

**Endeavour Mining plc TSX:EDV**  
**FQ1 2026 Earnings Call Transcripts**  
**Thursday, April 30, 2026 12:30 PM GMT**

# Call Participants

## EXECUTIVES

**Djaria Traore**

*Executive VP, Operations & ESG*

**Guy F. Young**

*Executive VP & CFO*

**Ian David Cockerill**

*CEO & Executive Director*

**Jack Garman**

*Vice President of Investor Relations*

**Sonia Scarselli**

*Executive VP, Exploration and Growth*

**Mohamed Sidibe**

*National Bank Financial, Inc., Research Division*

**Unknown Executive**

## ANALYSTS

**Ovais Habib**

*Scotiabank Global Banking and Markets, Research Division*

**Alain Gabriel**

*Morgan Stanley, Research Division*

**Richard James Hatch**

*Joh. Berenberg, Gossler & Co. KG, Research Division*

**Amos Charles Fletcher**

*Barclays Bank PLC, Research Division*

**Anita Soni**

*CIBC Capital Markets, Research Division*

**Carey MacRury**

*Canaccord Genuity Corp., Research Division*

**Felicity Robson**

*BofA Securities, Research Division*

**Frederic Bolton**

*BMO Capital Markets Equity Research*

# Presentation

## Operator

Good day, and thank you for standing by. Welcome to Endeavour Mining's First Quarter 2026 Results Webcast. [Operator Instructions] Today's conference call is being recorded, and a transcript of the call will be available on Endeavour's website tomorrow. I'd now like to hand the call over to Endeavour's Vice President of Investor Relations, Jack Garman. Please go ahead, sir.

## Jack Garman

*Vice President of Investor Relations*

Hello, everyone, and welcome to Endeavour's Q1 2026 Results Webcast. Before we start, please note our usual disclaimer. On the call today, I'm joined by Ian Cockerill, Chief Executive Officer; Guy Young, Chief Financial Officer; Djarja Traore, Executive Vice President of Operations and ESG; and Sonia Scarselli, Executive Vice President of Growth and Exploration.

Today's call will follow our usual format. Ian will first go through the highlights of the quarter. Guy will present the financials, and Djarja will walk you through our operating results by mine, before handing back to Ian for his closing remarks. We'll then open the line up for questions. I'll now hand over to Ian.

## Ian David Cockerill

*CEO & Executive Director*

Thanks, Jack, and welcome to everyone joining us on the call today. Now Q1 2026 was a record quarter for Endeavour with a strong operational performance and elevated gold price, underpinning a very strong financial results. Production of 282,000 ounces was in line with our plan, and we expect to see progressive improvements as we move through the year as stripping activity opens up progressively higher grade ore through to Q4 later on this year, while all-in sustaining costs on a royalty adjusted basis also came in towards the lower end of our guidance in the quarter.

This performance translated into a record free cash flow of \$613 million, and that's equivalent to \$2,176 per ounce produced. That's a 29% increase over the prior quarter. Through the year, we'll continue to focus on our margins and maximizing free cash flow from every ounce that we produce. This free cash generation transformed our balance sheet. We moved from net debt of \$158 million in the previous quarter to now a net cash position of \$405 million at the end of this quarter, a \$563 million swing in just 3-months. Given the strong balance sheet position and our outlook, we're going to look to increase our shareholder returns through supplemental dividends within our H1 2026 dividend announcement and through continued opportunistic share buybacks.

At prevailing gold prices, we expect supplemental returns to at least double -- to be at least double our \$1 billion minimum commitment over the next 3-years. On organic growth, as we announced last week, the Assafou DFS confirms a high-quality, long-life asset that has very strong project economics. Early works are underway, and we're targeting a final investment decision before the end of this year. On the exploration front, we're accelerating resource definition of our Vindaloo Deep target, and we expect to deliver maiden resource in the first half of this year. Simultaneously, our new ventures exploration program continues to expand our exploration footprint into the most prospective Tier 1 gold provinces with the latest strategic investment into Guyana. I'll now take you through each of these areas in a bit more detail.

On Slide 7, you see production was 282,000 ounces, down from Q4 due to planned lower grades mined and processed, but in line with the mine sequence. All-in sustaining costs were higher in the quarter, largely due to higher gold price-driven royalty costs with some small impacts from the stripping activity and the higher power costs at Mana. But despite higher costs, our all-in sustaining margin of \$2,976 an ounce was \$751 per ounce higher than in Q4 as margins continue to consistently expand alongside the higher gold prices.

On Slide 8 and the full year guidance, you can see group production and all-in sustaining costs remain on track to achieve guidance. The Q1 production of 282,000 ounces represents approximately 26% of the low end of our guidance range, and we're expecting higher production in the second half of the year, peaking in Q4 as per our planned mining sequence.

On costs, while first quarter all-in sustaining costs of \$1,834 an ounce sits slightly above the guidance range, this reflects higher royalty costs as a direct result of the rising gold price. On a gold price adjusted basis back to our budgeted level, underlying all-in sustaining costs of \$642 an ounce were in the lower half of the guidance range. And let's say that's based on our \$3,000 gold price.

