

Royal Gold, Inc.

Q1 2022 Earnings Conference Call

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CORPORATE PARTICIPANTS

Alistair Baker - *VP, IR & Business Development*

William Heissenbuttel - *President, CEO & Director*

Mark Isto - *EVP & COO*

Paul Libner - *CFO & Treasurer*

Daniel Breeze - *VP, Corporate Development of RGAG*

PRESENTATION

Operator

Good day, and welcome to the Royal Gold September Quarter 2021 Conference Call.

All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key, followed by "0". After today's presentation, there will be an opportunity to ask questions.

To ask a question, you may press "*", then "1" on your touchtone phone. To withdraw your question, please press "*", then "2". Please note, this event is being recorded.

I would now like to turn the conference over to Alistair Baker, Vice President of Investor Relations and Business Development. Please go ahead.

Alistair Baker

Thank you, operator. Good morning, and welcome to our discussion of Royal Gold's September Quarter 2021 Results. This event is being webcast live, and you will be able to access a replay of this call on our website.

Participating on the call today are Bill Heissenbuttel, President and CEO; Paul Libner, CFO and Treasurer; and Mark Isto, Executive Vice President and COO of Royal Gold Corporation. Dan Breeze, Vice President, Corporate Development of RG AG, and Randy Shefman, General Counsel, are also available for questions.

During today's call, we will make forward-looking statements, including statements about our projections and expectations for the future.

These statements are subject to risks and uncertainties that could cause actual results to differ, materially, from these statements. These risks and uncertainties are discussed in yesterday's press release and our filings with the SEC.

We will also refer to certain non-GAAP financial measures, including adjusted net income and net cash. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are available in yesterday's press release, which may be found on our website.

Bill will give you an overview of the quarter, followed by Mark with an operating update. Paul will then provide a financial update, and Bill will wrap up the call with some closing comments. We'll then open the lines for a Q&A session. Now, I will turn the call over to Bill.

William Heissenbuttel

Good morning and thank you for joining the call. Turning to this quarter's results, I'll begin on Slide 4.

- This was another great quarter for Royal Gold. Performance was excellent once again across the portfolio, and we recognized revenue of \$174 million, gold equivalent ounce volume of 97,400 and operating cash flow of \$130 million, all of which are quarterly records for the company.
- Earnings for the quarter were \$70 million, or \$1.07 per share.

- We had net cash of \$60 million at the end of the quarter, and, subsequently, paid down \$50 million on our revolving credit facility. We now have \$50 million of debt outstanding and access to \$950 million of available liquidity under our credit facility.
- We received our first silver deliveries from Khoemaçau. And after the end of the quarter, we increased our stream percentage to 90% of the payable silver. Mark will share more details on his recent visit to Khoemaçau, and we're looking forward to increased contributions as the mine continues to ramp up.
- We have also seen recent positive news from the acquisitions we announced last quarter. Newcrest published a positive block cave pre-feasibility study at Red Chris. I would like to compliment our technical team for its work on our acquisition due diligence. Our team's estimate of cumulative GEO production for the next two decades was in line with Newcrest's study, and this study clearly demonstrates a long mine life with good future optionality. Ero Copper released further positive exploration results at NX Gold, which confirms exciting near-mine and regional exploration potential, and construction progress continues at the Côté project, and it is on track for first production in the second half of 2023.
- And we continue to progress our work on ESG initiatives. At Rainy River, we entered into contribution agreements with the Riverside Foundation for Healthcare and the Mikinaak Center for Wellness, supporting our partner, New Gold, and its community outreach efforts and helping to bring new medical equipment and wellness programs to the communities that surround the mine. We have also achieved net zero carbon emissions for our direct corporate operations during fiscal 2020, with the purchase of carbon credits. And we received further recognition of our corporate ESG practices with an upgrade in our MSCI ESG rating to AA, which places us in the top tier companies in our sector.
- Finally, I'd like to comment, briefly, on the transaction announced earlier this week between Golden Star and Chifeng. We have been aware of this transaction for several months and have had direct communication with Chifeng, during that time. Chifeng is a \$4 billion company with several operating assets in China and Laos, and they plan to apply their financial and operating resources to the potential Golden Star has identified at Wassa. Closing of the transaction won't occur until the new year. And in the meantime, we're looking forward to further building our relationship with Chifeng.

