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Royal Gold, Inc.

Investor Update Conference Call

April 20, 2022

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PRESENTATION

Operator

Welcome to the Royal Gold, Inc. Investor Update Conference Call.

At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session.

I would like to turn the conference over to your speaker today, Mr. Alistair Baker. Please go ahead.

Alistair Baker

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Good morning, and welcome to Royal Gold's 2022 Investor Update.

My name is Alistair Baker and I'm Vice President of Investor Relations and Business Development for Royal Gold Corporation.

Next slide, please.

We'll run through a program, starting with opening comments from our CEO, then move into discussions of our ESG Report, our portfolio and business development environment, portfolio performance, and our financial position. The prepared remarks should run for a bit less than two hours, and then we'll open the floor to a Q&A session.

We're doing this session from our multiple office locations, so I ask that you bear with us as we change speakers and pass the microphone around during the Q&A session.

This event is being webcast live and you'll be able to access a replay on our website shortly following this webcast.

Next slide, please.

During the event, 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 the Risk Factors section of our Form 10-K, and our other filings with the SEC.

We will also refer to certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA margin, operating cash flow margin, cash G&A, net debt and net cash. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are available as an appendix to the slide presentation and in our December quarter 2021 results press release, which can be found on our website.

I'll now turn it over to our President and CEO, Bill Heissenbuttel, who will start off the event with an introduction and overview of Royal Gold.

Bill Heissenbuttel

My name is Bill Heissenbuttel, President and CEO of Royal Gold, and I would like to welcome you to our 2022 Investor Day. I appreciate the time you are taking to listen to our presentation and look forward to demonstrating the progress we have made since our Investor Day last year.

The agenda for the meeting envisions a few opening statements from me on our Company and our business model, our team and our share performance and valuation. Randy and I will then walk you through a summary of our inaugural ESG Report, which was released earlier this month. We will then turn to Alistair, Mark, Martin and Matthew to update you on some key portfolio properties. I'm very happy to introduce you to Martin, although some of you know him from his previous public company roles. Dan will follow with an update on our business development efforts and the market we see for new investment opportunities, and, finally, Jason and Paul will close the presentation part of the meeting with a discussion on the financial performance of our portfolio and our financial position.

In addition to the individuals from Senior Management participating on the call today, I would like to thank everyone on our team who contributed to the presentation you will see today. We often speak of the

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efficiency of our business model, but efficiency is only possible if you have capable and talented people at each and every level of the organization, and I believe Royal Gold possesses such a team.

As I thought about making a presentation to a group that already knows our Company, I decided to take a more strategic approach, rather than reciting the set of numbers you see on this page. If we had been making this presentation many years ago, the numbers would change, but the commitment to a strategy would not, and by that I mean we have remained committed to the Royalty and Streaming sector, we have remained committed to being a precious metals-focused company with gold at the core of our revenue, we have remained committed to a large, diverse portfolio of property interests that provide metal price optionality, we've remained committed to a strong balance sheet with sufficient liquidity available to meet any investment we expect to see in our market, and as I will cover a bit later in my comments, we have remained committed to a consistent strategy with respect to the return of capital to our shareholders.

Since we have now adopted a 12/31 fiscal year end, our historical-looking figures will be calendar year based. Looking back five years, much of the revenue increase you will see was attributable to metal price increases, but 2021 was truly a standout year. Our GEOs rose 13% to 361,000, a record for the Company during a 12-month period, led primarily by the outstanding contribution of our longstanding royalty portfolio. You typically expect some ups and downs in a portfolio as diverse as ours, so you have to appreciate those time periods when positive performances are seen across so many assets. Peñasquito's revenue in calendar 2021 was more than half our original acquisition cost, and Cortez, Robinson and Voisey's Bay all saw the highest annual revenue during this five-year period. As you would expect for a gold-focused portfolio, our revenue sensitivity is obviously heavily weighted to our primary metal, and this is what I think investors expect of us, exposure to revenue and cash flows based primarily on gold.

We are frequently asked about diversification, particularly diversification into green metals. I believe we have been consistent in saying we focus on precious metals, but we will entertain non-precious metal investments if we see a unique project, operator or return qualities in that investment. We're not completely ruling out new markets, such as lithium or rare earths. We will not make an investment without the proper understanding of the unique markets for those metals.

Of course, our strengths are not limited to revenue growth, but cash margins, as well. While revenue has seen a 9% cumulative average growth rate over the last 10 years, the growth in operating cash flow is 12%, and as a percentage of revenue, our cash G&A has fallen as revenue has increased. The leverage in operating cash flow in the falling G&A relative to rising revenue is exactly what should happen in a scalable business model, like ours. As I will explain in a minute, our total costs don't have the same exposure to inflation as seen elsewhere in our industry, and I actually believe our Adjusted EBITDA margin is somewhat understated given the nature of our Streaming business.

As you compare the costs that are deducted from revenue to arrive at Adjusted EBITDA, you can see our largest cost is related to the purchase of metal under our streams. These costs are metal price-dependent, not supply input-dependent. Our cash G&A is subject to inflation. Our largest costs are related to salaries and benefits, and they will reflect cost of living adjustments, but our salaries are $30 per GEO versus an operating company's labor costs of over $200 per ounce. If the cost of diesel, reagents and spares increase, we see no direct impact on our margins, and we also don't need to incur the costs associated with managing supply chain disruptions, COVID-related disruptions or longer lead times. That is not to say we are completely immune to the impact of these items, because our operators must be able to manage each challenge, and that is why operator quality and depth is so important to our due diligence process.

When we refer to an understatement of our Adjusted EBITDA margin, I'm talking about our cost of sales. This figure is based on metal prices and is specific to each stream contract, with no reference to the

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impact of inflation on operating or capital costs of our operators. Since this cost is contractually-dependent, a better way to review our business is by netting the stream revenue to arrive at what I believe to be a more accurate measure of margin. Our revenue less cost of sales totaled $555 million in 2021, versus cash overhead and production taxes of $23 million and $8 million, respectively. The cost of sales will vary from period to period based on: 1) metal price, although one of our contractors set the cash price as a percentage of spot metal prices; 2) revenue diversification, cost of sales will increase on a relative basis if a higher contribution is received from Pueblo Viejo with a cash price of 30% of spot, versus Andacollo at 15% of spot; and, 3) time, some of our contracts have cash price increases over a contract time period.

I hope the last three slides have reinforced, 1) the benefits of our business model, very high margins with limited exposure to inflation, and, 2) demonstrated that our model is one that is built for the economic times we see these days.

Royal Gold's footprint continues to be quite limited globally. We maintain our Denver office as the corporate headquarters, we operate our Streaming business through our Luzern office, and we have a local presence in the mining centers of Toronto and Vancouver, to stay close to current and prospective counterparties. Our U.S. and Canadian companies own our royalty assets and produce the passive income that is ultimately taxed at corporate rates in those countries. The Streaming business is our active metal purchase and sales part and is subject to both Swiss tax and also the global minimum tax currently leveled by the U.S. At an overall tax rate of slightly more than 13%, we have no real exposure to changes in global tax rates that may raise minimum international tax rates to 15%.

It bears mentioning that there are key differences in our two forms of investments. Royalties are, in many jurisdictions, interest in land that can survive bankruptcy proceedings. For this reason, we focus less on the relative financial condition of each operator and focus more on maintaining and registering our interest on title. Streams, on the other hand, are contractual purchase and sale agreements that can be dismissed in a bankruptcy proceeding and, therefore, require greater financial due diligence on our counterparties and greater protections in our investment agreements. We expect Streams to continue to be our major source of revenue, given that they tend to be more tax-friendly for the operators and they tend to be larger in size.

No matter how well a property may perform, our best asset will remain our people. I would like to welcome Martin Raffield, who you will hear later in our presentation. Martin joined us in January as VP, Operations. I would also like to welcome Laura Gill, who assumed the role of Chief Compliance Officer and Corporate Secretary in February. When I ask you to consider the longevity of this team, I've been with Royal Gold since 2006, Paul has been with us for 18 years, Randy for 12 years, Jason for nine years, Mark and Alistair for seven years. I believe this is a testament to the people, the work environment and the culture, that we're able to attract and retain such talented individuals, and be assured we used recent retirements and internal promotions to hire a new team of young, talented professionals, that you don't see listed here, but I hope will be giving this presentation in the years to come.

What our team has accomplished in the last year, closed three new acquisitions, managed the fiscal year end change, adopted the new SK 1300 reporting guidelines, completed our inaugural ESG Report, eliminated our uncertain tax positions, responded to numerous surveys and questionnaires from ESG rating agencies, resulting in an improvement in our scoring levels, introduced ESG factors into our executive compensation program, all while managing portfolio issues, like silver recovery at Pueblo Viejo, a new owner at Wassa, a change in political environment in Chile, and COVID impacts at Khoemacau, all done by 30 people.

Our Board is largely independent, with significant industry experience, gained through careers with Barrick, Placer Dome, Teck, Goldcorp, Glamis and Eldorado. I believe our Board is also represented by

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individuals with a background in all relative areas of our business, legal, finance and accounting, technical, business development, and they are equally adept at challenging our assumptions, providing guidance, but also lending support to our Management Team. We've refreshed our Board composition with Fabiana Chubbs' 2020 appointment, we've refreshed our Audit and Finance Committee with the passing of the chairmanship from Bill Hayes to Jamie Sokalsky, and we've expanded oversight to include CNG's responsibility for ESG matters.

I'll end my remarks with a few final slides on our share price performance and valuation. We've positioned ourselves as an alternative gold investment, but we can also be a core part of an investment portfolio. Our gold beta demonstrates our leverage to the price of gold, which can be attributed to many things, including our high-margin business, our exposure to cost-free resource and reserve upside, and our dividend policy. However, we still maintain a positive correlation to the market as a whole, we are not entirely a countercyclical play, and we've actually outperformed some general market industries over the longer term period, shown in this chart.

But, of course, it is in times of difficulty when investors look for the harbor in the storm. Whether it is the current Russia/Ukraine conflict, the dot.com bust, the global financial crisis or the pandemic, investors may well look to gold and gold-related investments, and in these times, we have found that we are one of the better-performing investments, relative to physical metal, or a broad index of gold equities.

Despite being in one of those times of uncertainty, our shares continue to trade within a range for our sector, and, in fact, our cash flow premium has only recently risen from the very low range of historical trading multiples. While I'm sure there is a contribution from global uncertainty in our shares, I believe the strong performance of our portfolio has played a key role, as well.

I'll close with a review of our dividend history. No other precious metals company can match our 20-plus years of continuously increasing our annual dividend and no other precious metals company is in the S&P High Yield Dividend Aristocrats Index. You'll see that the current gold price is in the same range as it was 10 years ago, and yet our annual dividend has increased a little over $0.40 a share to $1.40 per share, and even as gold fell or traded sideways for most of the past decade, we made consistent improvements in the dividend rate. Other companies may tout higher payout ratios, more dynamic dividend schemes and significant percentage increases in their dividend, but we will continue to build on our longstanding track record.

That concludes my opening remarks and Randy and I will now spend a bit of time on our ESG Report.

