you guys continued to process some of the lower-grade stockpile that you have available, are you able to give any -- us any kind of a sense of how large that stockpile is? And what kind of grade we're looking at there?

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

Dennis, you on?

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

Yes, I'm on. Yes. Right now, we're -- we've got a low-grade stockpile of about 3.5 million tonnes, and that will continue to grow. Grade of that is running just over a gram, 1.1 gram a tonne.

Michael Fairbairn - *Canaccord Genuity Corp., Research Division - Associate of Metals and Mining*

Okay. And if I remember correctly, in your mine plan, you should start to get into -- start mining some of that high-grade core deposit. If that starts to come out in Q4, would that be stockpiled as well until 2020? Or would that start to go through the mill starting in Q4?

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

Yes. So we will have some stockpiles of high-grade at the end of the year, what we estimate. So some of it will go through the mill in Q4, but a lot of it will be stockpiled as well and be processed in the first quarter.

Michael Fairbairn - *Canaccord Genuity Corp., Research Division - Associate of Metals and Mining*

Okay. Okay, awesome. And one more, if I could. Just on the shareholder loans that you guys have with the government of Mali. Are you able to give us any type of updates on where those sit? Or when you're expecting this to be fully repaid?

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

Yes, we can give a sort of indicator. Again, it's based on the gold prices, right, and production levels. They haven't repaid them yet. They're not repayable, no ordinary dividends are declarable until our construction loans are repaid. And once those are repaid, then the ordinary dividends that attribute to the 10% shareholding that the government in Mali has, will be applied against repaying the loans of dividend. And as the guide, it varies. It depends on the gold price and as the mine plan changes. But I think broadly speaking, we're talking about ['20, '22, 2023].

Michael Fairbairn - *Canaccord Genuity Corp., Research Division - Associate of Metals and Mining*

Congrats again, on a great quarter.

Operator

There are no further questions at this time. I would now like to turn the call back over to the presenters for closing remarks.

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

Okay. Well, thanks, everyone, for taking the time to dial in on the call, and thanks for your very good questions. Any further details on any topic, feel free to reach out to Ian and he'll put you in touch with the person most able to answer your questions.

So thanks again, and we look forward to talking to you soon.

Operator

This concludes B2Gold's Third Quarter and year-to-date 2019 Financial Results Conference Call. We thank you for your participation. You may now disconnect.