With that, I'll turn the call over to Mark for an update on our portfolio.

Mark Isto

Thanks, Bill. I'll start on Slide 5.

The portfolio again continued to perform well with record yield deliveries in the quarter.

- Our royalty segment contributed \$58.5 million in revenue, an increase of 45% over the prior year, representing about 34% of total revenue for the quarter. The increase was led by Cortez, where mining has recovered since pit wall stability issues curtailed production starting late last year, while higher grades and leach recoveries drove improved production, during the quarter. Other royalties that contributed large increases included Penasquito, Dolores, Robinson and Kurnalpi, which is our NPI on the South Laverton

Mine in Australia. On the stream side, revenue was up 9% over the past year, and we received the first contributions from both Khoemacau and NX Gold.

- We also received the first delivery of deferred silver ounces from Pueblo Viejo. If you recall, Barrick deferred delivery of silver ounces during the March and June quarters, due to equipment issues in the silver circuit that caused recoveries to fall below contractually prescribed levels. The circuit issues were addressed and with improved silver recovery, Barrick delivered approximately 18,700 deferred ounces in the quarter. The balance of deferred ounces has now declined to approximately 418,300 ounces, and we expect these ounces to be delivered, over the next several quarters. This remains a cash flow timing issue, from our perspective, and we don't expect it to have any lasting impact on silver revenue.

Turning to Slide 6, I'd like to give an update on Khoemacau and Botswana.

I had the opportunity to visit the site in mid-October and was impressed with the excellent progress transitioning from construction into operations.

- As I've described on earlier conference calls, mine development has been in progress since the March quarter of 2020. So far, production began in September with ground conditions, orebody widths and grades consistent with expectations. The photo on the slide shows a stope slot drill in operation during the visit.
- Mine development has progressed slower than planned, impacted by a few factors, including COVID-19 travel considerations for the Barmingo crews to and from Australia, the late arrival to site of key pieces of stope drilling equipment and general issues related to drilling and blasting in the first stopes. Equipment delivery issues have been resolved, and the operational issues with drilling and blasting are also being systematically addressed. The mining rate at the end of October reached about 40% of the targeted 10,000 tonnes per day. Stope ore is providing about 50% of the mill feed currently, and development is complete to support six months of mining.
- With respect to ramp-up plans, KCM expects the operating rate to steadily increase to 10,000 tonnes per day target over the next four quarters. Absent any COVID-19 related issues, KCM expects to reach about 75% of target by the end of March, and steadily improve from there to full production in the September quarter.
- In the plant, progress has been excellent while processing stockpiled ore. KCM has successfully tested the 10,000 tonnes per day target processing rate. Recoveries in October were approximately 85% for copper and 81% for silver and are expected to improve to target recoveries of 88% for copper and 84% for silver. Concentrate quality has been within required offtake specifications.
- With respect to funding, the slightly lower ramp-up caused KCM to review their working capital forecast, and they drew an additional \$15.9 million on the option silver stream in early October, taking our total stream interest to 90% of payable silver. KCM expects this to be the last funding draw from Royal Gold, absent any changes to the ramp-up plan I just described. Should any further funding be required, the final 10% of the option silver stream remains available for which we would provide a further \$26.5 million.

Slide 7 shows a few photos from my recent visit. Going clockwise from the top left, you can see some of the recently delivered mining fleet on the surface, one of the three finished box cuts, the equipment maintenance workshop and, finally, crushed ore being dumped into the primary crusher ore bin.