Royal Gold has long been focused on ESG issues in its investment process and its culture. Factors, such as competition for water, local community relationships, tailings dam stability, asset rock drainage and artisanal mining have all come up in past due diligence efforts during my time with the Company. At the same time, I've seen our internal culture focus on the health and safety of our employees and the promotion of an inclusive working environment, and we were never very good when it came to talking about it. We fell behind. We had important policies subsumed in confidential employee handbooks, we had focused our charitable efforts on a narrow set of educational programs, and we kept our due diligence process to ourselves.

A couple of years ago, that changed. We put our policies on our website, we answered all of the ESG questionnaires, we revealed details about our investment review process, and we focused our charitable giving on societal needs in our communities and the communities around the mines in which we invest. Instead of playing defense on our tax jurisdictions, relative to our competition, we proudly touted that we are taxpayers in all of those jurisdictions.

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This month, we took another step, with the publication of our first ESG Report and the release of the Company's vision, mission and core value statement. I am pleased Randy and I will have a chance to give you some background and highlights with respect to this report.

From the vision, mission and core values perspective, I took the approach that the vision is what we want to be, the mission defines what we do and the core values define how we do it.

Our vision is to be the Gold Standard in everything we do, as an employer, a partner, an investment, a member of the community. It's been part of our press release marketing for a couple of years and it made sense to apply it to every aspect of the business. We may fall short at times, but I think it's an aspirational goal for everyone in our Company.

Our mission reflects the statement of our role as a provider of finance. As we embarked on this process, we struggled with where we fit, are we a mining company or a finance asset management company, and over time, it became clear we are the latter. The path taken has had far-reaching implications for our entire approach to ESG, which you will see later.

Finally, the core values are most important to me. We need to act responsibility in all aspects of our business, we need to act like a long-term partner in our dealings, and we must do everything with unquestioned integrity. I think the establishment of this statement helped to then establish the foundational aspects of our ESG program.

Royal Gold has endorsed the World Gold Council's Responsible Gold Mining Principles and the ICMM 10 Principles for a number of years, but note the word I chose, "endorse". We cannot implement them, because not all of the principles apply to a non-mining company. If anything, the principles are more of a due diligence checklist than a set of operating parameters.

In addition, our competition has largely signed up to the U.N. Global Compact, but, again, that did not seem completely appropriate, because, let's be honest, we are not addressing sustainable development goals by funding the Wassa oil palm plantation, we're not addressing healthcare by financing the shipment of healthcare equipment to the Dominican Republic. Our operators are addressing those issues and we are helping them achieve those goals.

So, we looked elsewhere for more appropriate ESG principles with which we could align. We looked at the Equator Principles, the Principles for Responsible Banking, the Principles for Responsible Investment. PRI appeared to be the most logical choice, but some of the core principles involved the incorporation of ESG into investment decisions and actively engaging management on ESG issues. We've done that for years, that's actually a low bar for us. Plus, we don't get involved in voting proxies or supporting shareholder proposals.

We got to a point where we sought outside advice to help us take a first look at our material risks. We received feedback from investors on five key ESG topics and then expanded those topics into a broader list that spanned direct and indirect risks and risks over which we have no control or influence. Topics like employee retention, ethics and integrity, and risk management came to the top of importance, and risks like tailings dam, mercury and artisanal mining did not appear. I think this exercise supported our strategy of viewing our Company as an asset manager, rather than a mining company, and helped lay the groundwork for what we now call our ESG pillars.

With our material risks defined, we decided to incorporate the most appropriate Principles for Responsible Banking and Principles for Responsible Investment to create the four pillars of our ESG program. They cover governance and culture, our investment strategy, the stewardship of our existing assets, and the

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transparency with which we commit to reporting a wide spectrum of information on our performance and our portfolio's characteristics.

While I could talk about the four pillars for quite some time and how they effectively organized our report, I'd like to draw your attention, under transparency, to the information we have provided on our portfolio. We have been able to source publicly available information on various measures, emissions, energy intensity, water consumption, for many of our properties, and in most cases properties that account for over 90% of our revenue. I think this level of transparency is on a different scale than seen in other reports from our peers, and it seemed appropriate for a company that is more akin to an investment house than a mining company.

We have a ways to go. Our TCFD disclosure will continue to be built out over time and we'll try to incorporate feedback we get from our investors as we move the program forward. We view our initial report as the beginning of a journey, not the end point of an effort.

With that, I will now turn the call over to Randy to give you a bit more detail on four pillars.

Randy Shefman

Thanks, Bill.

I'm pleased to have this opportunity to talk with you about our recent ESG Report and, in particular, the four ESG pillars on which the report is organized.

Beginning with the first pillar, governance and culture, as Bill noted, we consider ESG in everything we do. Our focus on sustainability begins with tone from the top and depends upon the efforts of our entire team, from the Board to Management to staff across our four offices. On our website, you'll find a full suite of policies intended to ensure that we maintain a strong internal culture of sustainability and extend that practice to our dealings with mine operators, shareholders and other stakeholders, conducting our business according to the highest ethical standards.

In order to be effective, our policies must be operationalized by our people. Oversight for ESG governance begins at the Board level, where five of our seven Directors identify a skill to manage sustainability. Specific responsibility for ESG oversight is delegated to the Compensation, Nominating and Governance, or CNG, Committee of our Board. Our Senior Management Team, under the leadership of our CEO, meets regularly with the CNG Committee and the broader Board to consider ESG issues related to our strategy, our corporate culture, new acquisitions, and monitoring and engagement activities across our portfolio of interests. This ensures that issues are identified and reported amongst our business units, and up the ladder, where necessary, so that we can be prepared to take appropriate steps to adjust our strategy and enforce our rights in response to evolving circumstances.

As set out in more detail within the report, we've been able to maintain a consistent culture through the long tenure of our workforce. We've had very low employee turnover at the Senior Management and other levels, and those who have left the Company over time have largely done so to retire after long service to Royal Gold. At the same time, we've added new members to our Board and team, bringing diverse view points and skills to the Company, lending a broad range of views to our efforts, and we've adapted our in-office practices to ensure employee safety in the face of the COVID-19 pandemic and in response to today's approach to work/life balance. We've also been able to provide meaningful opportunities for professional development to high-potential members of our team, seeding the next generation of leadership. Further, in 2021, the CNG Committee began to consider ESG-related performance measures as part of our short-term incentive compensation program, which creates greater alignment between Management's performance and the interests of our shareholders.

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As General Council, I take a good deal of comfort from knowing that we maintain policies and practices that set high ethical standards and promote a safe and healthy work environment, both in our corporate offices and in the field.

Our second ESG pillar focuses on our approach to consideration of new investments. As you've probably heard us say in other forums, the sustainability of our business depends in significant measure on our ability to identify and manage ESG risks that are inherent in our investments in mining operations. As we look to further expand our portfolio of stream and royalty interests, we want to ensure that our prospective operator partners are not only skilled miners, but also maintain effective programs for internal governance, community engagement, human rights, safety and environmental management, among other areas. As a passive investor, we do not take an active role in the management of our portfolio of mines and, generally, we have limited influence over the decisions of our operators. For this reason, we seek relationships with operators who share our focus on responsible and sustainable mineral development.

As Bill mentioned, Royal Gold has long endorsed the International Council on Mining and Metals Mining Principles, and we've participated in the implementation of the World Gold Council's Responsible Gold Mining Principles, both of which promote ethical and sustainable resource development. We integrate these principles into Royal Gold's own business planning and operations, as appropriate, and we encourage our operators to adhere to these, or similar, standards in their own conduct. For calendar year 2021, operators responsible for generating more than 93% of our revenue have endorsed one or more broadly recognized sustainability charters.

If you're interested in more information on these commitments, we've provided a detailed appendix in our ESG Report.

In our report, you'll also find a very detailed description of our approach to review of new business opportunities. Our diligence of prospective investments includes review of ESG topics, in addition to financial, technical, legal, and other considerations. Each investment opportunity presents unique issues and our review in the area of ESG is conducted by our internal Technical Team, with the support of outside experts, who will lend depth, as necessary, in specific areas, including environmental management, permitting, tailings facility management and community engagement, among others. If an ESG issue is flagged during review as a high risk to the success of an operation, we will not proceed with the opportunity unless that risk can be mitigated to an acceptable degree. The results of our broad diligence review are compiled by our internal Investment Committee and any recommendation made to our Senior Management, and ultimately to our Board, is supported by relevant reporting, to ensure that information important to our decision to execute or to pass on the investment is effectively communicated.

Where possible, we structure our stream and royalty contracts to include contractual commitments from our operators to not only comply with applicable law, but to also meet relevant sustainability best practices and, where appropriate, to mitigate ESG risks that have been identified in our review. If necessary, we'll consider enforcement of our contractual rights under those agreements in response to any serious event of non-compliance.

Our engagement with mine operators extends beyond this initial due diligence and our investment activities into active monitoring of our interests and regular engagement with our operators over the life of our investments. Effective stewardship of our portfolio of stream and royalty interests requires open communication with the operators. This is our third ESG pillar. Where possible, we maintain a broad suite of information rights under our investment agreements, through which we receive a host of data related to the operations, including details on site safety, emissions, environmental compliance and community relations.

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While travel has recently been impacted by the COVID-19 pandemic, we also attempt to visit key assets regularly and we maintain ongoing communication with our operators even when not at site. In addition, we supplement the information provided by our operators with a series of tools that can alert us to ESG controversies on site emissions and energy and water use, among other issues. These resources provide insight into the operations that are subject to our interests and can often help us identify trends and to work with our operators to better understand, or even to address, matters of concern. Internally, information gathered through our stewardship efforts is routed to our Management level Asset Assurance and Enterprise Risk Management Committees, and, where appropriate, to our CNG Committee and to our Board.

While the contractual commitments I mentioned a moment ago are intended to ensure compliance by our operators with relevant ESG standards, we also believe in supporting, and even catalyzing, the ESG efforts of our operators. In recent years, we've made a number of financial commitments in support of programs that contribute to capacity building and other sustainable development initiatives in the communities that surround the mines in which we invest.

Our last ESG pillar is transparency. We recognize that much of the information we develop and collect in our investment review and stewardship activities is of interest to a broad range of Royal Gold stakeholders. In this initial ESG Report, we provide detail on greenhouse gas emissions and water and energy use across our portfolio, in addition to other topics. We also recognize the growing need among our stakeholders to understand how climate change might impact our business and how our activities could have a direct and indirect impact on climate. With this report, we take our first step to meeting the recommendations of the Task Force on climate-related financial disclosures, in order to better understand, and report on, the physical impacts of climate change and the risks associated with the transition to a low-carbon economy for our business. In that regard, we've committed to conducting scenario analysis and providing further information on the results of that work in future reports.

While we intend to update our ESG Report annually, and expect its contents to evolve over time, we hope you'll find this first report to be a meaningful and transparent look at key ESG issues inherent in our business.

On a final note, we're quite gratified to see that MSCI and Sustainalytics both recognize our work in this area. Our ESG ratings from both firms have improved steadily over time, and we were recently recognized by Sustainalytics as a top-rated company in our industry.