On capital, we expect both sustaining and nonsustaining capital to be weighted towards the first 3-quarters of the year, aligned with our stripping program. While growth capital of \$500 million to \$100 million is now expected to support early works at Assafou,

mostly in the second half of the year. So overall, we're confident in our full year outlook and expect to see improvements throughout the year.

Free cash flow reached a record \$613 million in Q1, up 29% from Q4 and equivalent to \$2,176 per ounce of gold produced. But we remain focused on maximizing free cash flow for every ounce that we produce, and as operational performance improves throughout the year, we expect to at least partially offset some of the impact of higher taxes in Q2 and Q3. The strong free cash flow has enabled us to rapidly de-leverage the balance sheet in Q1, reducing net debt by \$563 million and moving to a net cash position of \$405 million at quarter end. And this provides the financial flexibility to deliver our world-class organic growth project Assafou, whilst we pay out sector-leading returns to shareholders.

As you know, our leverage target through the cycle is less than 0.5x net debt to adjusted EBITDA. That remains the case, but we do not intend to maintain a very large net cash position either. So we'll stick to our capital allocation model and look to increase shareholder returns while prioritizing Assafou's development as well as our exploration program.

On Slide 11, our shareholder returns program is quite clear. Between '26 and '28, we're committed to return at least \$1 billion to shareholders and we will maintain this commitment down to a gold price of \$3,000 an ounce. And at prevailing gold prices, we could return more than double that minimum commitment to shareholders. Given the strong gold prices so far this year, we're on track to return a significant supplemental dividend when we announce our H1 '26 dividend in our Q2 results. So far this year, we've already completed \$54 million of share buybacks, and we'll continue opportunistically and make up a significant component of our supplemental returns.

On to our sector-leading organic growth on Slide 12. Now last week, we published the results of our definitive feasibility study, strengthening our confidence in the Assafou project and its potential to transform our portfolio, driving production growth, lowering costs and delivering long-term value. We discovered Assafou for \$13 million in 2022. And based on the DFS at a \$4,000 per ounce gold price, the project now has an after-tax value of over \$5 billion with an internal rate of return of 55%. Now that's value creation and reflects the highly prospective region and the ability to accelerate projects quickly from discovery to production. The Assafou project will be relatively similar to other mines that we've built, albeit bigger. The DFS outlines a 5 million tonne per annum gravity and CIL processing plant optimized to support a smoother production ramp-up and to add additional redundancy to give optionality to expand the plant in the future as we develop and further expand the resource, the exploration resource in the immediate vicinity of the mine.

Early works are already underway. Procurement of long lead items have started, detailed engineering and design is progressing and key tenders are already out. We have also launched land compensation negotiations as part of the resettlement action plan, which we need to finalize ahead of starting the resettlement, which is on the critical path. We're targeting a final investment decision before the end of this year and then a construction period of 24 to 30 months. Once construction starts, the resettlement, mining pre-stripping and ore commissioning are on the critical path to production. The resettlement is required for mining to start, so developing the resettlement action plan is a key part of our early works program.

Assafou has the potential to be one of our largest, lowest cost assets with the longest mine life, capable of producing 320,000 ounces of gold per year at an all-in sustaining cost of \$1,000.26 per ounce over the first 8 years of its planned 16-year mine life. The DFS also reflects our increased confidence in the mine plan, underpinned by nearly 100,000 meters of additional close spaced drilling. This has increased reserves and resources and introduced maiden proven reserves and measured resources, providing a much higher level of certainty over what we will mine and when, de-risking the ramp-up and early production profile. And importantly, we see significant exploration upside in the immediate vicinity of the mine that will support continued growth in reserves and resources and further enhance the mine plan over time with the potential to sustain production higher levels over this period for much longer.

Looking at the exploration at Assafou on Slide 14. Most of our drilling has been focused on the Assafou deposit itself, and we've just started to step out beyond Assafou. We've already identified 20 highly prospective targets on this property that we are prioritizing with a guided \$10 million spend for this year. We'll focus on advancing the Pala Trend 3 deposit following the 2025 maiden resource, defining Pala Trend 2 maiden resource and exploration drilling at the Pala Trend Southwest and Koumenagaré. At Assafou, we've discovered a new and highly fertile mineralized Greenstone belt and through our own land package and our strategic partnership with Kulu Gold, we expect to unlock significantly more value across this belt. Now Assafou is key to our organic growth outlook and along increased production at Sabodala-Massawa, we're targeting 27% growth in production to 1.5 million ounces by 2030 with a solid position in the first cost quartile.

On Slide 16, following the launch of our new exploration strategy late last year, we've increased our exploration guidance to \$100 million for this year, and we will prioritize adding near-mine resources across the portfolio, expanding resources at the Assafou deposit and nearby targets, whilst advancing new ventures to replenish the longer-term organic project pipeline.

And as you can see on Slide 17, we are pleased that we signed a strategic investment of \$20 million with Altair for a 9.9% stake. The Guyana Shield is one of the 4 Tier 1 gold provinces that we are targeting through our Greenfield and New Ventures program. And given the Guyana Shield is a continuity of the West African permian, we have a good understanding of the geology as well as the structural context. Now Altair has one of the largest consolidated land packages in Guyana, covering highly prospective ground to the south of recent significant discoveries at Oko West and Oko-Ghanie along the same shear zone. So we're excited about the prospectivity and the proceeds from our investment will be deployed to accelerate these exploration programs.

