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Calibre Mining Corp To Acquire Fiore Gold Ltd Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Calibre Announces Acquisition of Fiore in Nevada, creating a diversified Americas-focused gold -- mid-tier gold producer. (Operator Instructions)

I would now like to hand the conference over to Ryan King, Senior Vice President of Corporate Development and Investor Relations for Calibre Mining. Ryan, the floor is yours.

Ryan C. King *Calibre Mining Corp. - SVP of Corporate Development & IR*

Thank you, operator, and good morning, everyone, and thanks for taking the time to join the call this morning. Before we get started, I'd like to direct everyone to the forward-looking statements on Slide 2. Our remarks and answers to your questions today may contain forward-looking information about the company's future performance. Although management believes that our forward-looking statements are based on fair and reasonable assumptions, actual results may turn out to be different from those forward-looking statements. For a complete discussion of the risks, uncertainties and factors, which may lead to actual operating and financial results being different from the estimates contained in our forward-looking statements, please refer to the joint press release dated October 25, 2021, announcing the transaction, the slide deck available on the website for both companies and our respective 2020 annual MD&A and 2020 AIF available on our website as well as on SEDAR.

And finally, all figures are in U.S. dollars, unless otherwise stated. Present today with me on the call are Darren Hall, President and CEO of Calibre Mining; and Tim Warman, CEO and Director of Fiore Gold. We will be providing an overview on the accretive merits of today's announced acquisition agreement. Following the presentation, we will be happy to take questions. The slide deck we will be referencing is available on our website, www.calibremining.com and Fiore Gold's website at www.fioregold.com. You can also click on the webcast found in today's news release to join the live presentation.

With that, I'll turn the call over to Darren.

Darren Hall *Calibre Mining Corp. - President, CEO & Director*

Thank you, Ryan. I hope you're all well, and thank you for taking the time to join Tim and I this morning. I'm pleased to announce that Calibre has entered into an agreement to acquire Fiore Gold in what both Tim and I believe presents a compelling transaction for the shareholders of both companies. Our vision at Calibre has been to establish a quality mid-tier gold producer by generating operating cash flow to fund organic growth while seeking attractive opportunities to grow externally.

The first stage of the journey, we commenced with the acquisition of our Nicaraguan assets from B2Gold in October 2019. Building off B2Gold's positive legacy, we have made considerable progress in optimizing the assets through implementation of our Hub and Spoke strategy. The combination with Fiore provides the next logical and complementary step in our plans to grow Calibre into a multi-asset, multi-jurisdiction or growth focused gold producer. I will now pass over to Tim for his opening comments.

Timothy Andrew Warman *Fiore Gold Ltd. - CEO & Executive Director*

Thanks, Darren. I'm very pleased to be announcing this transaction with Calibre. It provides our shareholders with the opportunity to participate in an exciting growth story within the mid-tier producer space. At Fiore, we've been highly focused on generating growth organically and prioritizing that growth through ramp-up, land expansion and exploration, all in the presence of operating and capital discipline. Calibre shares the same philosophy and that's one of the many reasons as to why this combination makes sense.

We've stated goal to get Fiore's production to over 150,000 ounces per year. And today's transaction gives Fiore shareholders that exposure and gold leverage firstly, through Calibre's assets that have been successfully operated for the Calibre team for decades and secondly, through Calibre's financial capacity, which will facilitate the successful execution of not only the Gold Rock build but also the maximization of our strong portfolio in the United States. I'm very excited for the prospects of the pro forma company. We believe this transaction sets the stage for continued strong equity returns for our shareholders. Back over to you, Darren.

Darren Hall *Calibre Mining Corp. - President, CEO & Director*

Thanks, Tim. This transaction generates a robust company as it establishes Americas-focused mid-tier producer with 3 established operations with a clear pathway to growth. With significant exploration potential in both jurisdictions, development opportunities with Gold Rock in Nevada and Eastern Borosi in Nicaragua, whilst continuing to leverage off the available mill capacity at Libertad, we see great opportunity to continue Calibre's growth. With a strong balance sheet, backed by \$96 million in cash, no debt and the ability to self-fund exploration and growth we have an incredible opportunity to continue unlocking shareholder value.

Turning to Slide 4. Under the terms of the proposed transaction, Fiore's shareholders will receive 0.994 of a Calibre share in addition to a CAD 0.10 in cash for each Fiore share. Based on last Friday's close, this represents CAD 1.80 per Fiore share, a spot premium of 44% or a 36% premium based on a 20-day VWAP.