On Slide 8, again, going clockwise from the top left, you can see a portion of the 34-kilometer sealed haul road between the mines of Zone 5 and at the Boseto plant. The loaded haul truck arriving at the plant, the flotation cells in the plant and the yard where concentrate bags are being loaded onto a truck for transport to the offtaker.

- These photos show a modern, well-built mine, and I'm impressed with the progress since construction started in 2019, especially considering that most of the development was completed in the midst of a global pandemic.
- Khoemaçau is expected to be a key contributor to Royal Gold for the next couple of decades, and we look forward to growing stream deliveries as production ramps up over the coming quarters.

I'll now turn to some of the other recent developments at our newest acquisitions.

- Starting with Red Chris on Slide 9, Newcrest released the pre-feasibility study on the block cave in early October, which they described as a Stage 1. We were pleased to see Newcrest production profiles broadly consistent with how we view the mine's potential.
- Newcrest also outlined several areas of upside and optionality not included in the PFS, including the potential to upgrade the plant and increase throughput and potential production from areas that are still subject to exploration.
- In particular, I'll reference you to the oblique section on the slide. Newcrest identified near-mine opportunities, including a new higher-grade zone discovered southwest of the Main Zone, as well as the East Ridge target.
- Red Chris is a permitted operating mine in a Tier 1 jurisdiction with a world-class operator, and our royalty entitles us to continued revenue while Newcrest advances exploration and studies on what should be a meaningful contributor to Royal Gold for several decades.

Finally, turning to Slide 10, the exploration continues at the NX Gold Mine, where nine drill rigs are operating.

- In mid-October, Ero Copper announced promising results within the mine's footprint and on the regional land package, all of which are covered by our area of interest.
- The combined infill and extension drilling on Santo Antonio vein, the current mining area, has extended mineralization down-plunge in 115 meters beyond the limits of the current resource shell, confirming continuity of the high-grade mineralization, while the vein remains open at depth.

- At the Matinha Vein, drilling continues to extend the known mineral limit of mineralization with apparent thickening of depth and a second parallel structure at depth. Ero indicated that the Matinha Vein has the potential to become an additional mill feed source, which is currently underutilized.
- Ero expects to include the results of this exploration in their year-end mineral reserve and resource updates. We're pleased to see that the continued positive exploration results confirm our investment thesis for high prospectivity in an underexplored area.
- Now at Côté, the Côté Gold Project, IAMGOLD continues to advance construction with overall progress at approximately 36% at the end of September.
- IAMGOLD stated that they will issue an updated technical report before the end of this year, which will include the results of the mine plan optimization since the 2018 technical report.
- The project remains on track for first production in the second half of 2023, and IAMGOLD expects production of 489,000 ounces, per year, for the first five years of the 18-year mine life.

I'll now turn the call over to Paul to discuss our financial results.

Paul Libner

Thanks, Mark. I'll now turn to Slide 11 and give an overview of the financial results for the quarter. For this discussion, I'll be comparing the quarter ended September 30, 2021, to the prior year quarter.

- Revenue reached a record of \$174 million for the quarter, a 19% increase over the prior year period. We also had record volume of 97,400 gold equivalent ounces, or GEOs, which was a 27% increase over the prior year period. As metal prices are mixed, most of the increase in our revenue was driven by strong operating performances, as Mark mentioned in his remarks. Deliveries from our newly acquired NX Gold Stream also contributed to our record revenue and contributed approximately \$4.4 million during the quarter.
- With respect to metal prices, compared to the prior year quarter, the average price of gold was down 6%, the silver price was flat, and the copper price was up 44%. Gold remains our focus and continues to be dominant in the portfolio at about 73% of total revenue. The higher copper prices increased the percentage of copper revenue to 14% and silver came in at about 10% of revenue.
- Cost of sales, which excludes DD&A, and is specific to our streaming segment, increased to \$27.2 million from \$21.9 million in the prior period. The increase was due to higher gold and copper sales from Mount Milligan and higher overall copper prices. Gold sales from the newly acquired NX Gold Stream also contributed to the overall increase during the quarter.
- Our DD&A expense was \$50.6 million, up from \$46.3 million in the prior year quarter. The increase was primarily due to higher gold and copper sales from Mount Milligan,