Before I hand over to Guy, I just wanted to touch shortly on ESG. As a long-term partner in West Africa, we will always strive to deliver sustainable value to all of our stakeholders. In 2025 alone, we contributed \$2.8 billion to host economies. And over the last 6 years, we've contributed \$12.9 billion. This consistent delivery of value alongside continued improvements in governance, stakeholder engagement and ESG management systems is increasingly being recognized. And as a member now of the Extractive Industries Transparency Initiative, we met all transparency expectations in 2025, performing strongly relative to our peer group. In addition, our ISS rating has been upgraded, placing us in the top 10% of our sector, in line with the other strong ESG ratings we continue to maintain. And with that introduction, let me hand you over to Guy, who can take you through the Q1 financials. Guy, over to you.

**Guy F. Young**  
*Executive VP & CFO*

Thanks, Ian, and hello to everyone. As Ian said, Q1 was a very strong quarter financially, driven by the higher gold price and consistency in our operational performance. The realized gold price increased by \$937 an ounce to \$4,810 an ounce, supporting our record financial performance. Whilst quarter-on-quarter production was down slightly and costs were up partially as a result, adjusted EBITDA increased by 29% and adjusted net earnings increased by 64%.

On the cash flow side, operating cash flows were up 21% and free cash flow was up 29%. On Slide 21, you can see that adjusted EBITDA reached a record \$880 million, up 29% quarter-over-quarter, and our adjusted EBITDA margin also increased significantly by some 12% to 65%. The higher EBITDA reflects the combination of higher gold prices and lower operating expenses due to the lower production, while the improved margin demonstrates our ability to leverage the benefits of increased gold prices in our earnings.

Moving on to Slide 22. Operating cash flow was up 21% to \$737 million compared to Q4 2025 due to higher gold prices and lower operating expenses despite increased cash taxes and an increased working capital outflow related to trade and payables, inventory and receivables. Looking now at the operating cash flow improvement in some more detail on Slide 23. The increase in the realized gold price added \$169 million to operating cash flow. Gold sold decreased by 24,000 ounces to 278,000 ounces in Q1, which impacted operating cash flow by \$99 million. Operating and other expenses were \$156 million lower than Q4 due to a number of factors.

Firstly, lower nominal mining and processing costs on the back of the lower production, the completion of the hedging program last year, where we recorded a loss in Q4, and these were partially offset by higher royalties. Income taxes paid increased by \$23 million to \$46 million, reflecting the timing of corporate income tax payments as expected and provisional withholding tax payments at Sabodala-Massawa. On that point, please note for the full year, we've increased our cash tax guidance from \$600 million to \$700 million to the revised total of \$660 million to \$770 million, reflecting higher withholding tax payments related to an increase in cash repatriation on the back of higher gold prices. Cash income tax guidance is unchanged for the year.

Finally, working capital was a \$91 million outflow, a \$75 million increase on last quarter's. Key drivers of the increase were a reduction in payables, which we expect in Q1, along with increased VAT and stockpiles. Turning to VAT first. VAT balances increased in Q1 -- sorry, whilst VAT balances increased in Q1, we've seen some positive developments in April with a resumption in direct VAT reimbursements in Burkina Faso, a reduction in processing times in Senegal and higher levels of reimbursements in Cote d'Ivoire, which, if maintained, will positively impact our Q2 working capital. The stockpile increase is due to some deferral in stripping at Houde and the concomitant stockpile drawdown along with higher mining volumes at Ity. Both these trends are expected to normalize through the rest of the year.

Although less material, we have built up supplies of some critical consumables like fuel and explosives to help mitigate any potential impacts from the closure of the Strait of Hormuz.

Turning to Slide 24. Free cash flow reached a record \$613 million in Q1, up 29% from Q4 despite the lower production and higher ASIC taxes and working capital outflow. Free cash flow has increased each quarter since Q2 2025 as we are benefiting from higher gold prices and successfully converting the majority of additional margin into free cash. The outlook remains very strong at current gold prices, particularly in H2 of this year. I would remind you, however, that for Q2, we expect free cash flow to be lower as a result of seasonal tax payments. This is normal regional tax seasonality with higher corporate income and withholding tax payments, representing approximately 65% of our full year payments to be paid in the quarter.

On Slide 25, our cash flow significantly improved our net debt position as shown here. We started the quarter with net debt of \$158 million and ended with \$405 million of net cash. As detailed on the previous 2 slides, operating activities generated \$737 million of cash flow in the quarter. Investing outflows were \$125 million, including \$75 million of sustaining capital, \$45 million of nonsustaining capital and \$6 million of growth capital. Financing activities included a net \$75 million drawdown on the revolving credit facility alongside \$27 million of share buybacks, \$8 million of lease payments and \$4 million of financing fees, all of which leaves us in a net cash position of \$405 million at the end of the quarter.