Thank you for your time, and I look forward to the question-and-answer portion of our program.

Alistair Baker

Thanks, Randy.

For those who may have joined late, my name is Alistair Baker and I'm Vice President of Investor Relations and Business Development for Royal Gold Corp. I'll start with some general comments on the portfolio and then hand over to Mark Isto, who will lead a more detailed discussion on specific assets.

Royal Gold has a large and diverse portfolio of almost 200 properties. We group our portfolio according to where each of these assets fits in the lifecycle of mining assets. We have 43 assets that are in production today. The producing assets are shown with dots on the map. As you can see on the map, the portfolio is weighted towards lower risk, stable and mining-friendly jurisdictions. It is generally North and South America-focused, with a smaller handful of assets in Australia and select African countries. Our principal

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properties are the larger portfolio assets, and last year these accounted for about 76% of our total revenue.

Our operating counterparties include some of the largest mining companies in the world, and in 2021, about 50% of our revenue came from the biggest, including Newmont, Barrick, Vale and Teck. Our revenue is diversified across these counterparties, and if you group the various assets by operator, our largest counterparty by revenue in 2021 was Barrick. If you look at assets individually, Centerra Gold was the largest contributor and provided about 26% of our 2021 revenue from Mount Milligan.

We have a high-quality portfolio and we have interests in four of the top 15 global gold mines by production, which are Cortez and PV, operated by Barrick, Agnico Eagle's Canadian Malartic mine, and Newmont's Peñasquito mine. This is a nice statistic to underline the point about overall portfolio quality, but it's not meant to downplay the quality or contribution of other assets in our portfolio, some of which Mark, Martin and Matt will talk about in a few more minutes.

The diversification of our portfolio helps provide stability and revenue and cash flow. Geographically, our largest country exposures are to Canada, the Dominican Republic, Chile and the U.S.A., all of which are jurisdictions where mining is well understood for its contribution to local economies. In terms of portfolio breadth, last year we had revenue contribution from 44 mines. This compares well to the largest mining companies. This revenue diversification reduces our exposure to single asset underperformance. Finally, our underlying assets are approximately 75% precious metals producers. While less important today, given strong base metal prices, we're not subject to base metal fundamentals for the viability of our revenue.

I've mentioned seven principal properties. Last year, we had revenue from 37 other assets. While the individual contributions from many of these assets are relatively small, as a whole, they produced about 24% of our revenue last year. Some of these have been in the portfolio for a long time, like Robinson, Dolores and Wharf, but they remain important contributors, and because some of these have been in the portfolio for many years, they also have lower overall carrying values and lower depletion rates, so they provide higher margins to us. Outperformance from a small handful of these assets can lead to a disproportionate impact on our financials. Given our low share count, an unexpected contribution from a smaller royalty can often result in a significant per share impact on our reported numbers, and it's important to recognize the significance and contribution of smaller assets in a portfolio, such as ours.

As a whole, our portfolio spans the stages of mining project development. We have 144 assets that are not producing and are in various stages of exploration, evaluation and development. We would expect the potential for organic revenue growth from any assets that advance up through this triangle through the pipeline to production. While likely not all of these assets will advance, we're expecting revenue from a handful of these assets in the near term, after being in the portfolio for a decade or more, and Matt will provide detail on some of these in his remarks.

With that, I'll turn the presentation over to Mark.

Mark Isto

Thanks, Alistair, for the portfolio overview.

I'm Mark Isto, EVP and COO at Royal Gold.

I'll pick up on Slide 34, with the discussion of our recently disclosed 2022 guidance. We expect sales to range between 315,000 and 340,000 GEOs, with gold contributing about 70%. Our 2022 sales guidance is lower than 2021 actual volume, but keep in mind that our portfolio performance in 2021 was very

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strong. We anticipate lower production for 2022 from certain of our principal properties, due to the following factors, which is based on information disclosed by the operators of these properties: lower forecast gold grade at Andacollo due to production sequencing; lower forecast gold grade at Pueblo Viejo due to an increase in the processing of stockpiled ore; lower production guidance from Newmont on Peñasquito attributed to pit sequencing and harder ore in the Chile Colorado pit; and, in addition, we expect lower production in our royalty areas at Cortez, which is expected to be about 8,000 royalty ounces lower this year due to production sequencing, based on information provided by Nevada Gold Mines. We also anticipate several positive production contributions, compared to 2021: increased silver production from Khoemacau and full year contributions from our newest portfolio assets, NX Gold and Red Chris.

The DD&A rate is expected to range from $535 to $585 per GEO, and the effective tax rate is expected to range from 17% to 22%.

I'll turn to Slide 35. One of our primary objectives today is to highlight the organic growth in our portfolio in the medium term. With our portfolio size, we have many assets that are interesting and we feel many go unrecognized. We have identified 13 assets we see having catalysts for production growth in the near term or medium term.

The first seven projects are currently contributing production, but have compelling near-term growth catalysts: Khoemacau ramping up to full production; Pueblo Viejo increasing ore processing rate with an expansion project; Mount Milligan updating their technical report on the back of recent mineral resource additions; Rainy River initiating underground mining, driving mine life extension; Wassa advancing the southern extension project, expected to add mine life; Red Chris transitioning from open pit to underground block caving, supporting a plus-30-year mine life; and NX Gold adding a second mining area to increase production.

I'll also talk about six projects that are in various stages of construction or mine feasibility, or production commitments have been made by the respective operators and are expected to provide further growth in the near and medium term: King of the Hills, an Australian operations, scheduled for first gold production in this quarter; Côté, a greenfield project under construction by IAMGOLD in Canada for production in 2023; in addition, four projects with advanced studies and owner production commitments include Bellevue in Australia, Mara Rosa in Brazil, Manh Choh in Alaska, and Back River in Canada.

We'll finish by briefly highlighting other portfolio projects we expect could move into development over the next few years, including i-80 Gold's Ruby Hill and Granite Creek properties, both Nevada precious metal gold projects, and brownfield base metal production expansion at Las Cruces and Mt. Goode, all of which we have royalty interests.

Turning to Slide 36, I'll spend the next few slides providing commentary and updates on KCM's Khoemacau project located in the Kalahari Copper Belt in Northwest Botswana. KCM has established a new, modern underground copper/silver mine, ramping up to full production, where we hold 100% silver stream interest.

Slide 37 provides an overview of the operation and our interests. We announced our silver stream in February of 2019, and funded the development of the project on a quarterly basis with KCM's other funding partners. Our funding obligation was completed in March of this year, which brought our streamed interest to 100% of payable silver. At full production levels, we expect silver production to range between 1.8 million and 2 million ounces per annum, with a production life greater than 20 years. Operation is currently ramping up production, which I'll touch on more in a moment.

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Our stream interest applies to the Zone 5 deposit. As shown in the map, we have an area of interest that measures 20 kilometers along the strike length of Zone 5 by 8 kilometers wide, in addition to the Zone 5 ore body, our stream interest applied to the Mango Northeast deposit, also shown on the map, which has published mineral resources with a similar grade tenure to Zone 5. Mineral resource holdings of KCM are significant and offer the opportunity to both expand mine life beyond the current 20 years and supports an increased production rate. We're looking forward to seeing the pre-feasibility study for the production expansion of the operation, which we'll discuss more in a moment.

It's also worth noting KCM is looking at an option to install on-site solar-powered generation to supplement their grid power supply, potentially reducing cost of energy and improving the operation's carbon footprint.

Turning to Slide 38, the processing of stockpiled ore from the mine development started in late June of last year and we received our first silver delivery in August. I'd like to note the following about the production ramp-up activities to date. Ramp-up of the underground production currently sits at about 55% of the 10,000 ton per day rate during the month of March. Underground production has shown a steady improvement trend over January through the March period and KCM expects to reach full production by the fourth quarter of this year, barring any resurgence of COVID-related travel restrictions.

Technical issues experienced during the December quarter last year regarding stope work production have effectively been resolved. The ore body continuity and geotechnical conditions are performing as expected, and the plant is operating well and achieving copper and silver recoveries we anticipated from our due diligence reviews. Plant throughput has been tested at the design rate of 10,000 tons per day, and safety performance has been excellent, with no reported lost time incidents in 2021, and a total reportable incident frequency rate of 2.0 per 1 million manhours for the same period.

Turning to Slide 39, Khoemacau's production plan is relatively unchanged from our 2019 presentation announcing the transaction. The 75 million ton life of mine production plan for Zone 5 is based on 34 million tons of reserves and 41 million tons measured and indicated resources, grading 2% copper and 21 grams per ton silver, supporting a mine life of plus-20 years at the design processing rate of 10,000 tons per day. Mineralization at Khoemacau is sediment-hosted and strata-bound, providing a high degree of continuity and consistency. This consistency in mineralization supports an operation with consistent tonnage and grade, generating a rather flat metal production profile for both copper and silver.

The long section on Slide 40 does an excellent job at highlighting the grade continuity of the Zone 5 ore body, which is modeled for a strike length of approximately 4,200 meters and drill-defined to a depth of 1,200 meters, while the ore body has a typical mining width of about 10 meters when considering a 1% copper cut-off grade. A halo of lower grade mineralization is also typically present, minimizing the potential impact from dilution. The deposit's characteristics, along with the ore body being divided into three independent mining areas, support a large, highly efficient and safe operation. This long section indicates the potential for the ore body to continue down dip below the 1,200 meter depth, with similar grades likely, providing a potential for extension of resources and reserves attributed to our stream interests.

Turning to Slide 41, we discuss the potential for production expansion. Although KCM's focus is currently bringing the operation up to the 10,000 ton per day rate targeted, the team has a clear goal of expanding the operation. The property-wide mineral resource consists of Zone 5, with three smaller ore bodies with similar grade tenures, Zone 5 North, Zeta Northeast and Mango Northeast. Of the three additional resources, Mango Northeast is within our area of interest, as previously mentioned.

A preliminary feasibility study is being completed for these for expanding annual production from 3.65 million tons per annum to 8.15 million ton per annum through the addition of a second mill, that would be

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located in Zone 5, processing 4.5 million ton per annum. The table on this slide presents the scope for the expanded production. KCM has defined resources of 168 million tons of 2.09% copper, with an average silver grade of 25 grams per ton. This expansion contemplates Zone 5 production increasing 23% to 4.5 million tons per annum, to fully fill the second mill, which would positively impact our silver stream production profile.

In summary, we've been very pleased with the Khoemacau development and we look forward to seeing continued progress on the production ramp-up and results from the expansion plans.

Slide 42 shows the Pueblo Viejo mine located in the Dominican Republic, which contributed 17% of our 2021 revenue. This operation is another great example of resource optionality within our portfolio, with a production expansion project underway.

Summary details of the operation, our interest and the production expansion plans are provided on Slide 43. We made our initial investment in 2015, at which point the operation was producing about a million ounces of gold per year, with a decline in production profile starting in 2021. Barrick has since defined an expansion project to maintain average annual gold production around 800,000 ounces through the mid-2040s, and bringing in an estimated 9 million ounces of measured and indicated resources to the mine plan on a 100% basis.

