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# EDITED TRANSCRIPT

KL - Q4 2019 Kirkland Lake Gold Ltd Earnings Call

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## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by, and welcome to the Kirkland Lake Gold Limited Fourth Quarter 2019 Conference Call and Webcast. (Operator Instructions) I would now like to hand the conference over to your speaker today, Mark Utting, Vice President, Investor Relations. Thank you. Please go ahead, sir.

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**Mark E. F. Utting** - *Kirkland Lake Gold Ltd. - VP of IR*

Thanks very much, operator, and good morning, everyone. Welcome to our fourth quarter and full year 2019 conference call and webcast. With me today are most of the members of the Kirkland Lake Gold senior management team, including Tony Makuch, our President and Chief Executive Officer; David Soares, our Chief Financial Officer; Eric Kallio, our Senior Vice President of Global Exploration; Ian Holland, our Vice President of Australian Operations; Duncan King, our Vice President of Kirkland Lake Mining; Natasha Vaz, our Vice President, Technical Services; and we also have Troy Fuller, who is our Director of Exploration in Australia with us today as well. And there are other members of the management team here in the room also. As indicated, today, we'll be making remarks about the results for the fourth quarter and the full year 2019. After the remarks, we will then open the call to questions. The slide deck that we'll be referring to is available with the webcast on the website, both on the homepage and in the Events section.

Before I get started, I would like to direct everyone to the forward-looking statement slide, which is Slide 2 in the deck. Our remarks and answers to questions may contain and will contain forward-looking information about future events of the company. Please refer to Slide 2 as well as the forward-looking information section in our MD&A dated February 19, 2020 for the 3 and 12 months ended December 31, 2019.

Also, during today's call, we will be making reference to non-IFRS performance measures. A reconciliation of these measures is available in the Q4 press release as well as in the management discussion and analysis. Finally, I'll emphasize that all figures given today will be in U.S. dollars unless otherwise specifically stated. With that, I'll now turn the call over to Tony Makuch, President and CEO of Kirkland Lake Gold.

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Okay. Thanks, Mark, and thanks, everybody, for being on the call. If you look at the results and I'm going to start on Slide 3. We -- 2019 was a record year for the company. We had produced over 975,000 ounces of gold, which pretty much the middle of our guidance range. Our cash cost beat our guidance. All-in sustaining costs were the lowest -- some of the lowest in the industry, especially as a pure gold producer with no byproduct credits. Our earnings and adjusted earnings actually were both a record, and again, are industry-leading, it's setting up to $2.74 a share for the year. Very importantly, though, and the biggest part of it, is we generated over $460 million of free cash flow. That's an 80% increase from 2018. And with that kind of cash flow, we actually see -- we significantly built up our cash position from $332 million at the end of the year to $707 million. So we had a really solid year and we get to sit here, and we're sitting here talking about it, presenting it and you look at the results. But fundamentally, it's a result of the people of Kirkland Lake Gold, doing all the work. They were those down. They're working at the mines in Australia or the staff. Similarly, the mines in Canada and developing the mine, mining the gold and the people that are doing the work. And so we really want to thank them and our suppliers and everybody else in the community that support us.

I'm going to move on to Slide #4, which is just looking at the fourth quarter, been pretty much can just almost give you the same thing as what I talked about in the previous Slide 3 in terms of performance. But a very strong end of the year. We had record production of almost 280,000 ounces in the quarter, unit costs were very low. We're talking about cash cost, $255 an ounce; all-in sustaining cost, $512 an ounce. We had record quarterly earnings per share of $0.88 per share, and we generated $132 million of free cash flow in the quarter.

Turning to Slide #5. This just looks at the quarter and our performance came from -- where it came from, from the mines. And really it came from Fosterville, record production, 192,000 ounces. We had grades of 50 grams per tonne, which was higher than we expected. We also had higher throughput compared to the last few quarters. Ian Holland will get into a little bit more details of that later on in the presentation.

Turning to Macassa. It also had a solid quarter in Q4. Grades were a little bit lower than expected, mainly due to reconciliations in the quarter, but I'll say that for the year as a whole, the -- we actually have positive reconciliation to grades expected in the year.

Going on to Slide 6. It's looking at our guidance, production was right at the midpoint of our target range. Unit costs are very strong. We had a slight beat on guidance for cash costs. Our capital and other expenditures came in pretty much as expected. We made great progress with our key projects this year, the #4 shaft at Macassa is now approximately 1,600 feet currently. We just finished putting in the first station at around 1,500 level, and the project is on time and on budget. And I can tell you that we are currently looking at revising our plan, which would involve getting the shaft done in -- all in 1 phase, getting it done basically in 2022 and at less than what we had in the budget. But we'll give you a little bit more color on that a little bit later. At the mine level, Fosterville beat its guidance for production and costs. It had a tremendous year. Macassa achieved its guidance. We had some disappointment at Holt Complex, as you may have seen, and we now regard these assets as noncore and are conducting a strategic review for what to do with them.

Turning to Slide 7. In addition to a record quarter, the big news for Kirkland Lake in Q4 was a deal to acquire Detour Gold. This is a major development for our company and our shareholders. We know Detour very well. It is a truly world-class ore body and a world-class operation, and we think there's a lot more to be found and proven up here to demonstrate that this is the Tier 1 operation, definitely in Canada. We plan to invest aggressively between $25 million and $30 million in 2020 and then more the following year in exploration. With the opportunities we see, we believe that production at Detour can grow. And we don't have to look very hard, some of it is in their own current plans to increase production over 700,000 ounces a year by 2021, with cash costs and sort of an all-in sustaining costs, sitting in somewhere around $850 an ounce. And we think we can get there as early as, as I mentioned, as 2021 and then look to continue to grow the operations. At current prices, we are going to generate a substantial amount of free cash flow at Detour this year and next year. And in fact, we could generate as much free cash flow at Detour as we do at all our other assets combined. And that's just from the plans we see now. We haven't really spent a lot of time, but a chance to really get our hands and fingers dirty and full of calluses on it yet, but we see a lot of upside at Detour. And maybe I'll take the point to welcome to Detour people to Kirkland Lake Gold, and we're really happy to be able to be now a part of Detour Gold in terms of what we can do with that asset.

