

Royal Gold, Inc. Reports Strong Revenue, Cash Flow and Earnings in the Third Quarter of Fiscal 2021

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DENVER, May 05, 2021 - [Royal Gold, Inc.](#) (NASDAQ: RGLD) (together with its subsidiaries, "Royal Gold" or the "Company," "we," "us," or "our") reports net income of \$54.0 million, or \$0.82 per share, on revenue of \$142.6 million in its third quarter of fiscal 2021 ended March 31, 2021 ("third quarter"). Adjusted net income¹ was \$55.2 million, or \$0.84 per share, after excluding discrete tax expense items of \$0.04 per share and a \$0.03 per share gain on the change in fair value of equity securities, and a reversal of \$0.01 per share for the tax effected change in fair value of equity securities.

Third Quarter 2021 Highlights:

- Revenue of \$142.6 million, an increase of 5% over the prior year quarter
- 68% of revenue from gold and 12% from silver at average prices of \$1,794 per ounce of gold and \$26 per ounce of silver
- Operating cash flow of \$92.2 million
- Volume of 79,500 GEOs²
- \$150 million of debt, net cash³ of \$220 million, with available liquidity of \$1.2 billion
- Paid quarterly dividend of \$0.30 per share, a 7% increase over the prior year quarter
- Khoemacau construction 92% complete, 80% base silver stream fully funded
- Advanced meaningful social initiatives with Pueblo Viejo joint venture and Golden Star

Post-Quarter Events:

- Debt free after repayment of credit facility balance on April 1
- Khoemacau stream rate increased to 84% of payable silver

"Our portfolio turned in another quarter of solid operating performance," commented Bill Heissenbuttel, President and CEO of Royal Gold. "Revenue, cash flow and earnings were strong, reflecting the current robust gold, silver and copper price environment, which allowed us to continue to fund our investments, repay debt and pay dividends with internally generated funds. As of early April, we substantially completed our contributions to the Khoemacau project and increased the initial stream rate to 84% of payable silver. We are pleased to see a transition underway at the project from construction to commissioning, with first concentrate production expected in the upcoming quarter. We also became debt free in early April after repaying the outstanding balance on our revolving credit facility, leaving the full \$1 billion credit facility available for new business opportunities."

"Finally, and perhaps most importantly, we recently progressed two meaningful social initiatives with our operating partners. We agreed to fund the transportation of donated medical equipment and supplies to hospitals near the Pueblo Viejo mine in partnership with the Pueblo Viejo JV and Project C.U.R.E., and after the quarter end we entered into a 5-year funding arrangement to support Golden Star's sustainable agribusiness activities around the Wassa mine."

1 Adjusted net income is a non-GAAP financial measure. See Schedule A of this press release for additional information.

2 See Schedule A of this press release for additional information about gold equivalent ounces, or GEOs.

3 Net debt (and net cash) is a non-GAAP financial measure. See Schedule A of this press release for

additional information.

Recent Developments

Khoemacau Project

According to Khoemacau Copper Mining (Pty.) Limited ("KCM"), progress continued at the Khoemacau Project ("Khoemacau") during the third quarter, and the project reached approximately 92% of construction completion as of March 31, 2021. According to KCM, activities are focused on refurbishment and upgrading of the Boseto mill, underground development, completion of accommodation, power and water infrastructure at Zone 5, completion of haul road surfacing between Zone 5 and the Boseto mill, and the tailings storage facility. The Zone 5 area was connected to the national power grid in February 2021 and commissioning of support systems within the Boseto plant was initiated in March 2021. Also, according to KCM, underground development had cumulatively advanced 11,181 meters in the three mines and approximately 190,000 tonnes of ore were stockpiled on surface at the end of March 2021.

The state of emergency declared by the Government of Botswana in March 2020 to help prevent the spread of COVID-19 was extended again on March 30, 2021 for a further six months through September 30, 2021. Mining remains designated as an "essential service" and KCM reports that general development activity at Khoemacau is continuing. Barring any potential further unforeseen impacts caused by COVID-19 considerations, KCM expects to continue commissioning activities through the second quarter of calendar 2021 with first shipment of concentrate expected to occur in the third quarter of calendar 2021 and a ramp-up to nameplate production capacity expected by the beginning of calendar 2022.