The expansion project will increase the plant throughput from about 9 million tons per annum to 14 million tons per annum, roughly a 55% increase. Engineering work was reported essentially complete at the end of 2021, along with 26% of the construction. The project is scheduled for completion by the end of 2022. A plan for additional tailings storage remains a work in progress, with close government and community consultation.

Turning to Slide 44, Mount Milligan, our largest interest, contributed 26% of our revenue in calendar '21, from the 35% gold stream and 18.75% copper stream we hold. We see the issuance of an updated technical report defining a new life of mine plan expected in the current quarter to be a catalyst for mine life extension.

Slide 45 provides a compilation of information driving an update of Centerra's 2020 technical report. Centerra has done an excellent job improving the operation over the last two years, highlighted by an average mill throughput of greater than 57,000 tons per day in 2021, and achieving an average all-in sustaining cost for gold at $508 per ounce, and for copper of $1.94 per pound, on a byproduct basis. Operational and cost improvements, along with approximately 40,000 meters of exploration drilling in and around the existing pits, supported the increase to measured and indicated resources of 1.4 million ounces of gold, a 100% increase over 2020, and 453 million pounds of copper, an 87% increase.

Centerra is also in the process of finalizing construction of the staged flotation reactor project, an enhancement of the cleaner flotation circuit, which is expected to improve both copper and gold recoveries.

Finally, Centerra recently received an amendment to their Environmental Assessment Certificate, which allows access to surface and groundwater supporting the long-term operation of the mine, eliminating a longstanding operational risk.

Mount Milligan is a cornerstone asset for us and we're looking forward to receiving the results of their updated technical report and revised life of mine plan update.

I'll now pass the call over to Martin, our VP of Operations, who will discuss the set of producing and development projects in our portfolio.

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Martin Raffield

Thank you very much, Mark.

I will now move on to Slide 46, to discuss the Rainy River mine, where New Gold recently issued a new technical report with an updated mineral reserve and life of mine plan incorporating the conversion of an additional 569,000 gold ounces in the underground main zones.

Turning to Slide 47, for some additional detail. Rainy River is a producing open pit gold and silver mine located in Northwest Ontario. Pre-stripping operations commenced at the mine in 2016, and ore processing began in September 2017, with commercial production reached by mid-October 2017. Royal Gold's involvement started in 2015, to help fund development, and we have a 6.5% gold stream and a 60% silver stream interest. Our first stream deliveries were received in 2017. From first production in 2017 to the end of 2021, the mine has processed 33.6 million tons of ore and produced 973,000 ounces of gold and 1.5 million ounces of silver. As of December 31, 2021, the total mineral reserve contains 2.8 million ounces of gold and 7 million ounces of silver.

With the new life of mine plan, New Gold has extended mine life by three years and the mine now has a 10-year mine life, with open pit ore processing continuing until 2028, and underground production starting in 2022, ramping up to full production by 2025, and ending in 2031. During the period up to 2028, when both open pits and underground mines are in operation, the plant will process at a rate of 27,000 tons per day. For the last three years of underground-only production, the plant will run on a batch process to process the approximately 4,400 tons per day of underground ore mined. The operation is expected to produce approximately 310,000 gold equivalent ounces per year from 2022 to 2027.

The diagram on the slide shows the location of the active open pits and underground operations in red and the large Royal Gold streaming area of interest in green, covering approximately 121 square kilometers around the current known mineralization.

Rainy River contributed approximately 6% of our 2021 revenue, and we're pleased to see the recent announcement of the mine extension.

On Slide 48, we move to the Wassa gold mine in Ghana. Chifeng Gold announced the acquisition of Golden Star Resources in late 2021, and the transaction closed in January 2022. Chifeng is a $4.5 billion multi-asset gold miner based in China and listed on the Shanghai Stock Exchange. They operate four mines in China and the Sepon mine in Laos, and are experienced and well capitalized. We have met with their Management Team on several occasions, both on conference calls and in-person, and we are impressed with their approach to all areas of the business, from government to community relations, organizational development, environmental focus, exploration and mine operations. Their approach is to deploy more capital at Wassa, with the objective of accelerating the opportunities identified by Golden Star.

Moving to Slide 49, Wassa is one of our principal properties and another great example of optionality in our portfolio. We got involved in 2015, to help Golden Star fund the transition of Wassa from an open pit to an underground operation. Since then, we've recovered about 109% of our initial investment, and in early 2021, Golden Star put out a PEA for a plan to mine the southern expansion area, which was expected to extend the mine life by about 11 years beyond the existing reserve.

Chifeng have identified several opportunities to advance the operation in the short term, and they are focused on improving underground production with investment in new equipment, reviewing other regional targets for open pit production, and are planning to invest more in exploration. They've done

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work to optimize the southern extension PEA and they plan to complete the feasibility study by the end of 2022, a few months earlier than the original Golden Star target. They've targeted 2022 production of 155,000 to 170,000 ounces of gold, and they plan to use some of the underutilized processing capacity to increase production to more than 200,000 ounces in the 2023 to 2024 timeframe.

They will be reporting half-year and annual results only, so information flow to the market will be less than that provided by Golden Star. Nonetheless, we are impressed with Chifeng's approach so far and we look forward to seeing how they advance the potential at Wassa.

Moving on to Slide 50, to discuss the King of the Hills mine owned by Red 5 Mining. The mine is in the Eastern Gold Fields region of Western Australia. We acquired a 1.5% NSR royalty in 2010, and it's a great example of organic growth within our portfolio. From 2010 to 2020, King of the Hills was a small revenue generator for us, with underground production being processed at the nearby Red 5 Darlot plant, which also processed ore from the Darlot underground mine.

Turning to Slide 51, in 2020, Red 5 paused underground operation from King of the Hills and focused on production of a new 4 million ton per year process plant, power plant and camp facility at the King of the Hills site. The new plant is currently in the final stages of construction. Open pits and underground mining and commissioning of the new crushing circuit have started, and they are targeting first gold production in the second quarter of this year. The Darlot processing plant will shut down this year and Darlot's underground ore will be processed in the new plant, along with King of the Hills underground and open pit ore.

The current resource is 4.1 million ounces of gold, with a reserve with 65 million tons at 1.2 grams per ton, for 2.4 million ounces of gold. There is further exploration potential as the deposit is open at depth and along strike, and Red 5 understands the geology and metallurgy well, given previous experience with open pits and underground mining. They have also identified several targets and fault zones close to the mine and they hope to add additional complementary satellite open pits to feed the plant, which Red 5 believes has expansion potential up to 6 million tons per annum. Red 5 is targeting a mine life of 16 years and production of 176,000 ounces per year for the first six years of operation, and we would expect about 2,500 ounces per year to our account at this production rate.

Turning to Slide 52, the Côté Gold Project is an open pit mine located between Sudbury and Timmins in Northern Ontario, and is a joint venture between IAMGOLD and Sumitomo Metal Mining. IAMGOLD owns 70% of the joint venture and is the operator. We acquired a 1% NSR royalty on the Chester 3 claims at the Côté Gold Project last June.

The diagram on Slide 53 shows the pit outline in black, the approximate area of the mineralization in red, and our royalty area on the deposit and on other areas to the east in green. Our royalty covers about 70% of the current mineral reserve. The project is under construction now and is about 43% complete, with a target for commercial gold production in the second half of 2023. Approximately $590 million have been spent to the end of Q4 2021, with about $1 billion remaining to be spent. IAMGOLD expects a mill throughput rate of 36,000 tons per day, a head grade at 0.96 grams per ton, 91.8% gold recovery, a total cash cost of $659 per ounce, and an all-in sustaining cost of $802 per ounce. The project is expected to produce about 489,000 ounces per year in the first five years and IAMGOLD indicates an 18-year mine life. Proven and probable reserves total approximately 7.2 million ounces.

We see the potential for upside with ore resource conversion within the pit, additional conversion of resources between the reserve pit and the resource shell, as well as potential increases to mill throughput from 36,000 tons per day to 42,000 tons per day. Côté provides us with exposure to a large and long-life project with interesting potential in a Tier 1 jurisdiction.

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Moving on to Red Chris gold and copper mine, on Slide 54, the Red Chris mine is 70% owned by Newcrest and 30% by Imperial Metals, with Newcrest as the operator. The mine is in Northern British Columbia, in the Golden Triangle area.

Slide 55 shows the location of the Red Chris current open pit and the main zones Newcrest have identified for their future underground block cave mine, and our royalty area of interest covering 37 square kilometers around the resource, which includes all of the mineralization identified to date. The mine is currently producing and Newcrest is transitioning the mine from the current open pit operation to a large bulk tonnage underground operation over the next five to six years. Newcrest is a global leader in block caving and their involvement in this project attracted our interest.

We acquired a 1% NSR royalty in August 2021, and in October Newcrest issued a PFS that defined a 31-year block cave operation and a maiden reserve. They characterize the PFS as "Stage 1", with several upside potentials that were not included in the study, including the potential for early mining of high-grade pods on the East Ridge Zone, high-grade mineralization opportunities near the Main Zone, and mineralization from the East Zone. These are areas of focus of their current exploration program.

Slide 56 shows a good progression of the exploration program and resource growth at Red Chris from June through December last year. In June, Newcrest stated dimensions of the East Ridge Zone mineralization, 200 meters high by 100 meters long by 125 meters wide. In December, Newcrest had grown that to 600 meters high by 500 meters long by 125 meters wide, and also identified a high-grade core. It appears from exploration results released to date that the potential of the East Ridge Zone is continuing to develop.

Slide 57 shows on oblique schematic of the overall results that gives a good sense of scale. The PFS is based on an initial reserve of 480 million tons containing 8.1 million ounces of gold and 2.2 million tons of copper. As noted on the right side of the slide, there are several upsides to the deposit, all of which are located within our royalty area of interest.

Newcrest continues to progress exploration at Red Chris and has a 100,000 meter drill program planned for 2022. They're also targeting completion of the block cave feasibility study for the second half of 2023, and production from the block cave by 2027. We did a lot of technical due diligence before we acquired this royalty interest and we are very pleased to see that Newcrest's progress and plans are validating our conclusions and investment thesis. We are receiving royalty revenue while Newcrest defines the multi-decade potential of this asset, and we expect Newcrest to continue to add to this world-class asset.

I will now hand over to Matt Bidwell, our Principal Geologist, who will continue the discussion of our assets.

Matthew Bidwell

Thanks, Martin.

I'll be discussing a few of our projects where we are seeing resource expansion and exploration upside.

The first project is an operating mine at our recently-acquired gold stream on Ero Copper's NX Gold Mine in Mato Grosso State, Brazil, near the town of Novo Xavantina. We acquired a 25% gold stream on the mine, which has underground development on a series of Precambrian orogenic quartz veins. We were initially attracted to this investment opportunity because of the exploration potential on the 452 square kilometer land package. As you can see on the map, there are a series of subparallel shear zones, one of which hosts mineralization at the mine. Initial exploration work by NX Gold geologists only commenced in

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2021, and they have identified other drill targets at Mata Verde and Cobra that show similar quartz veins with ore grade intercepts.