higher gold production at Cortez and gold sales from the newly acquired NX Gold Stream. These increases were partially offset by lower gold and silver sales from Pueblo Viejo and lower gold sales from Andacollo. Our DD&A expense on a dollars per GEO basis was \$519 per GEO, compared to \$600 per GEO in the prior period, and below the \$520 to \$570 per GEO guidance we provided during our last quarterly call. The lower DD&A per GEO, when compared to our earlier provided guidance range, was largely due to the better-than-expected contributions from our royalty portfolio. As most of our royalties have been in the portfolio for many years, they then have lower overall carrying values and lower depletion rates.

- Earnings were \$70.2 million or \$1.07 per share, a decrease of 34% from the prior year. The decrease in our earnings was primarily due to a onetime gain in the prior period of \$34 million attributable to the sale of our interest in the Manh Choh project, formerly known as Peak Gold. Excluding the onetime gain on the sale of our interest in the Manh Choh project and other discrete tax items in the prior year, our prior period adjusted earnings were \$53.8 million, compared to adjusted earnings of \$70 million in the current year, or a 30% increase.
- We reported operating cash flow of \$130 million this quarter, which was another record for Royal Gold. Our operating cash flow was up nearly \$36 million from the prior period, which was primarily due to the higher proceeds received from both our royalty and stream interests.

Moving on to Slide 12, I'd like to provide some comments on guidance.

- As we mentioned during our last quarterly call, we are moving to calendar year-end reporting, effective this coming December 31. The six-month period between July 1 and December 31, 2021, will provide a transition period for us to move to the new calendar year reporting, and we will start our calendar 2022 reporting on January 1, 2022.
- As part of this change in year-end reporting, we expect to begin providing one-year guidance for total portfolio GEO sales, DD&A per GEO and our annual effective tax rate early in the second quarter of each calendar year. This will replace the quarterly stream sales and inventory guidance that we previously provided.
- To help with your transition over to our new guidance process and reporting, last quarter we provided total GEO sales and DD&A guidance for the six-month stub period ended December 31, 2021, and today I will provide stub period effective tax rate guidance.
- For the six-month stub period, absent any potential operational impacts from COVID, we are increasing our total GEO sales guidance range to between 180,000 and 190,000 GEOs. The increase in our GEO sales guidance is driven by the strong operational performance, as we already discussed. With respect to our DD&A guidance, we expect DD&A to range between \$525 and \$575 per GEO for the stub period, which is a slight increase over our previously provided guidance. This assumes the metal prices as shown on Slide 12, which are unchanged from our previous guidance.
- Regarding our stub period effective tax rate guidance, we expect this to range between 18% and 22%, absent any unusual or discrete items. I would also like to make a few

comments on some of the recent news regarding Global Minimum Tax, which could impact the broader streaming sector.

- In October, a group of 136 OECD countries agreed to a blueprint to implement a 15% global minimum tax with a targeted effective date of 2023. However, I would like to again remind everyone that the U.S. and Royal Gold already have the minimum tax on our streaming segment, as embodied in the Global Intangible Low-Taxed Income, or GILTI regime, which was implemented in 2017. Under GILTI, our stream segment, which accounts for nearly 70% of our total revenue, is currently subject to an effective tax rate of 13.125%. Further, the proposed global minimum tax is not being discussed or suggested to be added on top of the 13.125% effective GILTI rate. As such, given the small difference between the current GILTI rate and the proposed global minimum tax, we do not expect significant impact to Royal Gold, if the global minimum tax is, ultimately, implemented in the U.S.
- One final note on our fiscal year-end change. We plan to issue a press release in late November that will include further details on the fiscal year-end change, including historical calendar year results for key financial metrics such as revenue, adjusted EBITDA and operating cash flow. This information should help establish a new basis for financial comparisons as we move over to the new calendar year reporting.