On January 6, 2021, Royal Gold made the sixth advance payment of \$32.6 million toward the silver stream. With this payment, Royal Gold has completed the total \$212 million advance payment required to earn the base silver stream of 80% of payable silver. A seventh advance payment of \$10.6 million was made toward the option silver stream on April 7, 2021, and as of the date of this payment, Royal Gold holds the right to purchase 84% of the payable silver from Khoemacau until the delivery of approximately 33.6 million ounces of silver, and 42% thereafter. Additionally, on April 7, 2021 KCM drew \$18.0 million on a \$25.0 million subordinated debt facility provided by Royal Gold. The subordinated debt facility has a term of seven years, carries interest at a rate of LIBOR +11%, and requires mandatory repayment upon certain events.

Committed funding of \$49.4 million remains available to KCM under the stream agreement and subordinated debt facility, including \$42.4 million of additional advance payments and \$7.0 million of debt, both of which may be drawn at the election of KCM prior to completion of construction. KCM has advised that subject to maintaining the schedule mentioned above for commissioning, first concentrate shipment and operational ramp-up, no further material funding will be required from Royal Gold.

Pueblo Viejo Expansion Continues, Temporarily Lower Silver Deliveries

Barrick Gold Corporation ("Barrick") reported continued progress at Pueblo Viejo during the March 2021 quarter to expand the process plant and tailings storage facilities. Barrick estimates that the expansion project could significantly increase throughput and allow the mine to maintain average annual gold production of approximately 800,000 ounces after calendar 2022 (on a 100% basis), and that the increase in tailings storage capacity has the potential to convert over 9 million ounces of mineralized material to reserves (on a 100% basis). Barrick expects completion of the process plant expansion by the end of calendar 2022.

Silver stream deliveries were approximately 247,500 ounces for the third quarter, compared to approximately 394,700 ounces for the prior year period. Decreased deliveries were the result of temporary operational issues with the silver circuit that caused silver recoveries to fall below the fixed 70% recovery rate specified in the stream agreement. The stream agreement includes a deferral mechanism for ounces that cannot be delivered at this fixed recovery rate, with the economic impact of any shortfall in deliveries to be made up in future periods. Deferred deliveries of approximately 362,000 ounces of silver are expected to be made incrementally as Barrick expects the operational issues with the silver circuit to be resolved.

In calendar 2021, Barrick expects gold production from its 60% interest in Pueblo Viejo to be between 470,000 and 510,000 ounces compared to actual gold production of 542,000 ounces in calendar 2020.

Wassa Updated Reserve and Southern Extension PEA

Golden Star Resources Ltd. ("Golden Star") released an updated mineral reserve on March 1, 2021. The mineral reserve plan outlines a six-year mine life with annual production averaging 177,000 ounces of gold.

In addition, Golden Star issued a Preliminary Economic Assessment ("PEA") on the Southern Extension of the Wassa orebody. The PEA supports an 11-year mine life with average annual gold production of 294,000 ounces for total gold production of 3.5 million ounces. Golden Star is targeting early calendar 2023 for the completion of a final feasibility study on the Southern Extension.

In calendar 2021, Golden Star expects Wassa to produce between 165,000 and 175,000 ounces, in line with the calendar 2020 actual production performance.

Updated Cortez Reserve Statement and Life of Mine Plan

After the end of the quarter, Nevada Gold Mines LLC ("NGM") provided the Company with an updated reserve statement and life of mine plan for Cortez. According to NGM, as of December 31, 2020, total proven and probable reserves subject to the Company's royalty interests contained 3.5 million ounces of gold (consisting of 73.9 million tonnes of ore at a grade of 1.47 grams per tonne). Reserves were calculated at a gold price of \$1,200 per ounce.

Further, according to NGM, total gold production at Cortez from the regions subject to the Company's interests is expected to be approximately 350,000 to 375,000 ounces in calendar 2021, and average approximately 415,000 ounces per year from calendar 2022 through calendar 2026. The Crossroads deposit is expected to continue providing the majority of the royalty ounces during this period.

Repayment of Revolving Credit Facility

The Company repaid \$50 million of the amount outstanding on its revolving credit facility during the third quarter, ending the quarter with an outstanding balance of \$150 million and a net cash position of \$220 million.

On April 1, 2021, the Company repaid the remaining \$150 million outstanding balance under the credit facility, reducing the amount outstanding to \$0. After this repayment, the amount available under the revolving credit facility was the full \$1 billion.

Funding of Meaningful Sustainability and Social Initiatives at Pueblo Viejo and Wassa

During the quarter, Royal Gold partnered with the Pueblo Viejo Joint Venture and Project C.U.R.E. to fund delivery of donated medical supplies and equipment to be provided to five hospitals within the host communities of the Pueblo Viejo mine later this year.