As Ian mentioned earlier, we do not intend to build a large net cash position, and we'll continue to follow our capital allocation model of increased shareholder returns after prioritizing assets for development and exploration requirements.

Finally, moving on to net earnings. Earnings from mining operations increased to \$776 million, reflecting the higher gold price, partly offset by royalties and sustaining capital. Other expenses decreased with the higher Cote d'Ivoire royalties in the prior quarter now being reported as part of our cost of sales. Deferred tax was a \$97 million expense compared to a \$53 million recovery in the prior quarter. The change reflects the accrual of additional withholding taxes ahead of expected increased cash upstreaming as a result of the higher gold prices, as I referenced earlier. Adjusted net earnings were \$442 million for the quarter or \$1.53 per share, up 65% from Q4. Thank you, and I'll now hand over to Djaria to walk you through the operating performance.

### **Djaria Traore**

*Executive VP, Operations & ESG*

Thank you, Guy, and hello, everyone. Before discussing our operating results, I want to talk about safety, which remains our top priority. We were deeply saddened that one of our contractor colleagues suffered a fatal injury at Mana on 6th of March, as we have previously reported.

Following the incident, we've launched a comprehensive investigation, and we've identified several areas of improvement, particularly around contractor on-boarding, supervision and ongoing training. These actions are now being implemented across all our operations. Despite this incident, our total recordable injury frequency rate of 0.72 on a trailing 12-month basis has improved during the quarter and remains one of the lowest in the sector, and we continue all our efforts to eliminate fatal risks.

Before turning to the mine-by-mine review, I wanted to touch on our first quarter performance compared to guidance on Slide 29. As Ian mentioned, we are on track to meet full year guidance with performance weighted towards H2 as production and costs are expected to improve at Houunde, Mana and Ity in the second half of the year, and this is in line with the mine plans. For quarter 1, group production was lower compared to last quarter of 2025 due to lower grades at Sabodala-Massawa, Mana and Ity, but again, in line with the mining sequence. The all-in sustaining costs were higher this quarter due to gold sales, higher royalty costs and increased stripping activity. Overall, we are pleased with our progress to date.

Starting with Houunde on Slide 10. Production increased as we mine and process higher grades from the Kari West and Vindaloo Deep pits. All-in sustaining costs have increased, but largely due to higher royalty costs at higher realized gold prices. and to higher sustaining capital from increased waste stripping at Kari West and heavy mining equipment improvement. We will continue stripping at the Vindaloo pit [indiscernible], which will support access to better grade to improve production for the year, with costs only expected to realize the benefit later in the year once the majority of the stripping has been completed.

On Slide 31, at Ity, production decreased as we mine lower grades from the Bakatouo and [ Walter ] pits, while we also processed lower tonnes due to scheduled mill maintenance in quarter 1. All-in sustaining costs at Ity has improved due to lower sustaining capital and the benefit of byproduct silver sales, despite the higher gold prices and lower gold sales. Similar to Houunde, Ity's performance is expected to be weighted towards H2 as blended grades are expected to increase through the year.

On Slide 32, you can see that production at Mana was lower quarter-over-quarter due to lower grades and the weighing down on mining activity in the Siou underground deposit, where the reserves are nearly depleted. Similarly, all-in sustaining costs were higher due to the lower levels of production and sales as well as higher royalty costs related to gold prices and the continued use of higher cost self-generated power. On costs, we expect that the grid power availability will improve during quarter 2 as the grid in Burkina Faso adds new capacity. We also continue to improve the resilience of our grid connection at Mana through the automation of the underground ventilation system and the installation of a new transformer and capacitor bank, which is expected to improve productivity and operating costs. In H2, the mining feed from the Wona underground deposit is expected to supplemented with ore from the open pit of Bana Camp, supporting slightly higher grade throughput and production.

Moving to Sabodala-Massawa on Slide 33. Production decreased due to lower grades mined and processed compared to the quarter 4 2025, but in line with the mine sequence. All-in sustaining costs increased due to lower gold sales, higher royalty costs related to the increased gold price and higher sustaining capital. As 2026 progresses, we expect to see steady performance from the CIL plant as

improved grades are offset by slightly lower throughput. While on the BIOX side, we expect continuous improvement in throughput and recovery as the ongoing optimization work continues.

At the end of quarter 1, we published a technical report for Sabodala-Massawa. And it's also important to remember that this is a conservative reserve only outlook that we intend to optimize and smooth-out through additional explorations and sequencing. The study outlined significant production growth into the high 300,000 ounces by year 2029 with an average production over the next 5 years of 335,000 ounces per annum. The significant increase in production is expected to be driven by the ramp-up of underground mining at the Kerekounda and Golouma deposits. As the mining ramps up, it is projected to deliver higher grade to the CIL plant, coupled with high grades through the BIOX plant from the Massawa North Zone deposit. We will expect to smooth this production profile through sequencing of Massawa North Zone and conversion of additional reserves, which would allow us to achieve and maintain production in the mid-300,000 ounces range for longer.