Pro forma, Calibre and Fiore shareholders will hold 78% and 22% of the company, respectively. Calibre and Fiore shareholders votes will be required and are expected to be held in early January, with the transaction closing shortly thereafter. Support agreements are in place with offices and directors of both Calibre and Fiore. Additionally, B2Gold, Calibre's largest shareholder at 33% has provided their support for the transaction.

Turning to Slide 5. A logical transaction is where business combination results in a stronger company. This transaction achieves that and establishes a solid foundation for strong value creation for both Calibre and Fiore shareholders. At Calibre, Fiore offers production and diversification into Nevada, a Tier 1 mining jurisdiction of very attractive entry points into North America and a platform from which to grow. In addition to established production at Pan, we also obtained an attractive federally permitted development project in Gold Rock that has the potential to more than double gold production in Nevada.

With Gold Rock located 13 kilometers from Pan, we believe there will be an opportunity to realize value through operational synergies and the sharing of infrastructure. Encompassing Pan and Gold Rock is a very prospective and underexplored 222 square kilometer land package. As demonstrated in Nicaragua, we will expediently allocate resources to actively explore and develop a comprehensive understanding of the geological potential within the significant land package.

I'll pass it back to Tim to share some of his thoughts on the benefits to Fiore's shareholders.

Timothy Andrew Warman *Fiore Gold Ltd. - CEO & Executive Director*

Thanks, Darren. For Fiore's shareholders in addition to an attractive upfront premium, the transaction provides meaningful participation in an established mid-tier gold producer where scale and growth is led by an operational team with a proven history of delivery and success. Scale matters in the current marketplace. And through this transaction, Fiore's shareholders will now be meaningful participants of a larger company, has greater market relevance, increased trading liquidity, lower cost of capital broader analyst and institutional investor following and index inclusions. As part of Calibre, we gained exposure to their established asset base in history, but we also increased our exposure to value creation through growth catalysts across the combined portfolio.

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Given the strong financial resources of the company, Calibre will have the ability to fully fund the development pipeline, including Gold Rock and their Eastern Borosi project and expand exploration efforts. This brings that value realization forward to the benefit of both our shareholders.

Moving to Slide 6, and back to you, Darren.

Darren Hall Calibre Mining Corp. - President, CEO & Director

Thanks, Tim. This transaction will establish Calibre as an Americas-focused mid-tier producer with 3 established operations. With the addition of an established mine in Nevada, this transaction provides operational diversification and a growth project that has the potential to materially expand the Nevada production base. As illustrated using strict consensus estimates, Nevada will contribute approximately 1/4 of both our mining net asset value and gold production. Additionally, we will be acquiring the Golden Eagle project in Washington, which currently hosts 2 million ounces of measured and indicated resources and provides for future value of rationality.

Given our ability to self-fund the exploration and growth, we will be well positioned to unlock value across our entire portfolio. Moving to Slide 7. This transaction will firmly position Calibre in the mid-tier space with demonstrated reliable production from 3 operations, underpinned by 4.4 million ounces of measured and indicated and 3.1 million ounces of inferred mineral resources. We will look to leverage our diversified large resource base to increase scale through the execution of our growth portfolio, including Eastern Borosi, Gold Rock and increasing utilization of the 2.2 million tonne per annum mill at [Libertad].

Moving to Slide 8. Since acquiring the assets 2 years ago, I'm extremely proud of what the team has accomplished. Calibre has consistently quarter-over-quarter, delivered on their commitments, reinvested in mine development and near mine exploration, which has increased confidence, expanded resources and growing production, resulting in a more than twofold increase in reserves. We've realized significant value from our Hub and Spoke operating strategy, which has allowed us to harness a portion of the underutilized mill capacity at Libertad. And key to our success has been the ability to efficiently add low capital intensity, high-return production by debottlenecking Limon and deorphaning satellite deposits like Pavon. As we progress our exploration and development programs, we see several opportunities to leverage the installed capacity at Libertad. I'm particularly excited about the progress we've realized at Eastern Borosi this year and look forward to developing it as our next mining scope within 2 years.

Moving to Slide 9. Firstly, I would like to acknowledge the excellent work of the entire Fiore team in establishing Pan as a safe and reliable operating foundation from which to grow. The very prospective and under 222 square kilometer land package coupled with the proven operating discipline in a Tier 1 mining jurisdiction provides a fantastic platform for future organic growth. Coupled with our financial strength, we'll be able to self-fund the development efforts in Nevada and surface value as we advance Gold Rock. As we have successfully done in Nicaragua, we plan to employ an aggressive exploration strategy in Nevada to uncover the potential across the significant and underexplored land package.

Moving to Slide 10. With 2.2 million ounces in resource, Golden Eagle presents a unique opportunity and provides meaningful optionality in the United States.