Because we saw excellent exploration upside potential on the overall land package and in the near mine setting, we worked with Ero Copper to increase our stream advance by up to $10 million for success-based exploration and resource conversion addition. Since our initial stream acquisition, NX Gold has announced a 32% increase in M&I resources and a 25% increase in reserves, with extensions on the main Santo Antonio vein and maiden reserve on the Matinha vein.

The figure on the left is a plan view of the mine, with the San Antonio vein on the left, the Brás vein in the middle, and the recently-announced resource on the Matinha vein on the right. The long section at the right is looking south, so the veins are actually reversed as you're looking at them, and you can see some of the recent exploration holes that extend mineralization at San Antonio down-plunge that include the best hole drilled to date on the property, an SA94A that had 9.0 meters at 22.66 grams per ton gold. Intercepts at Matinha are narrower than Santo Antonio, but the recently announced reserve grade of 6.26 grams per ton gold indicates the potential for this zone to become a new source of mill feed, and NX Gold envisions ramping up production to take advantage of their excess mill capacity. We are pleased with how quickly our vision of the exploration potential of the property has started to be realized.

I will now turn to Slide 61 and discuss a developing exploration success story for us in Australia at the Bellevue Gold mine.

Bellevue is in Western Australia and is another orogenic shear zone quartz vein system hosted in Archean metavolcanic rock. We acquired the 2% NSR as part of our royalty package acquisition in 2008. We have seen this project grow since Bellevue Gold acquired the property in 2016, and launched an aggressive exploration campaign for the maiden resource announced in 2018, and a recently published reserve of one million ounces at 6.1 grams per ton gold. Also, you can see the neighboring Mt. Goode Cosmos nickel project which we have a royalty on and will be discussing later.

This shows a cross-section of the deposit, which is made up of a series of high-angle loads, all of which are open at depth. The more recently discovered low-angle Viago Lode occurs as a previously-unrecognized linking structure. The historic underground mine workings have been dewatered along underground drill access. In 2022, Bellevue anticipates the start of additional infrastructure construction, with production commencing in mid-2023. This is a very attractive project being fast-tracked to production, and we anticipate our 2% NSR will contribute about 3,500 GEOs to our portfolio at full production.

We will now jump back to Brazil and discuss the exploration progress on the Mara Rosa project, where we have a 2.75% NSR royalty. This is a shear zone hosted orogenic gold deposit that occurs in a Precambrian granite-greenstone terrane in Goiás State, Brazil. The deposit is approximately 15 meters to 30 meters wide, dips at 45 degrees, and has been traced along strike for over 1.5 kilometers. The project is at the feasibility stage. We initially acquired a 1% NSR in 2010 as part of a portfolio acquisition. Subsequently, we added an additional 1.75% NSR directly from Amarillo Gold in 2018. Our bullish opinion of the project was borne out when Hochschild completed the acquisition of Amarillo Gold earlier this month. They have announced their intention of putting the 80,000 ounce per-year mine with a 10-year mine life into production in mid-2024, and with construction commencing in the first half of this year. We are pleased to see Hochschild come in to advance the project forward, and we expect our 2.75% NSR to generate approximately 2,500 GEOs for our production profile when it gets up to full capacity.

We will now jump up to Alaska to discuss the Manh Choh project that evolved out of a unique to us joint venture opportunity. This opening slide shows an aerial view of the project and the drill roads on the two deposits. As you can see, the relatively gentle topography and easy road access to the Alaskan Highway 15 kilometers away is also somewhat unique to Alaskan projects. Our excellent relationship with

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the Tetlin Native Village and joint venture partners Contango Ore and Avalon Exploration allowed us to advance the project to the PEA stage. Kinross recognized the exploration potential and the attractiveness of being able to direct-ship ore to their Fort Knox mill.

You can see the large land package that consists of the Tetlin lease in green and state claims in blue. Together, these properties total 3,488 square kilometers, with a 3% NSR covering the lease and state claims and an additional 20% silver royalty on the Manh Choh project area. This is the single largest land position of any project in our portfolio. Kinross is currently working on a feasibility study based on our PEA that considered production of about a million ounces of gold over a 4.5 year mine life starting in 2024. They will direct-ship the ore to the Fort Knox mill, reducing the mine development infrastructure and eliminating a need for a tailing storage facility.

The Peak and North Peak deposits are near surface and amenable to open-pit mining, with a 3.9 to 1 strip ratio. These are a gold/silver/copper skarn deposits that occur in Paleozoic schists. The huge land position, larger than the state of Rhode Island, has exploration potential for additional skarn deposits, as well as porphyry copper/gold deposits. Reconnaissance scale exploration has been conducted on portions of the Tetlin lease, as well as in the state claims. Contango Ore plans to continue the exploration of the state claims with an identified skarn target at the Hona prospect and a porphyry target at Triple Z.

We are excited with the hand-off of our involvement in the exploration to both Kinross Gold and Contango Ore. We expect the royalty on Manh Choh to deliver 8,000 GEOs to our production profile when it reaches full production.

We will now slide east on about the same latitude to Nunavut to discuss our Back River royalty. We hold two different royalties on Sabina Gold & Silver's Goose Lake and George Lake properties that make up the Back River project. The Goose property is the most advanced, with 3.6 million ounces of gold at 5.97 grams per ton in reserves and 1.2 million ounces of gold at 5.34 grams per ton in indicated resources at George Lake. Mineralization occurs as quartz carbonate veining hosted in folded and faulted Archean iron formation. Sabina has announced a financing package that will allow them to start construction and produce a first gold pour in early 2025 from initial open pits and transition to underground development. They have an excellent exploration track record that has allowed them to unravel the complex structural geology and make additional discoveries, and we envision continued success as exploration efforts continue. Our royalty at Goose kicks in after the production of 400,000 ounces, after which we expect this project to contribute about 6,000 GEOs to our production profile.

Additionally, we have several other royalties of interest, shown on Slide 70. Each of these is being advanced by the operators, and while they are all relatively early stage, they are all bought and paid for and could provide some interesting organic growth for us in the longer term.

At Las Cruces, First Quantum is reviewing the potential to extend the mine life after depleting the oxide reserve on this volcanogenic massive sulfide deposit in the Iberian Pyrite Belt in southern Spain. The underground plan as scoped today would add an additional 15 years to the mine life.

At Mt. Goode Cosmos, next to Bellevue, which we just discussed, Western Areas have been having exploration success on the underground extensions to the open pit, with a new discovery of high-grade nickel on the AM6 deposit that is open to the south on our royalty ground.

Also, with i-80 Gold's recent acquisition of both Ruby Hill and Granite Creek in Nevada, they have ramped up their exploration program. At Ruby Hill, the last benches from the open pit had up to one ounce per ton of blast holes, with underground deposits delineated at Blackjack, the 428 Zone and Ruby Deeps. And at Granite Creek, they have recently taken an underground bulk sample for stope development and testing in metallurgy. Permitting of expansion to the existing open pit is ongoing.

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Finally, I'll end on Slide 71. We have our newest royalty transaction with the acquisition of a 0.5% NSR on Benchmark Metals' Lawyers Project in Northern British Columbia. This occurs in Hazelton Group volcanic rocks, similar to deposits to the west, such as Brucejack, Eskay Creek, and KSM in the Golden Triangle. This is in an epithermal gold/silver trend that has been seeing historic production from narrow high-grade veins. However, Benchmark has discovered a large open pit bulk mineable, low oxidation epithermal gold deposit with an initial indicated resource of 1.5 million ounces of gold at 1.19 grams per ton gold and 50.2 million ounces silver at 38.7 grams per ton silver, and 620,000 ounces of gold and 18.1 million ounces of silver in indicated resources. This royalty's adjacent to our 0.5% NSR royalty on the adjacent Shasta property and the transaction includes a right of first offer on Thesis Gold's Ranch property for a total consideration of $8 million. We have been watching the emergence of this new epithermal gold district with interest and think this is a prospective area with excellent upside potential. This adds to our existing portfolio of projects in British Columbia, including Red Chris, KSM, Berg, Schaft Creek, among other, and of course, our stream at Mount Milligan.

In closing, we take a multi-pronged approach to project evaluation, and we always emphasize the exploration potential in our reviews. We have in-house expertise to identify good geological potential, and upside is key in our decision-making process. While we tend to focus more on cash-flowing assets, we are always interested in early-stage projects where we see long-term upside that gives us a low-cost entry into areas with exciting exploration potential.

With that, I'll turn it over to Dan Breeze for the discussion of our business development activities.

Daniel Breeze

Good morning. This is Dan Breeze, Vice President, Corporate Development, and I am based in our offices in Luzern, Switzerland. I am pleased to provide an update on the current business development environment, as well as share the key aspects of how we approach this function.

Royal Gold is a royalty and streaming company, and it is worth a short review of the differences between these financing products with this slide. Royalties provide the holder with the right to a percentage of revenue or metals produced from a project, typically after subtracting agreed costs like refining and transportation. Royalties are either on titles that are attached to the land, or contractual, which are negotiated as part of a contract. The funds generated from a new royalty are typically smaller and generally used to advance a project. Sometimes, a right to provide construction financing is attached to the new royalty. A stream provides an advance cash payment in exchange for a percentage of metal production. A cash payment, which is typically a percentage of the prevailing spot price, is made for each unit of production delivered, where the counterparty can participate in long-term metal price volatility. The efficiencies of streaming for both the operator and Royal Gold allow for larger notional amounts for financing. For example, operators are typically able to achieve deferred revenue treatment for the advance payment received. Therefore, streaming is more suitable for larger project development financing or, in the case of producing assets, for expansions or corporate needs, like repayment of debt.

Competition in our sector continues to be very dynamic. As shown on this slide, our competition comes from four primary sources, debt, equity, and our small and large peers. Typically, these sources are stronger or weaker at different times in the cycle. A year ago, we were in a unique environment where these components were aligned in a same, stronger direction. More recently, the equity markets have been less robust for smaller financings. This is positive for us, as we see small royalty opportunities that may cover prospective land packages. Projects that source funds to advance are also beneficial to us, as they will require construction financing like streaming. In addition, large equity raises have become more challenging, which reduces this form of competition for our streaming product.

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Debt continues to be available at attractive terms for higher-quality assets and operators. However, the upward interest rate cycle is underway and this will potentially impact the attractiveness of terms available and overall demand for debt.

The newer and smaller peers continue to push for growth and scale with aggressive pricing to match, while the larger peers are experiencing record cash generation that is building liquidity to fund transactions.

The diagram at the bottom provides a conceptual scale of the current environment. The more intense competition is still focused within the smaller opportunity set on the left side. The smaller peer group competes among themselves and overlap with equity and debt, and in the case of medium-sized transactions, the larger peers. Although the competitive space for us is less crowded, as shown on the right side of the scale, we continue to face well-capitalized peers and debt that has been attractively priced. We are careful with how we allocate our resources, as it can take the same amount of time to assess a small opportunity as it does for a larger one.

The existence of stream financing extends back almost two decades and has become a mainstream source of capital for the mining industry, with almost $22 billion invested over this period. As shown on the bar chart, streaming is lumpy and is a flexible form of financing that can be applied to various needs, depending on the state of the mining cycle. The applications range from project development to the strengthening of balance sheets to providing capital for supporting M&A, as shown in the pie chart. Currently, the majority of stream opportunities are for construction financing. The one constant is that mining is a capital-intensive industry and there's always a need for financing, which provides us with a near-constant flow of opportunities.