Going to Slide 8. This shows our adjusted guidance for 2020, incorporating the Detour as -- here we expect to be right around 1.5 million ounces for the year. Again, there, we'll see a lot of cash flow coming in 2020, which will support our efforts to invest in all 3 of our world-class assets: Macassa, Fosterville and Detour. It also helped fund our plans to be more aggressive with our share buybacks and our dividend growth, as we outlined in our recent press release. And we -- in our guidance here, I'll just make one point. We still include in our guidance here, the Holt Complex, which we've discussed, has been a noncore asset. So as the year progresses, depending on what we do with Holt, we may be adjusting that with removal of that from the guidance.

Turning to Slide 9. Turning on mineral reserves, with the addition of Detour, we did achieve strong growth in mineral reserves. I think we -- the -- if we look at -- into performance in the year, and operating performance, as I talked about earlier, on Slide 3, and the kind of results we had, and the acquisition of Detour and how it really helps to transform the company. So significant industry-leading things happening in Kirkland Lake Gold. But when we look -- and when we look at our reserve statement, we grew reserves at Macassa mine by 9% to over 2.5 million ounces. We -- part of that growth, we also identified that near surface ore body at Macassa that we're going to begin developing into building a new mine here and start to -- looking at bringing a new source of production for the Macassa mill. Over at Fosterville, we did not replace reserves. We did discover and add a new reserve at Robbin's Hill, and we talked about beginning to build a new mine at Robbin's Hill and -- but results where we depleted the Fosterville reserve itself by 637 ounces for the year. We did put a lot of focus on other areas. We do a lot of infill drilling in Swan, which gave us a feeling that maybe we need to be a little bit more conservative with some of our great estimates in some areas. But what we should emphasize is we've intersected a lot, we've been -- we had a lot of good intercepts at Fosterville. We understand to be as -- sorry, an extensive mineralized system here. We're encouraged by what we see with our drill results and the large extensions. And we -- you have to be curious, you have to be drilling, and we have a JORC that are sort of really, really motivated, and they have a lot of ideas on what they want to do. It's one of our major areas of exploration in the company. And we see a lot of potential to grow -- continue to grow reserves at Fosterville. It doesn't -- sometimes, you don't get to replace reserves year-over-year. Sometimes it come very quickly, like, it really happened in 2017 and 2018. And we'll continue to work hard at -- and let our JORC just really figure out what's here. So with that, I'll turn the call over to David Soares.

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**David Soares** - *Kirkland Lake Gold Ltd. - CFO*

Thank you, Tony, and good morning, everyone. I will start on Slide 10. As Tony mentioned, we had a record adjusted net earnings in Q4 2019. Net earnings totaled $169.1 million or $0.81 per share, and adjusted net earnings totaled $185.3 million or $0.88 per share. The difference between the 2 adjusted net earnings and net earnings really relates to about $16 million of after-tax foreign exchange revaluation loss that was not included in adjusted net earnings. In terms of key drivers of earnings, it largely came down to strong revenue growth, improved unit cost and lower expensed exploration.

Slide 11 looks at our revenue -- turning to Slide 11, looking at our revenue in more detail. Revenue in Q4 2019 totaled $412 million, 47% higher than Q4 2018 and an 8% increase from the previous quarter. On a year-over-year basis, both higher gold sales and an increase in gold price contributed to about half of the $132 million increase in revenue. Quarter-over-quarter, the $31 million increase was entirely due to higher gold sales, with the gold price unchanged quarter-over-quarter.

Moving to Slide 12, and looking at EBITDA, as shown. Q4 2019 EBITDA totaled $285.6 million, 52% increase from Q4 2018, higher earnings was the key driver behind the increase, which more than offset the impact of higher levels of depreciation and taxes. Compared to the previous quarter, EBITDA was slightly lower, with the impact of the foreign exchange loss in Q4 as well as the foreign exchange gain in Q3 2019, really accounting for the quarter-over-quarter change.

Turning to Slide 13. Our full year 2019 results were very strong. Net earnings were $560 million or $2.67 per share. That was more than double the 2018 level. As with the quarter, the key drivers of earnings growth were sharply higher revenue, improved unit costs and lower expense exploration. Revenue increased 51% year-over-year, with a 36% increase in sales to 980,000 ounces contributing most -- to most of the increase. These factors were only partially offset by higher D&D costs and increased corporate G&A expense, reflecting our continued growth. On an adjusted basis, adjusted net earnings were similar to net earnings at $576.4 million or $2.47 (sic) [$2.74] per share.

For my last slide, Slide 14, I'll look at the change in cash for the quarter. We increased our cash by $91.4 million to $707 million at December 31, 2019. There are a few things on this slide I'd like to point out. As was the case throughout 2019, it was our operating margin that really drove the growth in cash, a combination of record sales and improved unit costs were key factors contributing to the higher margins. You can see on Slide 14, the various uses of cash we had. Not surprisingly, the most significant is our capital expenditures. Again, this quarter, what you can see is that we are funding all of our growth and still rapidly building our cash position.

With that, I'll turn the call over to Ian Holland, Vice President of our Australian operations.

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**Ian Holland** - *Kirkland Lake Gold Ltd. - VP of Australian Operations*

Thanks, David. Turning to Slide 15. I wanted to provide some comments on the quarter for Fosterville. The operation had an outstanding result with production of just short of 192,000 ounces, a new quarterly record. The key driver was the exceptional grade performance for the quarter of 49.3 grams per tonne. Also contributing to the result was a record quarterly mill recovery of 99.2%, with tonnes essentially in line with previous quarter. The grade performance was driven by a Swan production during the quarter. The image on the right-hand side of the slide shows a long section highlighting the sources mined. There were 10 stopes in total mined for the quarter on a small ore body over 8 different levels. Combined with development, contribution from Swan was approximately 68% of the tonnes, containing 90% of the ounces produced over Q4. The strong production result translated through to exceptional unit cost performance, operating cash cost of $106 per ounce; all-in sustaining, $258 per ounce; and earnings from operations for the quarter, which came in at $230.6 million. Investment continues at Fosterville with sustaining capital of $25.3 million and growth capital of $11.2 million for the quarter. The growth capital was focused on the 3 main projects: ventilation upgrade, paste plant and mine water treatment plant, with excellent progress on all 3. The mine water treatment plant was commissioned in Q4. The paste plant commenced filling the first underground stope in January, and the ventilation upgrade is expected to be complete in early April.