Moving to Slide 11. As a new mid-tier gold producer, Calibre will have a strong operational cash flow and robust production in the Americas. A strong balance sheet with no debt will allow us to continue to accelerate our discovery and resource exploration programs in Nicaragua and Nevada and invest in our operations.

Moving to Slide 12. Given the merits of pro forma Calibre and through our continued focus on delivering on our production and growth targets, we believe we are well positioned to achieve higher multiples to drive the share price appreciation and strong returns for our shareholders. Our team remains focused on opportunities that will maximize shareholder value as we see this transaction is an important step in our goal of establishing Calibre as a top-tier value proposition for investors in the gold sector.

Moving to Slide 13. Both Fiore and Calibre have demonstrated the ability to generate shareholder value. And importantly, both companies are particularly proud of how this has been achieved, safely, sustainably and responsibly. As the 2 companies joined, we will honor this positive legacy by continued focus on our journey to zero harm and positively contributing to our host communities through

transparent engagement with all of our stakeholders.

Moving to Slide 14. In closing, Tim and I are confident that this transaction presents an attractive value proposition for the shareholders of both Calibre and Fiore by establishing an Americas-focused mid-tier producer. With a strong balance sheet and continued future free cash flow generation, we will be able to self-fund our growth strategy through the Americas with attractive projects like Eastern Borosi and Gold Rock. We believe in value creation through the drill bit, and we'll be accelerating exploration to surface value across our land holdings in Nicaragua and Nevada. As we have demonstrated with the Nicaraguan assets, we will continue to do with the expanded Nevada portfolio. We will focus on operating responsibly, delivering on our commitments and executing on our growth plans. These initiatives are all part of how we will protect and generate shareholder value. And with that, we are happy to take questions at this time. Back to you, operator.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from the line of Farooq Hamed of Raymond James.

Farooq Hamed Raymond James Ltd., Research Division - Director & Equity Research Analyst

Just maybe a -- a couple of questions. In the presentation, you talked about being able to self-fund both Gold Rock and Eastern Borosi. Maybe just my first question is, can you just remind us what is the CapEx for Gold Rock? And you said it's fully permitted, what else are any hurdles or approvals you need before you can move forward with the development there?

Darren Hall Calibre Mining Corp. - President, CEO & Director

Please No, over to you, Tim, you are the man.

Timothy Andrew Warman Fiore Gold Ltd. - CEO & Executive Director

Yes. So Gold Rock is federally permitted in the U.S., and that is the long complicated permitting process. It's called NEPA Process. That took, I think, in Gold Rock's case about 8 years to get through. There are still some state permits required at Gold Rock. Those are relatively straightforward. The Nevada state regulators are very familiar with our project and with our operating track record. And they tend to come as you go through the detailed design and construction phase. There are a whole list of permits required.

But again, they're fairly straightforward, and we've actually started that state permitting process now, and that's well factored into the timeline. And in terms of CapEx, the PEA CapEx came out at USD 65 million. So it's relatively modest CapEx. The -- currently in the process of working on a feasibility study that will obviously refine that, and I expect that to not change significantly from that. There's a lot of cost savings we're seeing from some of the work. But of course, they've got a factor in a bit of inflation as well. So I think that's probably the best explanation at this stage.

Farooq Hamed Raymond James Ltd., Research Division - Director & Equity Research Analyst

Okay. And then maybe just a follow-up, Darren, for you. In terms of your capital allocation strategy now, you have Eastern Borosi, you have other exploration you're doing in Nicaragua and now you'll have Gold Rock and then potentially some of the other development assets from Fiore. Can you basically give us a pecking order or a hierarchy of where you will allocate capital and management time first?

Darren Hall Calibre Mining Corp. - President, CEO & Director

Yes, Farooq, it's probably a bit early to put them in an order of preference. But given our strong cash flow generation position, we will absolutely remain focused on exploration in both Nicaragua and advanced exploration in Nevada, and then progress, which is relatively low capital intensity at Eastern Borosi, as we demonstrated at Pavon, and you're familiar with that story. And as Tim has highlighted there with Gold Rock, the capital requirements for that project shouldn't be too onerous either. So I think that with the cash flow that we generate -- well, the cash we have and the cash flow we'll generate, I think we can more than cover.

So I think we have the capability financially to be able to cover that. We'll also continue to look for operating efficiencies from the cash machine in Nicaragua and see what we can do to increase mill utilization at Libertad, which obviously will generate additional cash as well. So no, I think we're well poised, Farooq. And I don't think we're in a position where we have to spend a lot of time kind of prioritizing capital allocations. I think what we have identified today, I think we can reasonably fund everything.