Our approach to acquisitions is best represented with one word, discipline. The bar chart on this slide shows Royal Gold's acquisition history over a 20-year period. Although we see a reasonably consistent flow of opportunities, our transaction frequency has been irregular, mainly because of our rigorous approach to diligence. Our strong liquidity and large, stable portfolio allow for us to be disciplined when we consider growth, as we can act quickly when we need to, but without having the pressure to complete transactions that do not fit our criteria. Investment decisions are the lifeblood of the Company. The decisions made by Management and the Board will have a lasting impact on Royal Gold, as assets are added that we hope will contribute to the portfolio for decades, and as we establish relationships with our partners that can unlock future investment opportunities.

The next two slides provide an overview of our business development process, which consists of identifying, evaluating and executing on new opportunities. Ideally, we prefer to identify opportunities through relationships or our own initiatives that generate bilateral discussions. However, given that our form of financing is well-established, we are seeing more opportunities. In particular, larger ones come to market in advisor-led processes where we are competing against our peers, as well as other forms of capital.

So, what do we want to invest in? Our investment criteria are clear and guided by the long-term nature of our investments. The three core aspects are shown in the box on this slide.

First, we have the three keys: Starting with people, we carefully review the experience of the team, their financing and execution plan, and ability to capitalize on value-enhancing opportunities and manage the multitude of risks in this complex business; then project, we look at the asset, not only from Royal Gold's perspective, but also through the eyes of the operator, its investors, and other stakeholders such as local communities and governments; and finally place, our evaluation of investable jurisdictions focuses first on ensuring that the project will be welcome in the community as long as the operator holds up its end of the

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bargain, respect for the rule of law to ensure a fair hearing should any disputes arise that directly or indirectly impact Royal Gold's rights, and general acceptance of foreign investment.

We also consider the fit of the investment within our existing portfolio and how it may impact our strategic goals. We consider various dynamics, including pro forma metal mix, asset concentration, and our ability to finance investment in a way that is accretive to Royal Gold shareholders.

Finally, we need to assess the executability of a potential transaction with the aim of finding alignment on commercial terms and structure, such that both parties can achieve their goals. Throughout the evaluation and execution process, we continuously retest the investment against our criteria as we learn and apply new information. The process of evaluation and execution of a transaction involves professionals from a number of fields of expertise working together under tight timelines, active CEO involvement and Board input to draw on the experiences of our directors when beneficial. Through diligence, we establish a view on how the asset will perform over its life, while identifying the risks and opportunities that could affect our investment. A key part of our diligence is assessing the intrinsic optionality of an asset, which is the potential for production and geologic upside, as we believe this is the key driver of our premium multiple.

Due diligence is followed by financial evaluation, where we determine a fair value for the investment based upon the risk-reward trade-offs identified in our diligence. We then look to structure the contract to protect Royal Gold's interest, while meeting any unique requirements of our partner. These are significant investments that need appropriate protections, but the long-term nature of the agreements means we also need to show flexibility to allow the operator to run their business without too much restraint. One of the attractive aspects of stream and royalty financing is that it can be executed efficiently in as little as two to three months and at very manageable expense.

Finally, the contract needs to be managed over its life to ensure that it continues to work for all parties.

I will conclude by sharing what a typical year looks like for our review process with this slide. We are generally aware of around 100 potential opportunities over a year that typically come from external queries and our internal ideas. Our Technical Team will first carry out a screening process or a more-involved phase one review of the asset. The technical view will supersede any commercial view regardless of how compelling the opportunity might be and drives the decision-making for further work. Many assets are not considered further after this initial stage, and those that are enter a more rigorous review process. The Technical Team may ultimately only support a handful of the original pool of opportunities. If our commercial view is still intact, we will proceed with a firm proposal that may include final conditions, such as Board approval. For 2021, this process yielded three transactions, discussed previously by Martin and Matt, all of which met the investment criteria I just reviewed.

Jason Hynes will now present the performance of our portfolio.

Jason Hynes

Thanks, Dan.

My name's Jason Hynes. I'm Royal Gold's Vice President of Business Development and Strategy. I've been in the mining business for close to 20 years, and with the Company for over eight, with stretches in Denver, Switzerland, and now Vancouver.

Dan gave a good overview of our business development process and investment criteria. When we acquire new interests, shareholders are justifiably interested in estimating the potential rate of return in order to evaluate our investment decision from a financial perspective. What I'd like to do in this section is

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to take a look at our investment history and hopefully shed some light on how we think about financial outcomes during our evaluation process.

We have a large portfolio that has been built steadily over time, and each individual asset is at a different point in its investment maturity. Some are recent acquisitions that have only recently started contributing revenue, and others have generated revenue that is multiples of the original investments over the period of our ownership. There are also a significant number of pre-development assets in our portfolio. Our investments are long-term in nature, and the optionality that's embedded within them can make a challenging to estimate returns when examined at a single point in time. This often results in analysts and investors underestimating the potential returns relative to our internal view. Investors need to forecast many variables over a long time horizon to evaluate a mining investment, and that approach is similar for a stream or a royalty.

Putting metal prices aside for a moment, our investments take time to generate what we refer to as base case returns, and the time it takes to surface embedded optionality will vary as our partners invest in exploration and expansion at different rates based on factors that are unique to the asset, the commodity cycle, and their financial position. Our investments are structured such that they benefit when the operating mine does well, but they have less exposure to variables like operating and capital costs which weigh on operator returns when they are trending in the wrong direction.

Also working in our favor is the fact that capital deployment decisions are at our discretion, and the quantum of what we pay and the percentage of production we receive are agreed up front. Any future decision to invest above this pre-agreed amount is subject to the operator's needs and our evaluation of the incremental opportunity on a standalone basis. Royal Gold has a good track record of capital deployment. Currently, 80% of our book value is tied to assets that are generating revenue and cash flow. While mining is a risky business, in Royal Gold's long history, only $365 million in impairments have been recognized on over $4.5 billion in investments. A majority of that aggregate impairment is associated with Pascua-Lama, where, while there is significant uncertainty on future development, there is still a world-class gold and silver endowment, and our large NSR royalty interest remains intact.

The chart on the right shows cumulative life of company capital invested versus revenue received. As you can see, we are in the black on this metric, with years of well-defined, high-quality production expected to come, and no doubt, future optionality to be surfaced.

The factors that get us above the base returns that are forecast by the investment community, i.e. the surfacing of optionality, include resource to reserve upgrades and discovery of new resources; throughput expansions, which effectively accelerate revenues and unlock resources through economies of scale; and overlaying it all is metal price appreciation, both as a direct input into our revenue line and as a factor which can make lower-grade resources economic for our partners to exploit. To capture these excess returns, we need to invest in assets that demonstrate these growth attributes, which is what makes the technical evaluation process so important.

Looking at previous investments five and 10 years after the date of acquisition using data from S&P Cap IQ, shows that on average, the resources contained 43% and 64% more ounces, respectively, and this doesn't take into account the depletion during those periods.

Let's take a look at reserve and resource growth in a bit more detail on two of our principal investments, both of which were made in 2015.

At Barrick and Newmont's Pueblo Viejo mine, we've recovered over two-thirds of our $610 million up front investment, and while there's only been a small net increase in reserves after factoring for depletion, the

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growth opportunity can be measured in millions of potential ounces to be brought into the mine plan if the ongoing expansion project is successful.

At Wassa in Ghana, which is now owned by Chifeng, we've recovered over 100% of our initial $145 million investment. Here, as well, there's been a small increase in net reserves, and just like at PV, there is significant growth potential as the well-funded operator accelerates plans to tap into the multi-million ounce resource.

As a brief case study, Mulatos is one of the rare investments in which our exposure was capped and our interest has expired. This gives us the opportunity to calculate the IRR over the life of the investment. We bought it in 2005 when it had a base case 6.5 year mine life, and we wish it wasn't capped, because when that cap was reached 14 years later, it still had a seven-year mine life. The base case return at acquisition was forecast at 8%. However, the IRR on the investment eventually reached 36%. While the resource growth optionality was limited by the cap, this is a good example of what metal price optionality over long periods can do for our returns.

While we don't provide forecasts for our expected future returns, consensus asset NPVs allow us to compare the value of assets today versus when we acquired them. When you factor in the cash flow that has already been pulled out, all of our principal properties have already or are forecast to generate significant positive returns.

For example, at Newmont's Peñasquito mine, we acquired the 2% NSR royalty in 2006 for $100 million. To date, it has generated over $300 million in cash flow to our account, and has a remaining consensus NPV of $280 million.

On the far right, Khoemacau may look underwhelming relative to the other assets in this chart, but we only acquired it three years ago, and the company has not yet turned its attention to exploration and expansion. The difference between the $265 million and the $305 million is most likely due to increases in the silver price over the past few years.

As you can see, the longer an asset has been in our portfolio, the better these numbers look as our partners invest in their operations which surface value that benefits us all.

To conclude, hopefully, this gives you a bit of insight into how we think about financial returns. While I haven't provided a simple one number IRR estimate of our investment performance, I hope to have conveyed an appreciation as to why this may not be the best metric to measure performance in a portfolio that continues to produce and evolve. As the mines in which we are invested eventually reach the end of their lives, we will be able to report this metric on an asset-by-asset basis. In the meantime, we will aggressively pursue acquisitions with growth potential in order to embed attractive returns and long-term optionality in our portfolio.

I will now hand it over to our CFO, Paul Libner.

Paul Libner

Thank you, Jason, and good morning, everyone.

My name is Paul Libner and I am the CFO and Treasurer of Royal Gold. It is again a pleasure to be speaking you to you today about our financial position and how Royal Gold thinks about allocation of capital.

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Before I make a few comments on our current financial position, I want to again recognize the entire Royal Gold team for successfully completing the transition of June 30 year-end to a December 31 year-end. Changing year-ends is no small task, especially for a publicly-traded company, and I could not be more pleased with the effort and result. We think investors and analysts will all agree that the work was worth the effort, as you can now easily compare Royal Gold's performance with our peers and the rest of our industry.

This next slide provides an illustration of one of the core attributes I'd like to speak to here at Royal Gold, and that attribute is our financial strength. We entered Calendar 2021 in a very strong financial position, including cash of $144 million, zero debt, and a full $1 billion undrawn credit facility. Our credit facility has evolved over time, and it is a key strategic tool for financing our business. There are eight banks in our facility that are all major lenders in the global mining industry, and no individual bank accounts for more than 18% of the total credit facility. The facility is very low cost, flexible, and allows us to draw or repay without penalty. With our existing cash balances and $1 billion available in our credit facility, we believe our current liquidity is sufficient for the business opportunities we see today.

This next slide highlights another core attribute of Royal Gold, which is our disciplined capital allocation strategy. We often get asked about our capital allocation strategy, and the consistent answer over the years is our capital allocation to prioritize, first, our balance sheet; second, dividends; and third, reinvestments into the business. Royal Gold offers a financing alternative in a cyclical business, therefore, our need to ensure we maintain a strong balance sheet so we have the ability to act quickly if we see new opportunities.