Lastly, turning to Lafique on Slide 35. Production increased as we mine higher grades from the main pit. We also benefited from improved recovery, which have increased following the completion of processing plant optimization project. All-in sustaining costs have also increased due to significant increase in sustaining capital related to the planned waste stripping this year and higher royalty costs due to the higher realized gold prices and the increased royalty rates. As stripping continues, we expect grades to decrease through the next quarter before again improving as we move into the next pushback in the second half of 2026. Overall, as you can see, the performance has been consistent and predictable during quarter 1. And as a result, we're well positioned for the rest of the year. Thank you for your time, and I will hand over to Ian.

**Ian David Cockerill**  
*CEO & Executive Director*

Thank you, Djarja. As you've heard, we're off to a strong start operationally, and we've delivered another record quarter financially. But our key priorities from here are quite clear.

Firstly, deliver on production and cost guidance; secondly, maximize free cash flow for every ounce that we produce to ensure an optimized balance sheet so that we can deliver sector-leading organic growth and sector-leading shareholder returns whilst remaining a trusted partner to our host countries. We certainly look forward to updating you on our progress throughout the year. And with that, I'd say thank you, and now I'll hand back to the operator, who will be in a position to open up for Q&A. Thanks very much.

# Question and Answer

## Operator

[Operator Instructions] We will now take our first question from the line of Alain Gabriel of Morgan Stanley.

### Alain Gabriel

*Morgan Stanley, Research Division*

The first question is for you, Ian. The cash balance is building very rapidly on today's gold prices, and you can easily finance Assafou, meet all your capital returns commitments and still have significant cash pile that is left. Although that's a good problem to have, it also brings some scrutiny on capital allocation. So how are you thinking about M&A at this point in the cycle? And do you think you have the capacity to take on a sizable project like Assafou and pursue M&A at the same time? That's my first question.

### Ian David Cockerill

*CEO & Executive Director*

Thanks, Alain. Yes, look, it's a bit of a Hollywood problem, having the cash and the already well-defined organic growth pipeline. Irrespective of how much cash we have on our balance sheet, we are -- as you know, we're really focused on growing this business in an organic fashion. We have lots of opportunities to do that. That's our principal focus. Our other focus is obviously on the exploration side. And I think the investment in Altair gives you another clear indication that's where we would -- we're happy to sort of put our money. We are patient capital investors. We seek the right opportunities to go in to create really outsized value returns to shareholders. It would be nice to do it every quarter, but we're taking a longer-term perspective on that.

With respect to M&A, we constantly look. And if the right opportunity came along, obviously, we would look at it. To date, we've looked at several opportunities, but there's nothing has eventually turned out to be positive. But we're not averse to M&A, but our principal focus obviously is on organic growth.

### Alain Gabriel

*Morgan Stanley, Research Division*

That's very clear. And the second question is probably for Guy on the costs of -- or the energy cost impact on the business. Maybe if you can talk to us a little bit more about the diesel exposure across the group. How do you see the conflict impacting your cost base? Are you seeing any supply stress emerge on the supply chain? Because you seem to have managed this very well in Q1. So how are you thinking going forward of these dynamics?

### Guy F. Young

*Executive VP & CFO*

Alain, so let's just talk a little bit about the difference in our minds anyway between the security of supply and then the pricing risk. So to the first part, security of supply, as a general comment across all of our sites, we do not rely particularly heavily on fuel or any other related consumables that transit through the Strait of Hormuz. So we've got refineries that we rely on broadly regional, but in particular, in Cote d'Ivoire in Senegal. And the crude input into those refineries is predominantly coming from Nigeria. We do have some other refined products that are coming from Northern Western Europe.

But as a result of all of that and in discussion with our suppliers and the test of their business continuity planning, we don't perceive security of supply to be the key issue. It is what you've referred to more a question of pricing. When we look across the portfolio, and again, just bearing in mind that fuel is anywhere between 10% and 15% of operating costs, so it's significant, but not that material. When we run numbers bearing in mind local pricing, then we come up with a \$10 per ounce AISC impact roughly for every \$10 on the price of a barrel of oil. That is what we've seen so far.

And when we look forward into the remainder of the year, that's what we're anticipating. So if I look purely at price variance at the moment, we can expect to see roughly a \$25 increase in our Q2 costs relating purely to the price of fuel. The one other thing I would just quickly touch on, and Djaria mentioned it in her presentation, but the volume of our consumption of fuel does depend to some extent on grid availability. So where we see declines in grid availability, we will see higher volumes for self-generated power, and that in and of itself will drive a cost increase. So subject to the grid availability, roughly \$10 per ounce for every \$10 per barrel.

## Operator

We will now take our next question from the line of Ovais Habib of Scotiabank.

**Ovais Habib**

*Scotiabank Global Banking and Markets, Research Division*

Congrats on Q1 beat and really a great start to the year. Ian, a couple of questions from me. The first one was answered in regards to the supplies as well as the cost impact on the Middle East side. So that was good. Just moving on to Assafou. Ian, you released a robust DFS on Assafou, permits have been received. What's keeping you back on pressing the green light to start construction on the project?

**Ian David Cockerill**

*CEO & Executive Director*

Yes. Thanks, Ovais. Look, as you know, as far as Assafou is concerned, we already have the environmental permit. We have the exploitation permit. We're currently in negotiation with government around the mining convention. Obviously, it's important that we get that done. Part of that process involves the creation of a local entity, and that's a normal administrative process. I have to say the government of Cote d'Ivoire have been incredibly supportive on this project. They recognize the importance to the country as well as to us.