Farooq Hamed Raymond James Ltd., Research Division - Director & Equity Research Analyst

And then maybe just the last one for me. Prior to the acquisition, I know you were considering a return of capital to shareholders because you're building quite a significant cash balance, and we're generating free cash flow every quarter -- or are generating free cash flow every quarter. How does your thinking on a return of capital to shareholders potentially change now that you have a broader development pipeline?

Darren Hall Calibre Mining Corp. - President, CEO & Director

No, I think the most attractive return to shareholders we can provide is through the drill bit and growth organically. And we'll continue to be absolutely focused on that. And with the acquisition of Fiore and the joining of that business, I think that will provide an excellent opportunity to create some shareholder value.

Operator

Next question comes from the line of Grant McAdam from Waratah.

Grant McAdam Waratah Capital Advisors Ltd. - Investment Analyst

Just a question for Tim. Just on the timing of the transaction, it seems like you guys have a lot of low-end fruitful value creation as far as doubling production with Gold Rock and then maybe hearing more about Illipah next year and then a potential JV for Golden Eagle. Just wondering about the timing and why you didn't want to see some of those things through before maybe looking for a deal.

Timothy Andrew Warman Fiore Gold Ltd. - CEO & Executive Director

Yes. I think the best answer to that is really, if you look at Gold Rock, we just announced that we've been doing some more drilling there, that we're planning some more drilling there. So that pushed the feasibility back. Our current plans stand-alone to the end of next year. Illipah, we have some permitting to do there. So drilling really can't begin there until next spring or summer because we need an exploration plan of operations there. And I think the feedback we've been getting from Hecla, I mean, we've been in with Hecla for 2 years. And while they're always very interested, it's always a slow process, as I mentioned before. So we just thought that getting the scale there to advance things, particularly at Gold Rock. And just overall, with our exploration and development in Nevada, I think if the timing made sense. I think the larger company has more relevance in this marketplace and really -- I think it's a positive fit for both companies. And I think the timing was good, actually.

Operator

(Operator Instructions)

Our next question comes from the line of Geordie Mark of Haywood Securities.

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

Just some thoughts in terms of, obviously, organic growth profile for Nicaragua was in place with East Borosi. When coming to look at Gold Rock, the next type of the right projects that are, I guess, semblance of bounding economics. What are you thinking there in terms of reexamining any scope of work or taking more time as you say, look for organic growth through the drill bit? Or would you sort of press on with the current sort of scope being undertaken and being led by Tim, just getting an idea of what are your thoughts there.

Darren Hall Calibre Mining Corp. - President, CEO & Director

Yes, Geordie. I mean there's obviously -- and we're in a pretty steep learning curve with understanding the great work that Tim and the team have done there at Gold Rock. But I think that some further exploration drilling to understand what the fullness of that property can look like is a sensible approach. So I think we'll run these things in parallel. And I think that the combined company probably takes a

little bit of the pressure off the development sequence there at Gold Rock as well. So we can take some time, understand what it is and then realize the full potential of what that asset could deliver to the company. So no, I think it's a great time, as Tim have shared it earlier is, is that, it's a very good time for us to be able to be doing this transaction. It works both -- for both -- well, for both Fiore for Calibre.

Operator

Next question comes from the line of Stephen Sock of Stifel.

Stephen Sock *Stifel Nicolaus Canada Inc., Research Division - Associate*

Great. Just a follow-up on Golden Eagle, probably for Darren. Wondering how you kind of view you advancing this asset, are you still primarily looking to JV it with kind of the neighboring portfolio there? Or is this something that's of a scale that you might look at trying to fit in as a stand-alone now within the combined company.

Darren Hall *Calibre Mining Corp. - President, CEO & Director*

Yes. Stephen, I can take a shot at the answer here. And I guess it is very early days, right? We'll assess how best to advance this asset in the future as we believe there's value to be created there. But in the medium term, this remains a source of low-cost optionality for us, and we'll continue to look at that opportunity. But it's -- take a step back, think about this and engage with Tim and the team and catch up on the discussions that have been had with the neighbors that are in the region there as well and see what opportunities that could unfold.

Operator

(Operator Instructions)

No further question at this time. Presenters, you may proceed.

Darren Hall *Calibre Mining Corp. - President, CEO & Director*

Well, thank you, operator. And I'd just like to thank everyone for your engagement this morning. And as always, Ryan, Tim and I are available as required. And Tim, if there's anything else you'd like to say before signing off?

Timothy Andrew Warman *Fiore Gold Ltd. - CEO & Executive Director*

No. I think that's covered it. Thanks, everyone. And as Darren says we're available for any follow-up questions.

Darren Hall *Calibre Mining Corp. - President, CEO & Director*

All right. So everyone take care, stay safe and back to you, operator.

Operator

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

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