After the end of the quarter, Royal Gold entered into a 5-year, \$750,000 commitment to support Golden Star Oil Palm Plantation Ltd. ("GSOPP"), an award-winning social enterprise project founded by Golden Star in Ghana. GSOPP partners with traditional community authorities and farmers in the area around the Wassa mine to develop oil palm plantations without deforestation, and currently provides income for over 700 farmers and part-time contractors. Royal Gold's contribution will be used to expand GSOPP's operations around Wassa and thereby promote sustainable agribusiness.

Third Quarter 2021 Overview

Third quarter revenue was \$142.6 million, compared to revenue of \$136.4 million for the prior year quarter, comprised of stream revenue of \$95.3 million and royalty revenue of \$47.3 million. The increase in total revenue for the third quarter compared to the prior year quarter was primarily due to increased gold, silver and copper prices and an increase in gold production at Peñasquito, offset by a decrease in revenue from Andacollo due to lower gold sales.

Cost of sales, which excludes depreciation, depletion and amortization, decreased to \$21.5 million for the third quarter from \$22.0 million for the prior year quarter. The decrease compared to the prior period was primarily due to lower gold sales from Mount Milligan, Pueblo Viejo and Andacollo, partially offset by an increase in gold, silver and copper prices. Cost of sales is specific to stream agreements and is the result of the purchase of gold, silver and copper for a cash payment.

General and administrative costs decreased to \$6.9 million for the third quarter, from \$9.6 million for the prior period. The decrease was primarily due to additional non-cash stock compensation expense of approximately \$3.3 million in the prior period resulting from the accelerated vesting of certain equity awards in connection with the retirement of the Company's former President and Chief Executive Officer and former

Vice President and General Counsel in January 2020.

Exploration costs, which were specific only to the exploration and advancement of the Manh Choh Project (formerly known as the Peak Gold Project), decreased to zero for the third quarter from \$0.6 million for the prior year period. On September 30, 2020, the Company sold its interest in the Peak Gold Joint Venture and no further exploration costs will be incurred.

Depreciation, depletion and amortization decreased to \$41.3 million for the third quarter from \$51.2 million for the prior year quarter. The decrease was primarily due to lower gold sales at Mount Milligan, Andacollo and Pueblo Viejo when compared to the prior period. The decrease was also attributable to decreases in the gold and silver depletion rates at Pueblo Viejo and the gold depletion rate at Mount Milligan. The gold and silver depletion rates at Pueblo Viejo decreased in the third quarter due to an increase in proven and probable reserves as reported by Barrick, while the gold depletion rate at Mount Milligan decreased as a result of improved gold recoveries.

Interest and other expense decreased to \$1.8 million for the third quarter, from \$2.1 million for the prior year quarter. The decrease was primarily attributable to lower interest expense as a result of lower interest rates on outstanding debt when compared to the prior period.

During the third quarter, the Company recorded income tax expense totaling \$17.7 million, compared with income tax expense of \$8.7 million for the prior year quarter. The income tax expense resulted in an effective tax rate of 24.6% in the current period, compared with 18.5% in the prior period. The third quarter included approximately \$2.6 million of certain discrete income tax expense items, which were primarily due to a change in the realizability of certain deferred tax assets, while the prior year period included income tax benefits resulting from foreign exchange rate movements compared to the U.S. dollar. Absent these discrete income tax expense items, our effective tax rate would have been approximately 21% during the third quarter.

As of March 31, 2021, the Company had current assets of \$446.3 million compared to current liabilities of \$62.7 million, which resulted in working capital of \$383.6 million. This compares to current assets of \$362.2 million and current liabilities of \$43.6 million as of June 30, 2020, resulting in working capital of \$318.6 million. The increase in working capital was primarily due to increased revenue and proceeds from the sale of the Company's interests in the Manh Choh Project during the quarter ended September 30, 2020.

As of March 31, 2021, the Company had \$850 million available and \$150 million outstanding under the revolving credit facility. Working capital, combined with available capacity under the revolving credit facility, resulted in approximately \$1.2 billion of total liquidity as of March 31, 2021.

On April 1, 2021, the Company repaid the remaining \$150 million outstanding under the credit facility, which increased the amount available to \$1 billion and decreased the amount outstanding to \$0.

Outlook

For the fourth quarter of fiscal 2021 Royal Gold expects stream segment sales to range between 60,000 and 65,000 GEOs with quarter-end inventory ranging between 31,000 and 36,000 GEOs.