And in fairness are really sort of trying their best to make sure that all necessary permits, approvals, whatever are sort of timely being expedited. In terms of what is it that is still outstanding, obviously, one of the key issues, as we mentioned in the presentation, was finalization on the resettlement. We have two villages that sit on top of the ore body. We're in negotiations with those communities and seeking their ascent and approval for to get moving. That is necessary before we can actually start mining activities because both those villages would potentially be within the normal sort of blast perimeter for the start of it.

The -- one of the other issues to be addressed is, there is a national road that runs through the footprint of the pit that needs to be diverted. We are very close to concluding the optimal diversion of that road. There's been some towing and throwing on that, but we're close to getting that concluded. Those, I think, are the two key outstanding issues. And obviously, I think it's always important as far as negotiations are concerned, the government knows that we're keen to progress. They're keen for this project to progress, but it's important that we keep our options open.

But to give you some idea of our confidence that the project is going, we've already committed up to -- it's about \$80 million worth of pre-expenditure principally aimed at long lead items such that this is another way that we can help derisk the project by making sure that long lead items can be manufactured, transported and delivered well on time, and they don't delay any of the build program. So we're running several things in parallel. I'm still reasonably comfortable that by the end of this year, we will formally announce the project. But I think you can see just by what we're actually doing already, we do believe that this is -- it's not a question of if this project goes, it's merely a question of when. It's as simple as that.

**Ovais Habib**

*Scotiabank Global Banking and Markets, Research Division*

Got it. And just maybe moving on to the exploration side, and maybe this is a question to Sonia, she's online. Obviously, you guys have a large exploration program for 2026. I just want to hear in terms of which target or area Sonia is most excited about? And when should we start receiving some exploration results?

**Ian David Cockerill**

*CEO & Executive Director*

Yes. Look, I'll pass on to -- Sona is with us. I'll pass on, but I can tell you she's excited about all the areas.

**Sonia Scarselli**

*Executive VP, Exploration and Growth*

Thank you, for the question. It depends how much time you have for me talking about the exciting pipeline. Look, if I just start to talk about a couple of areas, definitely, we have a great results at Vindaloo Deep and Hounde, and we are planning to actually report the results of the mid and resource in the H1. So more to come on that with also a clear understanding of the upside potential. But then if we move into the other areas, we have exciting results in Sabodala-Massawa. We have completed a full portfolio review and identified over 20 new opportunities in the pipeline with the first one coming with a very clear resource -- major resource by the end of the year at [indiscernible]. So that's very exciting.

And in parallel, we also have identified more underground potential in the area, both in Sabodala and [indiscernible], more to come towards the end of the year with concrete results. Then if we switch to Cote d'Ivoire, there's plenty there to look at. It's more around

which one we prioritize first, but Ity continues to surprise us in a positive way. We had a very great result at the back end of last year, both into the greenfield and brownfield opportunities, and we are now infill drilling on the brownfield close to the CIL plant. And then Assafou, a lot of the work that we did in Assafou in the past couple of years was really to get the confidence on the Assafou resource. We have that. It's moving on with the DFS. And there is now quite a large potential of under-explored brownfield opportunities that we are progressing in parallel to get a better feeling. Those are less mature in terms of exploration activities. We will be able to give a little bit more better understanding both towards the end of this year as well as next year. But overall, it's a very exciting pipeline within our existing areas...

**Operator**

[Operator Instructions] We have the speakers back. Please continue.

**Ian David Cockerill**  
*CEO & Executive Director*

Sorry, could the last speaker, please reask the question. I think we just completed Ovais' question and we're moving on to the next.

**Operator**

You have any follow-up question, Ovais?

**Ian David Cockerill**  
*CEO & Executive Director*

Apologies for cutting there, but we had an electronic glitch here.

**Operator**

We will now take our next question from the line of Richard Hatch of Berenberg.

**Richard James Hatch**  
*Joh. Berenberg, Gossler & Co. KG, Research Division*

SCongrats on a very good quarter. You're delivering as you promised you said you would, and you're generating that free cash flow, which is really good to see. Look, just two questions. Firstly, just given the volatility that we're seeing in Mali, can you just talk a little bit around if that's creating any kind of instability in the broader region, if you're seeing anything in that regard to your operations?

And then secondly, just on Vindaloo Deeps, you did sort of talk briefly about it there, but I just wonder if you might just be able to expand a bit more about what you're hoping to show the market on that when you update on the resource and how we should think about that into the short, medium and longer term?

**Ian David Cockerill**  
*CEO & Executive Director*

Richard, thanks. Look, I think as everybody knows, Mali does not fall into any of our jurisdictions where we have operating assets. We have an old legacy asset, the [ Kalana ] mine that we're in the process of selling. That sale process continues. And certainly, our understanding is that the type of activity, that the civil unrest that's taking place does not appear to have migrated right down towards [ Kalana ]. It's a relatively, in Mali terms, much more benign region.