We are comfortable using and taking on debt at even up to three times net debt-to-EBITDA if we can see good reduction in that leverage over a reasonable period, of say 12 to 18 months. While we are comfortable taking on debt, we are also very disciplined in maintaining low debt levels, and we have demonstrated this approach by steadily repaying any outstanding borrowings over shorter periods of time or as cash flows allow.

With respect to our dividend, which is another core attribute of Royal Gold, we have often heard this management team say that we view our dividend as a firm obligation. This statement remains very much true today, as we continue to pay a growing, yet sustainable dividend. When we review our dividend every year, we look ahead and review sensitivity to cash flow forecast as we consider the sustainability of our dividend.

Finally, we are always looking to grow and reinvest in our business. We aim to fund our growth by using cash on hand, our strong operating cash flow, and our credit facility, generally, in that order, too. We would prefer to use debt to acquire cash-flowing assets or near cash-flowing assets, and keep the growth for our shareholders. At the end of each day, our goal is to ensure that we have sufficient capital on hand and available to help us manage the balance sheet, our dividend, and investing in further growth, and this slide shows how we managed this prioritization and strategy during Calendar 2021.

Here at Royal Gold, we like to think and measure our performance in terms of per-share metrics. As we measure our sales and we are focused on growing per-share metrics, our overall share count has been a key metric for the Company. This slide highlights some interesting facts regarding our share count.

First, as one of the original members in the GDX, Royal Gold has the lowest share count among all index members.

Second, and as illustrated by the bottom navy-colored line, Royal Gold's share count has increased less than 1% since 2015. In fact, Royal Gold has not issued equity since 2012.

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Finally, when compared to many of our large-cap precious metal peers, including our direct stream and royalty competitors, we have maintained our share count since 2015 while others shown on the slide have grown their counts by 10% or more over the same period of time. The one downside to a low share count, however, is that smaller increases in our reported expenses or other accounting charges can have a greater impact on our reported EPS. An increase in pre-tax expense of, say, $600,000, as an example, would decrease our EPS by nearly $0.01 per share. I view this as a worthy trade-off to limited shareholder dilution and as a continued challenge for all members of the Royal Gold team for cost containment.

In an earlier slide, I provided an overview of our capital allocation strategy and prioritization. This slide illustrates how we've been able to grow and finance our growth accretively over the past 21 years, and all without any significant revenue dilution. Since 2000, we have grown our revenue by over 60 times, our operating cash flow by over 90 times, and our G&A expenses have grown by just over 15 times, and our share count under four times.

Said another way, there are three aspects of our growth over the past 21 years.

First, revenue growth has been driven by volume increases and not just metal prices.

Second, the growth in our G&A expenses has been limited, which further illustrates the scalability and efficiency of our business model and the cost discipline approach we have here at Royal Gold.

The third aspect of our growth has been that our equity dilution has been far outpaced by the growth in our revenue and operating cash flow, saving our shareholders the benefit directly.

This approach to liquidity and financing has proven itself over the long term, as we have been able to increase our capital return to shareholders while continuing to grow our business. Couple this with our strong balance sheet and liquidity, I feel very good about our ability to compete and deliver results for our shareholders in today's environment.

With that, I will now turn the discussion back over to Bill for closing comments.

Operator

Mr. Bill Heissenbuttel, your line is open.

Bill Heissenbuttel

Well, we appreciate your attention through the formal presentation portion of our investor update. We hope we've provided some valuable insight into our business and why we're very excited for the future of Royal Gold.

I'd like to open the session to Q&A, and I will ask the Operator to open the floor to questions.

Operator

Thank you, sir.

Your first question comes from the line of Jackie Przybylowski from BMO Capital. Your line is open.

Jackie Przybylowski

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Thank you very much and thank you very much for that detailed presentation. Super informative and super helpful.

I wanted to ask about Cortez, because it's a little tricky for us to model, and you didn't go over that in quite as much detail in the presentation. Are you able to give us an update on what you're seeing in Cortez in terms of how your royalties are performing there?

Thank you.

Bill Heissenbuttel

Yes, Jackie. Thanks very much for the question, and I'll just state up front, we do have a lot of speakers from Royal Gold on the line, so if we bat a question around a couple of times, just bear with us.

Mark, is there anything we can add to what we're seeing from Cortez?

Mark Isto

Yes, sure, we can add some detail here.

We realize that our royalties make up only a portion of Cortez production, so there isn't very much transparency publicly, but we do get an updated production plan for every calendar year and updated life-of-mine plan, and we do try and report those every year, and for this year, for the 2022 Calendar Year, Nevada Gold Mines informs us that we can expect production from our royalty areas to be about 280,000 ounces of payable gold, and just to reiterate what we've said in the past, to get the royalty ounces reporting to us, you can multiply that by about—use an 8% NSR factor to determine what the ounces reporting to our royalty is, and as last year, we also reported a five-year period, 2022 through 2026, and I'll provide an update on that. The life-of-mine plan is showing 332,000 ounces for—on average for that five-year period. Now, that's down a bit from what we reported last year. I believe we reported about 415,000 ounces of average production for that period. We see several changes that have occurred.

One is there was a pit instability in the pipeline pit, and we know that that had some impact on reserves, and, of course, ultimately, production in the life-of-mine plan, but probably, the more important feature that we identified was the—that they're all—Cortez is always looking to optimize their production, and the higher-margin ore gets treated more preferentially, and what we saw in the numbers is that the cut off grade from mill ore was increased quite substantially, and this comes out of their—publicly, their technical reports, and what happens is more of our Pipeline and Crossroads ore gets relegated to heap leaching, which has about a 19 point difference in recovery from what the mill would get, so although reserves didn't necessarily change from that factor, production was impacted, or the forecasted production, but we do see—every year, there can be quite large swings in the production that gets reported to us, so I guess I've tried to impart the most current view that we know. I hope that gives you enough detail to work with.

Jackie Przybylowski

That's super helpful. Thank you, Mark.

Mark Isto

Yes.

Operator

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Your next question comes from the line of Adam Josephson from Keybanc. Your line is open.

Adam Josephson

Hi. Thank you. Good morning, everyone. Thank you for all this information.

I'm not sure whether to address this to Dan or Bill, but one question on the jurisdiction issue that you brought up on Slide 77. Obviously, you're already in Chile. There have been significant recent political changes in Chile and Peru and obviously, there are food and fuel riots erupting in some emerging markets now because of the food and energy crisis, so I'm just wondering, in light of recent developments, how has your thinking evolved or changed with respect to jurisdictional risks by country or region, if at all?

Bill Heissenbuttel

Yes, Adam, I'll take a shot at it. Looking at the jurisdiction, particularly when we're looking at a new jurisdiction, it takes a lot of work. I mean, to look at Botswana when we made the Khoemacau investment, I mean, we talked to everybody we knew that had had some impact—or some exposure to Botswana to make that investment. The thing about our investment is, obviously, there are countries you just don't go to, and really, since 2006 when I joined the Company, that list hasn't really changed all that much, but our investments are so long-term. I mean, they're decades, and so we will see—from time to time, we'll see countries that were once very favorable investment destinations suddenly turn into a place you might not go, but what I found over the years, and I've been involved in the mining industry for about three decades, is mining operations tend to be able to work through a lot of these issues.

We had a royalty in West Africa at Siguiri, and I think within a month of buying the asset, there was a coup and we called the mine and the mine said, don't worry, there's a coup every few months, and nothing was ever interrupted, so it doesn't change—I don't look at Peru and Chile and say there's no way we're going there, but the due diligence antenna are up a lot more, and it could be that we may look at an investment that, I don't know, three, four years ago we would have made that investment, but now, we might not, so I certainly—I'm not to the point of ruling those countries out entirely. We are just sensitive, do a little more analysis on the risk.

Adam Josephson

No. I appreciate that. Can I ask one more question?

Bill Heissenbuttel

Sure.

Adam Josephson

Okay, one. On Slide 74, Dan talked about rising interest rates, and then with respect to equity financing, that markets remain open, but are a bit less robust. Can you just talk about your historical experience? What happened in rising rate environments? How much more difficult did that financing become? If we're in such an environment, what do you think the likely implications are, and then can you just elaborate on that comment about equity markets remaining open, but appear to be less robust, and what that might mean for you in the months or years to come?

Bill Heissenbuttel

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Dan, do you want to take the last part of that about the current state of the markets, and I might think a little bit about the history that we've seen?

Daniel K. Breeze

Absolutely. Absolutely, Adam. It's a good question.

I think what we're seeing is, on the equity market side, we're seeing, I think, a market that is, despite the gold price being where it is today, I don't think the equity markets have been as wide as we've seen in the past, and so what that has meant for us is we've seen a number of smaller financings—royalty type financings, call it $10 million to $20 million, to even $30 million in size. We don't always spend a lot of time on those, but they've come in our way, and we're looking at land packages to see if they make sense. I think in a better equity market, we may not see those kinds of opportunities, so I think that's one point to highlight, and then the companies that—or the firms and the assets that are getting equity financed, that's also good for us, as I mentioned, because we're not the whole capital picture, ultimately, and those projects move forward and we're looking for construction financing with larger streaming, for example, so that's very helpful for us as well, so I think it's a good market from both those points for us at the moment.

Adam Josephson

Thanks, Dan. Bill, did you want to...

Bill Heissenbuttel

Yes, just, I mean, in the history, when's the last time we were in a rising interest rate environment?

Adam Josephson

Yes, 40 years ago.

Bill Heissenbuttel

Streaming didn't really exist at that point.

Adam Josephson

Yes. Yes, right.

Bill Heissenbuttel

I think we saw rates go up about 10 years ago or 11 years ago, but I think our product has fundamentally changed. You go back to the global financial crisis in '08/'09, before that period of time, we were the lenders of last resort. You got the call when the debt and the equity markets weren't open. That's not the case anymore. We get calls all the time. We may lose opportunities to debt or equity, but we're seeing more opportunities than we did before then, so all I can really say is we're kind of in uncharted waters with a rising interest rate environment. It does make debt more expensive, and hopefully, that opens a few doors for us, but it never ceases to amaze me, we always seem to be dealing with something we really haven't seen at all.

Adam Josephson

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Yes. No, thanks very much, Bill.

Bill Heissenbuttel

Thank you.

Operator

Your next question comes from the line of Adrian Day with Adrian Day Asset Management. Your line is open.

Adrian Day

Yes. Thank you very much, and I have to say, this was an excellent presentation, better than most of your peers, if I may say so.

Gosh, I have lots of questions, but if I may, I'll just start with one, two parts.

On most of these streams and royalties that you're doing at the moment or in the last couple of years, are most of them processes? Can you sort of quantify that, and then, where they are processes, where do you have an edge over some of your peers, do you think, and if you win, is there any more to it than just paying more than other people?

Bill Heissenbuttel

Adrian, thanks for the question. I might follow the same routine here. Dan, do you want to take a shot at it, and then if I have something to add, I'll chime in?