I will now turn to Slide 13 and provide a summary of our financial position.

- Our liquidity position remained very strong as we ended the quarter with \$160 million of cash, working capital of \$172 million and a net cash position of \$60 million.
- We ended the quarter with a debt balance of \$100 million, which resulted from the August draw on our revolving credit facility to help fund our recent business development successes. As I mentioned during our last quarterly call, our expectation was to repay this balance over the next couple of quarters as cash flow allows. And on October 8, we repaid \$50 million of this balance and increased the available balance on the revolver to \$950 million. Assuming continued strong operating cash flows, we anticipate repaying the remaining \$50 million during the December quarter, absent any new business development successes during this period. Drawing on our revolver to help fund growth in our business and paying it down using cash flow is consistent with our long-standing objective of providing accretive growth to our shareholders.
- With respect to our outstanding commitment under the Khoemacau stream agreement, as Mark mentioned, we currently have \$26.5 million available to KCM, if required, until the earlier of development completion or 60 days after the start of commercial production at Khoemacau. As part of the NX Gold stream, we have also potential payments of up to \$10 million from calendar 2022 through 2024, depending on Ero Copper meeting certain exploration and resource targets. If further funding is required for either case, we anticipate making these contributions from our available cash resources.

That concludes my comments on our financial performance for the quarter, and I will now turn the call back to Bill for closing comments.

William Heissenbuttel

Thanks, Paul. The portfolio performed exceptionally well again this quarter and delivered record revenue, cash flow and GEO volumes.

With revenue from 44 operating mines, the breadth of our portfolio provides for consistent top line performance, and our discipline around maintaining low and stable G&A costs allows that top line performance to produce high margins.

Our cost structure is designed to remove direct exposure to operating costs, and we are not subject to margin pressure caused by inflationary input prices.

Our business offers inherent protection of margins from inflation, which seems to be creeping into the global economy.

Looking forward to 2022, I think we're in great shape. We expect to see progress at several assets in the portfolio, and, in particular, we're looking forward to higher production levels at Khoemaçau, first production at King of the Hills, continued exploration success at NX Gold and continued advancement on the Pueblo Viejo expansion.

In addition to this organic growth potential, we remain active in the pursuit of new business opportunities. Between our balance sheet, \$950 million available on the credit facility, and ongoing cash generation, we are well placed to act quickly on those opportunities that fit our criteria for investment, which include precious metals with the preference for gold and the potential for exploration and production upside.

Operator, that concludes our prepared remarks. I'll now open the line for questions.

QUESTION AND ANSWER**Operator**

Thank you. We will now begin the question-and-answer session. To ask a question, you may press “*”, then “1” on your touchtone phone. If you are using a speaker phone, please pick up your handset before pressing the keys. To withdraw your question, please press “**”, then “2”.

At this time, we will pause, momentarily, to assemble our roster. Our first question comes from Tyler Langton with JPMorgan. Please go ahead.

Tyler Langton

Good morning, Bill, Paul, Mark, thanks for taking my questions. Maybe just to start with Khoemaçau. I guess the deliveries were a little bit sort of higher than I had modeled out this quarter. Should--is it fair to assume that sort of your deliveries will just kind of ramp in line with sort of the production ramp at Khoemaçau? Or are there any--I guess, are there any lags or anything else we should be aware of?

William Heissenbuttel

Thanks for the question. I think, contractually, I wouldn't expect any lags. This is not--the contract's similar to Andacollo or Mount Milligan, where the deliveries actually occur a number of months after final settlement. We get paid very shortly after a provisional or final settlement is reached.

So, I'll ask Mark if he wants to say anything, but my--I just look at the ramp-up between now and the third quarter and just ramping it up, assuming that, that is the end date of getting to 100% capacity. Mark, would you add anything else to that?

Mark Isto

No, no. I think, here, it's a good description.