Turning to Slide 16 and to reinforce. Fosterville completed an outstanding 2019 with full year production of 619,400 ounces, which exceeded the guidance range of 590,000 to 610,000. Unit costs were also exceptional with operating cash costs of $119 and all-in sustaining of $291 for the full year. The operating cash cost performance came in below the guidance range of $130 to $150, driven by the strong production performance.

With that, I'll pass over to Duncan King to discuss the Canadian operations.

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**Duncan King** - *Kirkland Lake Gold Ltd. - VP of Mining for Kirkland Lake*

Thank you, Ian. As we turn to Slide 17. As Tony mentioned earlier, Macassa had a solid quarter in Q4. We produced 56,000 ounces. Production was down from the previous quarter, which was mainly a function of grade. We did have some stopes in Q4 that didn't perform as expected. Though, as Tony mentioned, the overall impact of reconciliations in 2019 was positive.

Cash cost was $471 for the quarter, and the all-in sustaining costs were $721. Tony also discussed the shaft earlier. Work is progressing very well. We had our peak year of capital as we shaft in 2019 about $76 million. We are down about 1,600 feet now, and advancing about 10 feet a day. And as stated, we are looking at maybe doing the shaft in one phase and saving some capital.

Turning to Slide 18. Turning to the full year, in 2019, we did well against guidance. We produced 241,000 ounces within the target range of 240,000 to 250,000. Cash cost were $414, which was within our range of $400 to $420. This year, we expect similar production at slightly higher unit cost, which is largely a function of grade. By 2022, we expect to see a sharp jump in production and lower costs. I'll now turn the call over to Eric Kallio.

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**Eric A. Kallio** - *Kirkland Lake Gold Ltd. - SVP of Exploration*

Okay. Thanks, Duncan. Good morning, everyone. On today's call, I'll be starting with Slide #19, providing an update of recent work at the Macassa mine, which remains the key exploration target for Canada in Q4. And on this slide, you see an image showing the overall exploration targets that we're aiming for superimposed on to a long section of the current zones and mine infrastructure. Indicated, the overall area we're targeting is very large, over 2 kilometers long by 2 kilometers deep, defined mainly by the limits of the key zones, such as the main zone, which is outlined in green and plunging to the left; and the SMC, which is the purplish tones, in the central part of slide. But even these limits are pretty much just the limits of the drilling.

The exploration targets are shown in yellow outline. And for the most part, just direct extensions of the 2 main structures as well as Amalgamated Break, which is located immediately to the south of the SMC.

In terms of recent work, pretty much all of our recent efforts have been focused on the SMC and Amalgamated and nearby to the East-West limits of these structures on the 5300-foot level. [Work] in Q4 included 38,000 meters, and results of the drilling were reported -- or best described in the latest press release, which was announced in late December. And looking at the results, we view these as being very, very positive. Not only did we add significantly to the extension of the SMC and Amalgamated, where we had several high-grade intercepts near the limits of these 2 structures. So based on these results, we're not very surprised that we did add significantly to the reserves.

Now turning to my next 2 slides. Basically showing just a little bit more detail on the results from the press release. Slide 20. We're seeing additional details for both the -- for the SMC East and West. The image to the right is mainly for the West, and the one to the left is for the SMC East. As indicated, both images, not only have we see -- do we see some very good intercepts in the hole, but we've added some very good extensions to the zone. As mentioned, the total amount of extension is about 300 meters on both of these directions.

Turning now to Slide #21. At this point, we are seeing some additional details from drilling that was done on the Amalgamated. And as you see from the initial announce -- holes that we announced last year, there were just few scattered holes, we're now starting to see a fairly well-defined structure, which is right in parallel to the Amalgamated Break, and with the best part seems to be lining up pretty close to where the intersection of the SMC. So key part -- so anyway, a key part to note about this whole thing, though, is that it's still at a very early testing stage of the Amalgamated and already starting to see significant zones emerging in this area.

So in summary, new work at the mine continues to extend the SMC and Amalgamated, obtaining some very high-grade numbers. There's plenty of new targets to still drill as we go forward. And drilling is still continuing at this point in time with an expanded program planned for 2020. So with that, I'll now pass over the call to Troy Fuller, our Director of Exploration for Australia.

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**Troy Fuller** - *Kirkland Lake Gold Ltd. - Director of Exploration in Australia*

Thanks, Eric, and good morning. Turning to Slide 22. Growth drilling at Fosterville over the quarter has been focused on the Lower Phoenix, Harrier and Robbin's Hill targets. All of these targets represent significant growth opportunities for the company with high-grade intersections containing visible gold intersected in all of these zones. Both underground rigs have been dedicated to growth programs, targeting extensions to the Life Phoenix and Cygnet growth targets. Drilling down plunge from the Swan Zone has now extended indicated mineral resources and mineral reserves, approximately 200 meters down plunge from the December 2018 mineral reserves. In addition, inferred mineral resources have been extended approximately 350 meters down plunge from the Lower Phoenix, linking to the Lower Phoenix South inferred block. Continuity of high-grade sulfide mineralization in the Lower Phoenix system has now been confirmed to extend to the 5400-meter northing, which is approximately 700 meters down plunge from the updated December 2019 mineral reserves, offering substantial mineral reserve growth opportunities for the company moving forward.