So we're not -- we have no immediate impact on our operations due to Mali. In terms of the potential for spread across from Mali to elsewhere, at the moment, no. I mean the obvious place where there might have been some spread was into Burkina Faso. The situation in Burkina appears relatively calm. We're not seeing any deterioration in the local situation. The security forces are sort of on top of things in that country. We're working hand in glove with them. And again, we're not experiencing any current issues, and we're not anticipating any issues into the immediate future.

As far as Vindaloo Deeps is concerned, as Sonia said, we will be -- in a short period of time, we'll be coming out with an update on the size of the resource and timing of when that would start coming into the plan. There's still one or two minor things to finalize. But as soon as that is ready for publication, we will come to the market. What I would say is I don't think the market is going to be disappointed. I think they're going to be very pleased with what's coming out of Vindaloo Deeps.

**Operator**

We will now take our next question from the line of Amos Fletcher of Barclays.

**Amos Charles Fletcher**

*Barclays Bank PLC, Research Division*

I had a couple of questions. First one was just on working capital. Obviously, there's quite a lot going on within the working capital line this quarter in particular. But it was, I guess, quite a surprise how big the build was. I was just wondering, Guy, whether you can give us a bit of a steer on how you expect it to play out over the next few quarters?

**Guy F. Young**

*Executive VP & CFO*

Sure, Amos. Thank you. Yes, working capital outflow was relatively significant. So I touched on it in the presentation, but maybe just walk through that again with a focus on stockpiles, which is the -- it's roughly 2/3 of that outflow. The stockpile increase is obviously in relation to mining tonnage. And the difference between our original expectation and our actual Q1 was an element of deferral of some of the waste stripping, particularly at Hounde, revolving around both production profile and fleet availability. So this is something that we expect to see pick up again in Q2 and marginally at the start of Q3.

As we pick up in stripping activities, we should be seeing naturally something of a drawdown on stockpiles. Further stockpile drawdown is anticipated at Sabodala-Massawa going into the second half. So with regards -- sorry, and Lafigue continued increase in stripping activity as well. So with the majority of our sites looking to do some stockpile drawdown, the types of build that you saw in the first quarter should not be repeating over the remainder of the year. And then without going into any detail as it wasn't part of the question, but I think there are positive trend indicators on both the VAT and the consumer build as well. So hopefully, the level of working capital build does not repeat through Q2, 3 and 4.

**Amos Charles Fletcher**

*Barclays Bank PLC, Research Division*

So potential for further build but smaller levels over the next couple of quarters, you'd say?

**Guy F. Young**

*Executive VP & CFO*

So we could see build depending on sites. So as an example, we'd love to see some more stock at Mana, making sure that we've got plant utilization. Lafigue, Houndé and Sabodala should see some stockpile drawdown.

**Amos Charles Fletcher**

*Barclays Bank PLC, Research Division*

And then the second question, I just wanted to ask for, I guess, a broader update on the Senegal mining code revision process. Has there been any developments to report over the last few months on that?

**Ian David Cockerill**

*CEO & Executive Director*

Yes. Amos, no new developments to report on that as yet.

**Operator**

We will now take our next question from the line of Carey MacRury of Canaccord Genuity.

**Carey MacRury**

*Canaccord Genuity Corp., Research Division*

Congrats on the great start. Maybe just another question for Guy. You've got over \$1 billion in cash now, but still have some money drawn on the credit facility. Just wondering, I assume you're going to pay that down later this year. And is there any plan to pay down the Cote d'Ivoire debt early or just leave that as is for the schedule?

**Guy F. Young**

*Executive VP & CFO*

Okay. To the first question, the RCF drawdown, I think you know us pretty well. So you'll remember, we've got a cash cycle effectively that means predominant offshoring capacity comes via OpCo dividends. We will pay our withholding tax in Q2, effectively

allowing us to commence with the repatriation in Q3. Speed of that repatriation dependent on mine site cash levels, that money comes offshore, utilize that to pay down the RCF. So current forecasts, we should have the RCF paid down in Q3 as soon as we get our OpCo dividends up.

**Carey MacRury**  
*Canaccord Genuity Corp., Research Division*

And on the Cote d'Ivoire debt?

**Guy F. Young**  
*Executive VP & CFO*

Thank you. I was really struggling to try and remember the second part of your question. I appreciate it. The Cote d'Ivoire debt, no, I think we'll keep that in place, Carey. So where we see -- as you can probably imagine, there is both cash and liquidity plus tax advantages for us to be holding local debt. So no, we wouldn't look to pay that off early. We would have alternative uses for that cash. So I expect the Cote d'Ivoire facility to remain in place and amortized as already disclosed.

**Operator**

We will now take our next question from the line of Anita Soni of CIBC.

**Anita Soni**  
*CIBC Capital Markets, Research Division*

Most of them have been asked and answered, but I just wanted to ask about -- have you had any recent conversations with the S&P/TSX about index inclusion? I understand from the tech process that the S&P has reached out to stakeholders to look at including companies that are not incorporated in Canada in the TSX. And I know you were removed a couple of years ago. So I'm just wondering if you had any recent discussions with them?