Tyler Langton

Okay. And then I know sort of production is kind of, over the mine life, close to average, I think, 1.8 million to 2 million ounces. Is it fair to assume, I think sort of in the first several years, the production was supposed to be a little bit lower than that average?

William Heissenbuttel

Actually, I don't have it right in front of me, but the--if you go back to the 2019 presentation we did on the project, we actually gave an estimated production profile. And one of the very interesting things about it is both copper and silver is relatively constant.

There isn't--I don't believe that there's any major variability through the 20 years of the mine life. And again, I'll sort of turn Mark. Are you aware of any change?

Mark Isto

Yeah, you're absolutely right, Bill. There's very little change. I think from a modeling perspective, using the average numbers is a very accurate way to do it.

Tyler Langton

Okay. That's helpful. And then just a final question. I guess, in sort of deals, one of your, I guess, peers commented this morning that they were--the focus is still on precious metals, but they're sort of also open to sort of base battery and bulks.

And are you still focused on precious metals? Or are you seeing--are most of the deals that you're seeing sort of on the precious metal side? Or are you sort of, I guess, interested in sort of looking outside precious metals?

William Heissenbuttel

We're going to stay focused on precious metals. As I think I've said before, strategically, if we find a very attractive base metal opportunity, we will certainly consider it. Right now, I think our precious metal revenue percentage is something that could accommodate some other metals.

The only thing I would caution is we understand the precious metals markets. We understand most of the base metals market. If you get outside of those things, and we're dealing with industries that we may not understand as much, that would, might--I don't want to say it's an impediment, but it's something we'd have to certainly consider whether or not we're getting into something we don't fully understand.

Tyler Langton

Got it, great. Thanks so much. That's it for me.

William Heissenbuttel

Thank you.

Operator

Again, if you would like to ask a question, please press “*”, then “1”. Our next question comes from Cosmos Chiu with CIBC.

Cosmos Chiu

Thanks, Bill, Paul, Mark and Alistair. Maybe my first question is on taxes. Paul, as you mentioned, you're subject to the GILTI tax, anyways. And the global minimum tax is not going to be additional to it.

But could you confirm? I seem to believe that--I think I read something about--as you mentioned, right now, the GILTI tax is 13.1%. I thought that was going to go up, as well.

So, does that help in terms of--or how does that piece of the puzzle fit into the global minimum taxes? And then the other part of my question is with the potential of the global minimum taxes coming in, does that change your ability in terms of how you repatriate funds back from Switzerland?

William Heissenbuttel

Paul, can I turn that over to you?

Paul Libner

Yeah, yeah, appreciate it. Hey, Cosmos, good to hear from you and thanks for the question.

Cosmos Chiu

Hi, Paul.

Paul Libner

Yeah, the--under the Build Back Better, I think legislation that's being thrown around here in the U.S., there is talks of that the U.S. could implement the GMT, which would--under our current legislation, under the GILTI regime, as you said, it's 13.125%.

That could move to 15%, if it's moved under the Build Back Better, here in the U.S. So, we could see a slight increase, as I said. But again, we don't anticipate that being a significant impact to Royal Gold.

So, with respect to repatriation of earnings, that's a great question. Our Swiss earnings, which are subject to that same GILTI rate, those earnings or cash can be brought back to the U.S., tax-free.

So, in 2000, I believe it was '17, the introduction of GILTI regime and prior taxation of repatriated funds was eliminated, as the GILTI tax and repatriation of taxation, that would effectively cause a double taxation.

So again, when the GILTI regime came in, there was no repatriation taxation.

Cosmos Chiu

Great. Thanks, Paul. Maybe switching gears, a little bit on Khoemacau, here. Reading the MD&A and also looking at the presentation, it seems like the ramp-up of the mill is slightly ahead, compared to the ramp-up at the mining operation, the underground. Am I reading it correctly, Mark, or not?

Mark Isto

Yeah, exactly. The mill has ramped up very well on the stockpile ore that was there. They tested the 10,000 tonne a day rate, successfully. The recoveries as we--as I stated, are well within the bounds of where they expected them to be.