In addition, drilling in the Cygnet zone, which sub-parallels the Swan zone and seeks approximately 120 meters of footwall has now defined inferred mineral resources, have an approximate 650-meter strike length and 300-meter down deep length. Several intersections of visible gold returning high grades have been defined in this zone, and infill drilling to increase resource confidence will progress on this attractive growth target in 2020. 3 rigs over Q4 have been dedicated to exploration of growth targets in Harrier. Drilling is primarily focused on targeting the anticline offset setting akin to the structural setting contain high-grade visible gold in the Lower Phoenix system. Drilling progress has been slow due to difficult ground conditions. However, geological models are continually being updated based on incoming information. Evidence of substantial zone to sulfide mineralization and occurrences of visible gold in this setting are driving continued exploration efforts in this area. 2009 drilling in Harrier resulted in the expansion of inferred mineral resources, approximately 400 meters down plunge from the December 2018 mineral resources.

Turning to Slide 23. Robbin's Hill programs continued to return encouraging results with a coherent zone of high-grade sulfide mineralization with internal signs of visible gold mineralization. Now defined to a depth of approximately 650 meters by surface. Q4 drilling, combined with the rest of 2019 drilling, culminated in the establishment of a maiden mineral reserve of 218,000 ounces at Robbin's Hill, which extends down to the 4520 Level, and the mineralized system is open down plunge for potential further expansion. Recently completed step-out drilling along the Curie Fault trend towards the south of existing mineral resources has also established the mineralization exists along the structure, approximately 1.8 kilometers to the south, demonstrating that this is a significant scale mineralized structure. The company has now committed to an exploration drive from the Fosterville underground infrastructure, shifting towards Robbin's Hill mineral reserves, which will facilitate further exploration to Curie structure and adjacent trends of mineralization. The 3D seismic program was also recently completed in December 2019 and data processing is in progress, which will assist with future exploration target generation. Outside the Fosterville mine, the company is continuing to explore attractive regional targets in the north -- to the north of the mine lease and is continuing to advance exploration activities in the end of the Cosmo Lane, Union Reefs and Pine Creek project areas. With that, I will now turn over to Tony Makuch to round out the presentation.

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Yes. Thanks, Troy, and thanks, everyone, David, Ian, Duncan and Eric, for your input in the call. And again, we -- you can get a sense, we did have a solid year and solid operating performance. We did -- we had the one, if you want to talk at -- the moose on the table, the kangaroo on the table, was a reserve replacement at Fosterville. But as Ian -- sorry, as Ian and Troy, but -- it went through, you get the sense that there's a lot of potential to find new reserves here. We have a lot of different priorities happening, and we'll be working on replacing reserves at Fosterville over the next few years.

And go to the Slide #24, and we try to wrap up. And we did see our press release yesterday that announced our value enhancement program. Fundamentally, the company belongs to the shareholders, and we're here to work to try to provide maximum value for our shareholders. And we outlined a few key components in our press release and in our value enhancement program. Number 1 is we plan to buy back 20 million shares over the next 12 to 24 months, we save through our NCIB. We put in an automatic purchase program in place or -- and we intend to be able to -- once we get full approval from the TSX, be able to -- be buying back our stock on a regular basis, and we expect this to start happening in the next few days. We're also doubling our dividend effective Q1 2020. Dividend will be $0.125 per share -- sorry, $0.125 per share per quarter or $0.50 per share on a full year basis.

Detour is the third component. It's a key initiative for growth and value creation for our shareholders in the company. We have a lot of plans here, and we're going to invest wisely in Detour. We think there is a lot of great -- lot of new value that can be created here and be realized by the shareholders. And just some indications. As we mentioned earlier, we see Detour being able to generate as much free cash flow as our other mines combined. And it's not necessarily a function of what the all-in sustaining cost is going to be -- it's here at Detour. It's the volume of the margin that's going to be created by -- as we grow this production in this asset.

And then number four, finally, we have designated both our Holt Complex and our Northern Territory assets as non-core. We're going to do -- we are in our strategic review. We -- what's your strategic review? Well, we're looking at what do we do with these? Do we -- how do we move these forward data? Some of them are requiring investment and capital and exploration, they may be -- they're sitting in a certain point in terms of -- will they meet the criteria at what Fosterville, Macassa and Detour to the table in their current form? No. So we're going to look at opportunities, whether it's selling them or doing some other ways to extract value for our shareholders. And we'll be giving you more input on that over the next 3 months.

Anyway, just summarize the Kirkland Lake's company that is -- we -- it is about creating value. And again, we say we work for the shareholders. We're here to create value for our shareholders. We've seen our share price struggle recently, and we're very serious about doing whatever it takes to again be a top-performing stock and whatever -- what it takes is hard work. We've got people rolling up their sleeves. So we've got a lot of efforts in exploration, which has been a key component of driving value for the company. We have lots of efforts in terms of focus on development, as we're doing, as Duncan indicated with the shaft at Macassa. We're looking at it, and we're going to get the shaft done probably a year earlier for less cost than it was in the capital project. And that really helps us to really build Macassa into a bigger and a better mine at lower cost and that's true value creation. And when we talk about the value enhancement program about spending almost $1 billion buying back our stock and increasing our dividend to $0.50 a share. We're doing this, and we have the ability to do this in this market with these assets and still remain debt-free. And as a matter of fact, we still see significant cash flow generation in 2020, and 2021, and 2022 and 2023. And so we'll probably be able to be extending these programs into future years because these -- we're building these assets to be profitable, to be -- to generate value and to really make a difference in terms of the communities and people they are and to the shareholders. Anyway, thanks for participating on our call today, and we're happy to take any questions.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Your first question comes from Cosmos Chiu of CIBC.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

Tony and team. And first off, congratulations on completing the Detour deal, I know it's a lot of work. Maybe my first question is, maybe I'll try to tackle the [beef] on the table for us. I think that's what you called it, Tony, but the decrease in reserves at Fosterville here, the tonnage decreased, the holes decreased, the grade decreased. How does that impact your 3-year guidance on Fosterville? Because if I were to work out my numbers, if I were to take, say, the throughput, keep it the same for 2021, 2022, I will need at least 30-gram per tonne to get to your 550,000 to 600,000 ounces a year production. Clearly, that's higher than what your reserve grade is today. So could you help me maybe reconcile those 2?