**Ian David Cockerill**  
*CEO & Executive Director*

Anita, Jack has informed me that the -- there is obviously talk of inclusion in the index of companies on TSX that are not Canadian domiciled. So that would obviously be a tailwind for us. But we haven't had any detailed conversations. So our understanding is it's early doors, but nothing tangible from our perspective in terms of contact no.

**Operator**

We will now take our next question from the line of Mohamed Sidibe of NBC.

**Mohamed Sidibe**  
*National Bank Financial, Inc., Research Division*

All of my questions have been answered. Just wanted to maybe ask a question on the timing of CapEx for Assafou as it relates to the free expenditures of \$50 million to \$100 million that you guided to for the year.

**Guy F. Young**  
*Executive VP & CFO*

Mohamed, very simply, what we have done is we've identified the long lead items, basically buying in to the queue for mill shelves, big HPGR kit and what have you. So we flagged the level of expenditure around about plus/minus \$80 million. I think you could say that, that expenditure would be spread over the year. It's not all going to come in one lump sum. We are in the process of discussing with various suppliers, getting the final quotes from them. And once that's done, obviously, there will be an element of timing of that spend. So you should assume it will be spread out over the balance of the year.

**Operator**

We will now take our next question from the line of Felicity Robson of Bank of America.

**Felicity Robson**  
*BofA Securities, Research Division*

You've provided an update on Sabodala's production profile. Could you provide some color on where you see further scope to supplement this maybe with resource conversion or exploration in the near term?

**Unknown Executive**

Thank you, Felicity. I think we, as you mentioned, are very happy to have published NI3-101, whereby we are stipulating that there will be an increase in production Sabodala-Massawa is purely currently on the mineral reserves. We've seen already an increase when you look at the production profile 2026 versus 2025. What we're also seeing is that from 2029, we'll see a significant increase all the way to in the mid-360 at least for the next 5 years.

However, I think to answer your question, definitely, there's an additional upside at Sabodala-Massawa through resource conversion and additional exploration. For this year, we actually have a budget of almost \$15 million to increase those resources at Sabodala-Massawa. Maybe Sonia will have additional information.

**Sonia Scarselli**

*Executive VP, Exploration and Growth*

Yes. Just to add to what Jack was saying there. The increase of production in the late '20s driven mainly from the underground development and coming to the pipeline that bring in a very high-grade ore for Columbia and [indiscernible], which is very exciting. And then beyond what Djaria already talked about in terms of exploration upside, we have identified several opportunities, both in the exploitation permit and exploration permit that will start to add to the profile in the next couple of years starting with [Macana] is brownfield nearby the plant of non-refractory oxide and then moving into [indiscernible] as well as we are looking at some of the further underground potential. So we definitely have identified opportunities to maintain that pipeline and that profile beyond the end of the 2026.

**Operator**

We will now take our final question for today from the line of Frederic Bolton of BMO Capital Markets.

**Frederic Bolton**

*BMO Capital Markets Equity Research*

I just want to follow up on Ovais' and Mohammad's questions on Assafou. So there is a \$396 million in nonsustaining capital, which I think is on top of the growth CapEx that you have in your financial model. Can you please give me some color on what's within the nonsustaining CapEx? And then within your growth CapEx allocated [indiscernible] costs. That seems to be quite high when I compare that against other projects of similar size. Can you sort of dive into what might be driving the \$250 million?

**Guy F. Young**

*Executive VP & CFO*

Fred, it was breaking up a little, but I think I've got more or less what you were after. So the key element of the nonsustaining is effectively stripping. So I would just remind everyone, Assafou is relatively deep. So we have a very substantial pre-mining and stripping requirement at Assafou before we get into the ore body. So it is a fundamental driver of the nonsustaining CapEx.

At that point, [indiscernible] Frederic, on the owners -- so we do have some elements within the owners cost that when we compare it to our previous projects would be regarded as slightly higher. I think what we've attempted to do is ensure that we have incorporated encapsulated all specific costs associated with Assafou. So wherever we have people working on Assafou, bringing teams in, one of which, for example, we are going to be doing, which is a more fundamental cost management team that is being brought in as well as lessons learned from previous projects where we felt that we needed to be able to ramp up slightly earlier in terms of operational readiness. Those are the key factors driving the owner team costs.

**Frederic Bolton**

*BMO Capital Markets Equity Research*

Does that also include the management for the resettlement and the preparation for the highway diversion?

**Guy F. Young**

*Executive VP & CFO*

We have the costs associated with the road diversion and power diversion in the infrastructure line. But you're absolutely right, there is a fairly significant effort going into the resettlement that Ian touched on earlier, and that would be included in the earnings cost, yes.

**Operator**

And that's the end of the question-and-answer session.

**Ian David Cockerill**  
*CEO & Executive Director*

And thank you, everybody...

**Operator**

Please continue, sir.

**Ian David Cockerill**  
*CEO & Executive Director*

Okay. Thank you, operator, and thank you, everyone, for your time. I hope you've heard how pleased we are with the first quarter and how it's set up for continued success throughout the rest of the year. We look forward to meeting up with you again in the midyear when we give our Q2 and H1 results. Thank you all for listening today. Much appreciated. Thank you, and goodbye.

**Operator**

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect your lines.

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