The stoping has ramped up slower than they expected. So, the constraint in the operation will not be the mill, it will be the mine and it will be ramping up the stoping. You can think about development ore generating about 60,000 tonnes a month or so, and the rest of it is coming from stoping ore, which will be really the ramp-up piece, as we go into next year.

So, as I said, you can expect 75% of the 10,000 tonne a day rate, by the end of March, and it's really around stoping.

Cosmos Chiu

Great. And that's maybe one last question here for Bill. Bill, I appreciate that you, in answering the last questions, your focus continues to be on precious metals.

And as Paul mentioned earlier, 73% of your revenue in the quarter was from gold, 10% from silver, 14% from copper. In an ideal world, Bill, are you happy with that mix? Or would you have wanted that to be a bit different?

William Heissenbuttel

Well, since we're precious metal-focused in gold in particular, in an ideal world, the gold figure is higher. I mean I--people always ask us about minimums, and I always say, when I look at it, I'd like the gold to be higher.

I mean copper is--I think gold is down because our copper revenue was so much higher with the prices where they are. But strategically, again, I've always said if you give me five projects, three are gold, one is silver, and one is copper, I'm probably going to look at the three gold ones first, but we'll look at all of them.

Cosmos Chui

Great. Thanks, Bill and team, and those are all of the questions I have. Thank you.

William Heissenbuttel

Thanks, Cosmos.

Operator

Again, if you would like to ask a question, please press "*", then "1". Our next question comes from Scott MacDonald with Scotiabank. Please go ahead.

Scott MacDonald

Hi, good morning, everyone. Thanks for the update and congrats on a good quarter. Bill, just want to follow up on your comments on the types of the business opportunities you're seeing. What are the types of deals you're looking at, predominantly, in terms of the counterparties' use of proceeds? And what kind of range of deal sizes are you looking at?

William Heissenbuttel

Yeah, actually, I answered the first question from a strategic perspective, but I thought I might bring Dan Breeze in here, if I can, and have him, as the Head of our Business Development, to give you a sense for what we're seeing.

Daniel Breeze

Thanks, Bill. Hi, Scott, hope you're well. It's Dan here. Look, the environment has been really good this year, 2021. And if you look at the transactions, year-to-date, it looks like it's going to be one of the best years in the last five years or so, in terms of dollar volumes.

In particular, the first half of the year, and I know that your firm has highlighted this in your quarterly industry reports, and that's where we transacted with NX Gold as well.

Royalties, the volumes are also pretty solid through the year, lots of third-party royalty transactions. Obviously, we were part of that with Côté and Red Chris. Some packages are still trading where the operators are finding a good market to sell those packages into.

But I'd say it's been a bit slower, Scott, if you look at, say, July through September, a bit more slow, but we're seeing processes now start to kick off. And I think it's going to be a good finish to the year. The pipeline actually looks quite good right now.

In terms of use of proceeds, I'd say it's still weighted towards project development followed by—probably by strengthening of balance sheets and again, looking at our Ero Copper, NX Gold transaction. That's an example of that type of financing.

So, it's good. I think the size is very consistent with what we've been saying this year, \$100 million to \$300 million range, similar to what we transacted and in terms of those types of deals, that's what we're seeing right now in the pipeline.

And that's a good size for our company. It's meaningful to our portfolio. And again, as Bill said, focused on gold, and that's actually what we're seeing. It's mostly gold opportunities, a bit of silver as well on the streaming side. So hopefully, that helps you.

Scott MacDonald

Yeah, that's great. Thanks, Dan.

CONCLUSION**Operator**

This concludes our question-and-answer session. I would like to turn the conference back over to Bill Heissenbuttel for any closing remarks.

William Heissenbuttel

Well, thank you, everyone, for taking the time to join us today. We certainly appreciate your interest in Royal Gold, and we look forward to updating you on our progress during our next quarterly call. Take care, everyone. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.