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**Ian Holland** - *Kirkland Lake Gold Ltd. - VP of Australian Operations*

Yes, Cosmos. Ian Holland here. Just to step through this in a little bit of detail. We actually saw pretty significant volume growth in our reserves over the course of the year. So we saw extensions to the Phoenix system, down plunge for Swan. We saw extensions to Harrier, down plunge of current reserves, and we saw a maiden reserve at Robbin's Hill. So combining the Fosterville and Robin's Hill line, we actually increased volume from 2.7 million tonnes to 4.2 million tonnes in total. So we are building out that longer life. It is absolutely true that the reserves that we've added over that period are dominantly sulfide. So they are in that 5- to 10-gram range. With Swan itself, what we did see during the course of the year was an adjustment, really due to some infill drilling results plus reconciliation in development, which did have a slight reduction to the grade. But the grade of the Swan reserve itself remains at nearly 40 grams. So it's a high-grade piece. And it remains the core to the 3-year production window for us. So we would expect to be able to -- consistent with what we've discussed before and guided towards, Cosmos, we would expect to increase over the next 3 years as we brought online all of our -- continuing to bring online all of our major projects, which really debottleneck some of these pieces. So we're able to increase production out of Phoenix, we're able to increase production out of Harrier. And within a 3- year window, start to see potentially some production from Robbin's Hill. So I hope that answers your question, but it's really a -- Swan remains core to that 3-year program. It's a high-grade reserve, plus we start to see volume increases as well.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

For sure. So in that case, Ian or Tony, how should we look at it long term? Because if you don't add to your Swan reserves, the 3-year production guidance, could essentially use up other reserves at Swan. What you've added so far, Robbin's Hill, as you talked about sulfides, lower grade so far. So could we be looking at a pretty steep drop in grade in year number 4, or year number 5? Like, how should we model it at this point in time?

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**Ian Holland** - *Kirkland Lake Gold Ltd. - VP of Australian Operations*

What I would say, Cosmos, is, it is -- I mean it is very much an exploration story for us. The reserves that -- one thing I'll point out, the reserves at Robbin's Hill, so they are predominantly sulfide but they are fairly shallow. So 650 meters below the surface and above. The grade tenor that we see in Robbin's Hill is better than Phoenix was, at the same elevations. And we see quartz and visible gold intercepts in Robbin's Hill earlier than we saw them in Phoenix. Now that's no guarantee that we see a Swan down plunge from Robbin's Hill, but it's a pretty positive indicator for us and one that we're really encouraged by. So we think investing $70 million to $80 million in exploration over the course of 2020 are likely to maintain those sort of levels over the coming years. We're going to find a lot. So I think -- again, hopefully that answers your question that we're really optimistic about what we see going forward in terms of exploration potential.

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Yes. (inaudible) Ian. Part of it is a conundrum that always happens with underground gold mines, right? It's sort of people look at you, "I see a 3-year window. Is that all you got?" I mean you would have to assume that things are going to fall off a cliff like -- only if we find nothing, right? And you get the sense of there's a lot of indications that we continue to find mineralization, extend mineralization, and we're drilling, and we've got a good understanding on the relationships of the Swan-style mineralization or Eagle-style mineralization, how it comes in, where it comes into the system. And part of it is getting platforms and getting where it is. There's nothing wrong with outlining a big -- high-grade resource figuring out what the size of it is and then going out there and mining it out. That's the nature of our [beef], that's the beef of who we are. But we're going to look and find the next ones. And I think there's significant exploration upside at Fosterville. It is more of an exploration company at Fosterville, funding our exploration through mining gold at a very low cost.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

And then on exploration, then, Tony, your $70 million to $80 million budget for 2020. How much of that is being put towards a resource expansion versus resource conversion to reserves? And I'm just wondering, come, say, the end of 2020 or early 2021, what should we be expecting? Should we be expecting, I'll get more tonnage? Or can we expect some of those resources today to be converted into reserves?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

You want to give some color on that, Troy?

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**Troy Fuller** - *Kirkland Lake Gold Ltd. - Director of Exploration in Australia*

Yes. So the programs are mixed at Robbin's Hill. We're particularly looking at extensions down plunge from Robbin's Hill, as I was looking to increase the inferred resources and understand the size and scale of that particular ore body. At Harrier, we have some extensional definition drilling, but we also have a step-out program targeting the [endpoint offset.] So again, looking to bring in some inferred resource blocks by the end of the year. And in the Phoenix area itself, we've established quite a large inferred mineral resource block there at the moment. There will be a focus down plunge from the existing reserves to do some definition drilling, to bring in some more indicated material for conversion into reserves later in the year.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

So sort of half-half, I guess?

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**Troy Fuller** - *Kirkland Lake Gold Ltd. - Director of Exploration in Australia*

Yes, probably in that order. Yes.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

Okay. And then maybe switching gears a little bit here on Detour. I guess this is a good lead-in from Fosterville. You're spending $70 million to $80 million in exploration at Fosterville, only spending $30 million at Detour, which seem to be a bit low to me, like, again, in context of what you're spending at Fosterville and given the undercapitalization of Detour in the past. Is that just a nature of kind of surface drilling versus underground drilling? I'm just trying to get a sense in terms of -- is there a possibility that number increases over time, the $30 million at Detour?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Again, I'll let Eric give you some color on that in a second there, Cosmos. But I think fundamentally, part of it is permits, part of it is the fact that we're -- you have to understand the relationship of winter and summer in the region. And we're already into a winter program. And so part of it is just logistics around getting drills and where to drill and where we can get permits to drill now. And while you have a short -- it's not much more left in winter, it's kind of hard to say it's a short winter, but spring is coming, and what we can do there. And so we are going to have an aggressive exploration program. It's going to be really building up as the year progresses and into the next year winter program, but I'll get Eric give you more color there.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

I think, Eric, you had worked at Detour previously. And so maybe you could give us a bit more detail in terms of what you're targeting? And what you see the highest potential is?