For the full fiscal year 2021, depreciation, depletion and amortization expense is expected to decrease from the previous guidance range of \$590 and \$640 per GEO to between \$540 and \$590 per GEO. For the quarter ended June 30, 2021, depreciation, depletion and amortization expense is expected to range between \$525 and \$575 per GEO.

The effective tax rate for the fourth quarter and full fiscal year 2021, absent any discrete items, is expected to remain in the previous guidance range of between 19% and 23%.

Other than potential remaining conditional funding at the Khoemacau Project as discussed above, Royal Gold has no other project capital commitments or financing obligations.

Property Highlights

A breakdown of revenue for the stream and royalty portfolio can be found on Table 1. Historical production reported by operators of the Company's principal stream and royalty properties can be found on Table 2. Calendar year 2021 operator production estimates for the Company's principal stream and royalty properties compared to actual production at these properties through March 31, 2021 can be found on Table 3. Results of the streaming business for the third quarter, compared to the prior year quarter, can be found on Table 4.

Highlights at certain of the Company's principal producing and development properties during the third quarter, compared to the prior year quarter, are detailed in the Quarterly Report on Form 10-Q.

CORPORATE PROFILE

Royal Gold is a precious metals stream and royalty company engaged in the acquisition and management of precious metal streams, royalties and similar production-based interests. As of March 31, 2021, the Company owned interests on 187 properties on five continents, including interests on 41 producing mines and 19 development stage projects. Royal Gold is publicly traded on the Nasdaq Global Select Market under the symbol "RGLD." The Company's website is located at www.royalgold.com.

Third Quarter Call Information:

Dial-In: 855-209-8260 (U.S.); toll free
Numbers: 855-669-9657 (Canada); toll free, 412-542-4106 (International)
Conference Title: Royal Gold
Webcast URL: www.royalgold.com under Investors, Events & Presentations

Note: Management's conference call reviewing the third quarter results will be held on Thursday, May 6, 2021, at noon Eastern Time (10:00 a.m. Mountain Time). The call will be webcast and archived on the Company's website for a limited time.

Additional Investor Information: Royal Gold routinely posts important information, including information about upcoming investor presentations and press releases, on its website under the Investors tab. Investors and other interested parties are encouraged to enroll at www.royalgold.com to receive automatic email alerts for new postings.

Forward-Looking Statements:

This press release includes "forward-looking statements" within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like "will," "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," or negatives of these words or similar expressions. Forward-looking statements include, among others, the following: statements about our expected financial performance, including revenue, expenses, earnings or cash flow; operators' expected operating and financial performance, including production, deliveries, mine plans and reserves, development, cash flows and capital expenditures; planned and potential acquisitions or dispositions, including funding schedules and conditions; liquidity, financing and shareholder returns; our overall investment portfolio; macroeconomic and market conditions including the impacts of COVID-19; prices for gold, silver, copper, nickel and other metals; potential impairments; or tax changes.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others, the following: a lower-price environment for gold, silver, copper, nickel or other metals; operating activities or financial performance of properties on which we hold stream or royalty interests, including variations between actual and forecasted performance, operators' ability to complete projects on schedule and as planned, changes to mine plans and reserves, liquidity needs, mining and environmental hazards, labor disputes, distribution and supply chain disruptions, permitting and licensing issues, contractual issues involving our stream or royalty agreements, or operational disruptions due to COVID-19; risks associated with doing business in foreign countries; our ability to identify, finance, value and complete acquisitions; adverse economic and market conditions; changes in laws or regulations governing us, operators or operating properties; changes in management and key employees; and other factors described in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended June 30, 2020, and subsequent Forms 10-Qs. Most of these factors are beyond our ability to predict or control.

Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

Statement Regarding Third-Party Information: Certain information provided in this press release, including

production estimates, has been provided to us by the operators of the relevant properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of any such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.

Information in this press release concerning the Khoemacau Copper Project was provided to the Company by Cupric Canyon Capital L.P., the privately held owner and developer of Khoemacau. Such information may not have been prepared in accordance with applicable laws, stock exchange rules or international standards governing preparation and public disclosure of technical data and information relating to mineral properties. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of this third-party information, and investors are cautioned not to rely upon this information.

TABLE 1

Third Quarter Fiscal 2021

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<https://www.businesswire.com/news/home/20210505006111/en/Royal-Gold-Reports-Strong-Revenue-Cash-Flow-and->

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