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**Eric A. Kallio** - *Kirkland Lake Gold Ltd. - SVP of Exploration*

Okay. Yes. Well, I can kind of cover off on both those questions. I mean as Tony mentioned, I mean, we can't really immediately start the big program because, I mean, we don't have the infrastructure. We don't have the people. There's -- the site we want to [ramp,] the areas we want to drill, do need some preparation. I mean some of those areas are. And it's not that there's an ultimate [eradicants.] The area -- it is -- we feel that is the best area to be. So I mean, those things. And so we've got to ramp all those things up. And -- but at some point, we'll be up to 8 to 10 drills, be able to do more than [a million] per year, just not on day 1.

Now in terms of the main targets, the main -- really, what we're looking at is really an expansion of the resource really around the main pit area. And we know that when the mine at the open pit was designed and started up, I mean, there were still some very large areas that were left undrilled. And those areas are essentially between left - immediately left of the main pit and underlying the West pit. So they would have a very large impact on the resource if those were to land. And we have very high confidence that they will fill in. I mean the main structure at the West pit is the same one in the main pit. So -- and it's actually been drilled on the 5560 Level, very extensively by a plaster dome back in the 1990s. So -- and part of it is actually in invert. It's a matter of inverting and extending. So that really is the main target for us. It's -- and so that means we have to get into these areas that are a little bit left on the north side of the pit, but it's target. We feel very confident in, and we're going to be able to add a lot of resources. We think that we can get a lot of the drilling we need to get those resources and designed by -- before the end of next year, I mean, we'll get a lot of it done this year, early into the year, but enable to do a new design and show the expanded reserve into next year.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

And Eric, how about some of those underground targets like QK and things like that, that's later on?

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**Eric A. Kallio** - *Kirkland Lake Gold Ltd. - SVP of Exploration*

Well, I mean, no. At the same time, it's the -- it -- really, there's a direct extension of the pit mineralization. And right now, the pit is bottomed out in mineralization. It's really a -- it's not ore body stopping, and QK is right underneath the pit, and there's others on the sites in the QK. So we'll be testing for extensions. The mine only went down to 700 meters at a maximum point, so we see lots of targets that are above the elevation. And -- but then again, a lot of upside going below that as well.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

And then maybe extending on Detour here, just want to confirm some of these numbers here. What's the CapEx at Detour? I don't think you broke it out in your press release yesterday, Tony, but you did say previously, sustaining CapEx were $165 million to $175 million, now $420 million to $430 million. Can I just take that difference and assume that everything is Detour?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Yes, yes. Just give you some color, the big capital programs at Detour, part of it is building a new tailings facility, new water pond on service. That's some of the major capital expenditures that's happening at site. And then we'd be adding to that with exploration, et cetera.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

And then I know you've given us, Tony, your production guidance for Detour for 2020. Is that fairly even through the different quarters? Could you give us a bit more color?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Yes. I think this -- what we're trying to say is this year is going to be a lot the same as what last year was. And it's a big shift here. And that's where we see the difference is starting happening in 2021, 2022. But yes, and it should be a fairly straightforward quarter, equal throughout the year. That's what we'll see.

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**Cosmos Chiu** - *CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research & Equity Research Analyst*

Okay. And then maybe one last question on Detour, if I may. Tony, you talked about potential of 700,000 ounces, even as early as year 2021. That's clearly higher than what the current mine plan says. So could we be expecting a new mine plan sometime? And then on that, what kind of news flow can we be expecting from these -- the exploration drilling program and timing of some of that news flow?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Well, yes -- but I mean, in terms of that, there had been work on a new mine plan for Detour that was being worked on. I think the goal was to try to get something of that -- some of that out. I think the timing that was previously was somewhere around June, July of this year. I think you can see something coming out as the year progresses. But fundamentally, for us, as we're developing new mine plans, where we want to start getting some drilling done, get a better handle on what the full potential is of the deposit here and ensure that we're not biting off our nose with what we're doing in the short term, because we see potential -- some significant growth potential here in terms of resource. We're going to be looking at alternatives from mining underground, combining an underground operation with the open pit here. You talked about QK, et cetera. We're going to be looking at those types of options. And we're going to be drilling for new resources, new extensions in some other areas as we play along. So as the year progresses, I would think that as we have material information, as we get more color, we're going to be putting up more results. And probably sometime towards late summer, early fall, we'll probably look at getting people up to site, and show what we got, and what we're trying to do and what the potential is here. We have lots of ideas, and we're really getting motivated. And we've got some -- the people at site are -- we've got a really, really skilled workforce and a very motivated group of people working up there. And they see a lot of upside. And just being able to take some of the handcuffs off of them and giving them the ability to do things is what we're working on.

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**Operator**

Your next question comes from John Tumazos of John Tumazos Very Independent Research.

**John Charles Tumazos** - *John Tumazos Very Independent Research, LLC - President and CEO*

Tony, I know you're not giving the fourth and fifth year guidance, 2022 and 2023. Looking ahead, 2022 will have the Macassa shaft ahead of schedule. It will have benefits of -- I mean to say, 2023, the productivity gains at Detour and then whatever new reserves you define at Fosterville and the surrounding zones Cygnet, Robbin's Hill, et cetera. For the fourth year 2023 and the fifth year 2024, we need to pop something into our excel spreadsheets. Do you think it's better to put 7.5 grams or 10 grams or a bigger number for Fosterville? And there's a Lower Phoenix zone sort of a gap, where you hadn't defined reserves and resources and you're just getting access? Is there a chance that, that comes into reserves 12 months from now?

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Okay. Well, I'll start answering question, and maybe I'll get Ian to give you a little more color on Fosterville. I mean if I look at the plans and sort of, again, a forward-looking statement and the vision of what we're working to build by 2023, we've given you some indication Macassa between 400,000, 500,000 ounces a year, with production coming from our -- the surface and the near-surface deposit plus now coming out of the shaft. We see -- we're working towards -- keep maintaining Fosterville production at current levels. It may be a plus or minus 10% from that. And then we're looking -- as we talked about with Detour, getting Detour at over 800,000 ounces a year with all -- and so to get a sense of where -- that's sort of what we're going to work for over the next while and still have potential growth. But in terms of answering the questions in terms of what some of the other parts of your question, I'll leave that up to Ian to discuss.

**Ian Holland** - *Kirkland Lake Gold Ltd. - VP of Australian Operations*

Yes. Thanks, Tony. Hello, John. So -- and I guess, as I touched on before, it is an exploration story for us. We would expect there to be reserve conversion in Lower Phoenix. The system absolutely continues, and we expect to see growth there. I think the answer to your specific question about what the grade is a -- and that's a great question. What I would say is that we see continued -- expect to see continued growth on both Phoenix, Harrier and Robbin's Hill systems. And we are seeing the same mineralization trends there that we've seen within Phoenix in all 3. That is the -- they are almost exclusively sulfide in the upper parts of the system. And then at a certain depth, we start to see quartz and visible gold, and as a consequence, higher grades. So without giving -- without being able to give you a precise number, we see that trend in place, and we're encouraged by the prospect of higher grades at depth in all 3 systems. So -- and we'll keep you informed as soon as we've got results.

**John Charles Tumazos** - *John Tumazos Very Independent Research, LLC - President and CEO*

So Ian, if I could try to paraphrase what I think you just said, in that Lower Phoenix zone that hasn't yet had reserve conversion, where you're just getting access in forward data in the next year. There's a chance that, that has quartz free gold mixed in with the sulfides, and resembles Swan. In the other areas, it's more mortal sulfide ore, where you hope that as you go deeper, deeper, deeper, you pick up the free gold quartz, but you're not there yet.

**Ian Holland** - *Kirkland Lake Gold Ltd. - VP of Australian Operations*

Yes. On the first part, I would say, yes, although we've clearly seen our sulfide results within that Lower Phoenix system, but it is widely spaced. And there's more than one structure, so that potential exists. With the more mortal Harrier and Robbin's Hill, what I would say is that we've already seen those signs, John, in that -- the deepest holes in the system, on average, showing the higher grades. So with some quartz and visible gold. So we're seeing similar trends.

**Operator**

Your next question comes from [Robert Delfrie] of [Rabojo Inc.]

**Unidentified Analyst**

The results that have been explained this morning and were released yesterday are highly impressive. However, I think there is a big problem here in trying to reestablish the confidence of the market and the stock. I mean before all of these exceptional results were announced and the acquisition of Detour, stock was trading at $67. You started making all of these announcements, which should have, if anything, increase the value of the stock, yet we're down by about, well, as of yesterday, I guess, $19. That's a lot of billions of dollars in the capitalization of the company. How do you plan on reestablishing the confidence of the market? And in particular, how do you plan on getting the stock up to where it was even before we had all of these exceptional announcements?

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Thanks for the question. Good questions. Fundamentally, I mean, we -- as we talk about the legs of the stool, and what we do to create value for the shareholders. Number one, the first part comes with diamond drilling and exploration success and putting a lot of effort into exploration. So investing in diamond drilling and not only discovering new higher grade deposits and as well as expanding resources and expanding reserves at our operations that extends mine life, et cetera. That's number one. Number two, by investing into these assets with capital programs, such as like, say, Macassa with the shaft or at Fosterville with new ventilation systems and paste fill that allows you to be more -- reduce costs and be more productive and potentially -- and grow production there and/or produce the same amount of gold at lower cost to create value that way. Third part is focus on shareholder return that we are -- we've had our NCIB in the past. We're -- and invest -- sorry, in buying back our stock and look at things that way, plus provide dividends or returns to shareholders.

**Unidentified Analyst**

I appreciate all of that. I appreciate all of that. But it would seem to me that all of a sudden, you're starting from a base of around $48, $49 when the base ought to have been $67 or $65, where the stock was trading at before all of this.

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Yes. So again, in terms of getting value, part of it is demonstrate the value is -- they demonstrate the value that's in the ground and the assets that we have. That's -- I don't think you're going to get -- you can't get the value from there. It has to be from results. And that's what we focus on, providing results. I mean we've had significant results and success in the past, and we're going to continue to work on that in doing the fundamental things that could create value, right?

**Unidentified Analyst**

Well, that's on -- that's based on your future explorations. And hopefully, they'll turn out as you seem to think they're turning out. But if, for some reason, they don't turn out as interesting and as you project them to be, well, this stock is going to go even lower, is it not?

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

But I mean in the end, the value is created by exploration success, right? That's where value is. You need good ore bodies and good geology and good jurisdictions. We mine with good people and investing properly to reduce costs. That's the fundamental to it. So yes, you know what, if we drill holes, and we don't find another ounce of gold in any one of these assets, then that's the value. But that's the -- then we have to go look someplace else. And we'll be prepared to look someplace else very quickly and invest wisely into those things. But we're very bullish about the exploration upside at Fosterville. It's probably one of the best exploration -- not probably, it is one of the most exciting exploration stories and areas in all of Australia.

If you look at Macassa, an exploration success and the growth at Macassa through exploration and development, and what we're doing in terms of building value at Macassa. And then we look at the Detour, we -- the asset, as it is today, with exploration success, plus the investment, we can now -- we can grow sustainability, grow production, grow mine life and lower costs, and that creates value. So that's what it's all about. That's fundamentally all we can do. I can't tell you, paint a rosy picture and bull(expletive) you in terms of things. It's all about results. That's the only thing that ever gets there. And we got to say what we do and do what we say. And if the results are there, if the diamond drill holes find ore, and things will be good. If they don't, they won't. But we think we're in some of the best rocks, in Detour, in Abitibi, in Kirkland Lake, in Macassa, we're in -- which are the best geology in the region. And similarly at Fosterville, we had some really, really exciting -- in the right rocks and the right geology to find new deposits.

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**Unidentified Analyst**

I don't doubt that. But my concern is that the stock was at $67 without all of these new projects that you've got on the go. And for some reason, the market did not accept it. And I haven't had a chance to look at what the preopening is this morning, but earlier this morning, even with the results that were released overnight, which are very good, by the way, I'm not criticizing that at all. But what does concern me is that, that confidence is not there. It was down -- I think the bid was, I forget, $49 or something. And I don't know what it's at now. But have you had any comments from anyone as to what you anticipate in the next little while as far as the stock goes?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Maybe just get -- so we can talk about this. We're shareholders, too. We recognize that, we understand that part, but we can only create value by -- in one way, and that's by getting results. We're going to create confidence in the market by demonstrating what we do and both -- and you forget about the past, you got to look into the future. And we got people, and people are going to work to demonstrate that value. If the value is there in the market, the market reflects it. But that's, I guess, I -- in terms of what you say, again, we're shareholders, too. We see it, too. And we're going to work at -- we're working and putting the money to work and the ideas and the people focus on what we need to do to create value on the fundamental level in the company anyway.

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**Operator**

Your next question comes from Josh Wolfson of RBC.

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**Joshua Mark Wolfson** - *RBC Capital Markets, Research Division - Analyst*

Just looking at the Detour reserve update, I may have missed this earlier, but is there any information on whether this includes the reconciliation that they had been reporting last year, including changes to the density calculations?

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**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

No, it really -- it was just more or less with -- it was a reserve done by them and strictly a depletion reserve at this point in time. That -- so it's a reserve that was put out -- the work was done by -- pre us, and it's a reserve that's there now. So that's the work that's going to be going on in 2020, and somebody asked about some updates, and those are some of the updates that will be coming as the year progresses.

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**Joshua Mark Wolfson** - *RBC Capital Markets, Research Division - Analyst*

Understood. And there's -- is there any perspective you have that you can provide in terms of what's the changes are that you'd expect? I think, previously, Detour had talked about 5% upside from that density calculation, but they had reported 20% in 2019. Are there similar sort of conclusions that you're able to draw from that?

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

It's -- I mean, I can let Eric give some comments. But first thing, I mean, it's like everything. We can have our own view in the end. It's with -- and I know there is -- people talked about positive reconciliation, the density differences, et cetera. I think we've got to leave that up to the QPs that are doing the work to do the work fundamentally at -- and come up of what it is. But Eric, do you have any color on that?

**Eric A. Kallio** - *Kirkland Lake Gold Ltd. - SVP of Exploration*

Yes. I mean we haven't done a detailed study of that, but I think the overall, they're seeing more tonnes, more ounces than what was predicted by the block model. And there could be multiple reasons on this though, whether that's -- I mean, a little bit of extra dilution. It's a new zone being found, density, there's a lot of reasons. We think there could be some refinements to the geology model. I mean there's shapes. So we're going to be doing a lot of study on that over the next little while. And -- but for now, we're happy that it's trending in that way.

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

Yes. I mean in terms of the resource model that's there, we've built on drilling that was done pre -- maybe pre 2012. A lot of the drilling has been -- now we want to do some new drilling plus a reinterpretation, as Eric said, reinterpretation of how the block model is being done in that search radius, search directions, et cetera, capping factors, all the things that happened. There was a large inferred resource within the pit in the past because of density of drilling, so some of that could be explaining it, just conversion of inferred resources. So a lot of moving parts. We do believe there is upside there, both in -- and opportunity for that, but we need to be able to bring the results together. And it's going to be done by looking at the past and what's happened in the past, and the information that you got in terms of what's being mined and what's going through the mill, plus get a combination of -- they started doing some resource -- sorry, grade control drilling in the pit last year. And we intend to increase that, add the efforts there, plus do some additional drilling. We also want to start doing a lot more assaying and not more operational assaying in the pit and in the benches and put an assay lab on-site to allow us to do that over the next while, which will all add information. So we can actually come with the facts as opposed to, say, well, there's a lot of moving parts, a lot of things happening, and we're trying -- we're going to try to get to the answer.

**Joshua Mark Wolfson** - *RBC Capital Markets, Research Division - Analyst*

Understood. And the gold post that's provided on 700,000-ounce target at ASC at roughly 8- to 15-ounce as early as 2021. What's the key sort of driver of that? And is the time line -- is this strictly, I guess, the throughput permit improvement that has been talked about by Detour previously?

**Anthony Paul Makuch** - *Kirkland Lake Gold Ltd. - President, CEO & Director*

No, I think a lot of that is really a reflection of what's happening in the current -- what's been happening in terms of pre strip. And if you look at the plan and some refinements in the plan, but what's happening going into 2021, you're going to have a lot of ore, you're going to have a higher amount of ore mined in the year. It's going to have a lot of positive impact on that, right. And the grade is going to get better in the year. There's a few things that are happening pre us, and we're just looking at that opportunity. Plus, there's the increased mill throughput and potential for that. There's some further upside with further increases on mill throughput and further increase on mine throughput and further understanding of the resource model as well.

**Operator**

You next question comes from [Kerry McCurry] of Canaccord Genuity.

**Unidentified Analyst**

My questions have been answered.

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**Operator**

There are no further questions at this time. I will now return the call to our presenters.

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**Mark E. F. Utting** - *Kirkland Lake Gold Ltd. - VP of IR*

Thanks very much, operator, and thanks again for everyone for participating today. What you've heard is that we're a company that's moving forward with 3 very high-quality assets, all of which are generating free cash flow and all of which have significant growth potential. We've got the strongest balance sheet in the industry. We're using that balance sheet to reward shareholders. We're also using it to fund our growth, and our budget this year for exploration now is $150 million to $170 million. The foundation of this company is success with the drill bit, and we've got 3 assets but we think there's a lot more success with the drill bit to come. We've had success at multiple targets at all of them. And I can tell you that we're very much looking forward to continuing to update the market as we continue to go forward with our work program, which is extensive. And with that, I'll thank you again for participating and look forward to our next conference call.

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**Operator**

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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