Daniel K. Breeze

Yes, absolutely, Bill. Hi, Adrian. It's Dan here, and I think it's fair to say, Adrian, we've seen more processes, and I think it's a function of our product becoming much more mainstream, and so I think a CFO would look at our product and debt and equity and other types of financing in the same sort of light, and so I think we're being brought into more processes. I think the probability to close a transaction has probably gone down for our sector to some degree just because of all the competing sources of capital, and I think the way that we try to compete there—of course, price is important, but we try to be different and more creative, but I think the NX Gold transaction that was talked about in the presentation is a good example of that where we offered incremental financing to help that operator explore and to add ounces, and I think that they really appreciated that approach, and so we're looking at those kinds of ways to be more creative and really listen to the operator as a partner and see where we can be helpful. In that case, it was very helpful for them.

Does that address your question?

Adrian Day

Yes, I think so. No, that's interesting. Thank you.

Bill Heissenbuttel

Adrian, I might add something, and my team has heard me say this over and over again, is you've got to build—these are—they should be partnerships, not transactions. These are life-of-mine contracts, and I—

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any operating company that signs one of these, you're kind of buying into the culture of the company a little bit, and we have historically—I mean, we have paid for consultants to go to sites where they were having particular issues to help the operators address an issue, and I just—if we're not thinking along the lines of being on the same side of the table as opposed to across the table, we're not going to win a lot of these things, but Dan's absolutely right. I mean, you look at NX Gold, the environmental support that we—for the community that we did there was unique, and I'm always pushing my team to think that way.

Adrian Day

Okay. Thank you. May I ask another one?

Bill Heissenbuttel

Sure.

Adrian Day

Okay, great. Great.

When an operator comes to you and says, we need to change terms of our deal because it's just too onerous or the market's changed or whatever, how do you—what is your general approach to that, and do you ever have operators come to you and say, hey, listen, we want to buy this royalty or we want to buy it back? Would you entertain that at a good price?

Bill Heissenbuttel

We're not sellers of assets, and do we get the question? All the time, especially on the royalty side of things. If you just look at our valuation, nobody can pay us what a particular royalty is worth if we're trading at a premium. If it's cash-flowing, in particular, they're just not going to do it, so those conversations tend to be pretty short. The bigger streams, oh, it's not economic. We get that from time to time. We tend not to amend our agreements, but if there is a fundamental issue, we're always willing to listen, and a good example is when Golden Star wanted to sell Prestea to a private equity company, and in the course of that, because of where we were sitting economically and the importance of Wassa relative to Prestea, we were actually able to negotiate down the stream rate at Prestea; basically, getting the step-down before the step-down had been achieved, because it made more sense for that operation. We thought it was the best thing for those operations, so we—I'd say we tend to be a little stingy about terms, but we're always willing to listen. If there's a good case to be made, we're obviously going to consider it. Again, we're trying to be partners here.

Adrian Day

Okay. Thank you.

Bill Heissenbuttel

Thank you.

Operator

Next question comes from the line of Greg Barnes from TD Securities. Your line is open.

Greg Barnes

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Thank you.

I think you've talked about this before, but can you talk about the deferred silver ounce issue at Pueblo Viejo and how that evolves over the next several years if the extension there gets done?

Bill Heissenbuttel

Yes, Greg, if I heard you correctly, you wanted to talk a little bit about the deferred silver at PV?

Greg Barnes

Yes, that's right.

Bill Heissenbuttel

Yes, okay. I think I'll turn that over to Mark. The only caveat I always see here is Barrick doesn't talk a lot about silver. Doesn't talk much—doesn't talk at all about silver, so there's always a limit as to what we can really say, so I just wanted to leave that with you before I turn it over to Mark.

Mark Isto

Yes, thanks, Bill. Yes, it is a bit of a complex, and sometimes difficult question to fully answer, but in effect, what's happening is there—we have a guaranteed silver recovery in our contract to 70%, and what happens is when the silver recovery dips below a certain level, they have to defer ounces to us, and those ultimately get built up for delivery at a later time. Now, the real question, I think, here is why do these deferrals happen, and they're for a host of reasons. Many of the reasons tend to be around—they're very gold focused. They're very focused on—in the last 18 months, 24 months, on pushing tonnage through the plant to achieve the gold production, which is very understandable. What happens is that there are bottlenecks associated with the circuit that allows for the silver recovery, and when those—that tonnage gets pushed, it ends up causing the operation to bypass the line boil circuit in some instances.

They also had a number of mechanical issues that were played out over period of about six months that caused a lot of problem, but we've come to the conclusion in—from comments at the site that as they finalize their construction this year for their expansion project, that these bottleneck activities or pieces in the circuit that we've seen impact silver recovery will get addressed through the expansion project, but until that's really done, we don't expect to really see silver ounces—deferred silver ounces coming back to us, and it's entirely possible to think that we'll see additional small deferrals on a quarterly basis, so it's—I think it's going to not change very much for the—this calendar year, and as they finish up the expansion, I think we'll start—we would expect to see deferred ounces coming back to us.

Does that help you understand?

Greg Barnes

I get what you mean. I'm just wondering how many deferred ounces have built up to this point?

Mark Isto

I think it's 459,000. Anybody else on our side of the phone, if they have a more accurate number than that? I think that's the last one I recall.

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Paul Libner

Yes, Greg, this is Paul Libner, and Mark, you're right. It's 459,000 deferred ounces as of December 31.

Greg Barnes

Okay. Okay, and just a secondary question, have you considered doing a longer-term GEO guidance outlook like some of your peers are doing?

Bill Heissenbuttel

You mean longer-term than the year we just did?

Greg Barnes

Yes.

Bill Heissenbuttel

We've talked about it, and we're relatively new to the guidance game, and we gave it for the six-month stub period last year and then ended up having to change it halfway through a six-month period, and I get on my soapbox every time I get the question, but we don't control these properties. There are things that go on at these properties that we don't know today that may impact us later. It's really difficult for us. Particularly, we don't have information rights for us to craft guidance that would be meaningful to you, but we get the question all the time, and I'm not going to say one way or the other, but I'm sure come January of next year, we're going to have a long internal discussion about should we go more than a year. I want to see how this year goes, and if we end up changing it quarter-to-quarter, I really don't know what good three-year or five-year guidance would be for you.

Greg Barnes

Okay. That's fair enough. Thanks, Bill.

Bill Heissenbuttel

Thank you.

Alistair Baker

Hi, Bill. It's Alistair speaking. I have one question that came in through the webcast and thought it would be worth passing on. What is your estimate of Management time spent on ESG, including answering the various surveys?

Bill Heissenbuttel

Well, it's a timely question given the amount of time that members of our Senior Management and our whole Company spent putting together the ESG report, and Alistair, I honestly haven't thought through the question, so I'm going to give you a percentage, and if you disagree with me, disagree with me, but I personally probably spent 30% to 40% of my time over the last year on ESG issues, on the ESG report, and I don't get involved in the questionnaires or the surveys, so I'm guessing it's got to be north of 20% overall across the whole Company.

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Alistair Baker

Okay, thanks.

Operator

We have a follow-up question, sir. It comes from the line of Adam Josephson from Keybanc. Your line is open.

Adam Josephson

Thanks, everyone, for taking my follow-ups.

Bill, just on the inflation slide, the Slide 8 where you highlight just, again, one of the attractions of your business model compared to the operators, based on wherever we are in the cycle—the gold cycle and based on what you're hearing from operators and reading about, how sticky do you think this inflation will be, and do you expect it to further intensify in the months, and even years to come, for that matter?

Bill Heissenbuttel

Oh, you want me to be an economist. I think the Fed is at least signaling that they're going to be aggressive when it comes to fighting inflation, and I think the Democrats know getting inflation under control is pretty integral to an upcoming election, so, with that respect, I would expect the Fed to move relatively quickly, but at the same time, you have go all the way back to Paul Volcker fighting inflation under Reagan to see if that...

Adam Josephson

Yes.

Bill Heissenbuttel

Has the economy fundamentally changed? Are the supply chain disruptions that we're seeing today, are they impacting inflation in a way that would not have impacted it in 1980? I really don't know.

Adam Josephson

Yes.

Bill Heissenbuttel

And I think there are people younger than me that haven't seen this type of inflation. I was still in school.

Adam Josephson

Right, and I just think it's a global phenomenon. It's clearly not just domestic, and it's in everything; labor, energy, materials, you name it, and so there just seems to be a lot of potential stickiness to this regardless of what the Fed does in the months to come. I just was wondering about it as it relates to the operators specifically, globally.

Bill Heissenbuttel

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Yes. Actually, I don't know. Mark, I'll let you think about it for a second, because Mark and Martin have clearly worked at sites and may have a bigger—a better view than I might be able to provide you. I would think they probably will be dealing with higher input prices, higher payroll for some time, and I don't know the relative stickiness of those things going up versus coming down.

Mark, Martin, anything you want to add to that?

Mark Isto

Well, I mean, yes, I think—obviously, I don't know, but what we do see on the capital projects that we look at, I think we're routinely seeing numbers that are 20% above what estimates were even last calendar year, and we're seeing—I don't know if we're seeing that kind of rate in the operating costs, but certainly, I think we're seeing plus 10% on, particularly, things like labor and some of the other inputs. My sense is it's—labor will be here to stay. It's not going to go down.

Adam Josephson

Yes. No, and Bill, just to follow up on what Greg was asking about, I suppose that some other companies do it just to highlight the growth opportunities they have and to say, look, even if we're—our GEOs are going to be down this year, look at five years out, how great it's going to be, and so what do you think about that aspect of giving this long-term guidance that enables you to tell a nice sounding growth story versus what's happening to everyone this year, which is for everyone, GEOs are going to be down for the producers? Production's going to be flat at best, likely. What do you think about that aspect of giving this long-term guidance that kind of takes away from what's happening this year; in other words, lessens the tension on what the reality is this year, which is that GEOs are not going up, and really, they're going down across the board?

Bill Heissenbuttel

Yes. I will say, one of the things we're willing to do, and I think we have done in the past, is sort of highlight the individual assets. A lot of the assets that we just talked about, if you were to do Khoemacau, I think at 1,800 gold and 25 silver, that's sort of 25,000 GEOs, and the smaller projects that we talked about like King of the Hills and Bellevue and Manh Choh and Côté, they're all coming in at the same time, but if you were to sort of line them up and they were all in production in the same year, that production—that's double the sort of 25,000, and we—I think we've always been willing to go asset by asset.

Maybe I just take guidance too seriously. I want it to be right, and for me to say I think we're here and in three years or five years we're going to be 10% up, I can't tell you that. I mean, yes, we've got models. I've built models my whole career, and the only thing I can tell you is every model I've ever built was wrong. You get things wrong, so again, maybe I just take it more seriously than anybody else, but just to throw out a number, I struggle with it.

Adam Josephson

Understood. Thanks so much, Bill.

Bill Heissenbuttel

Yes. Thank you.

Operator

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There are no further questions at this time. I would like to turn the conference back to Mr. Bill Heissenbuttel.

Bill Heissenbuttel

Well, thank you, everyone, for attending the investor update this morning. We look forward to speaking with you again when we host our conference call to discuss our first quarter results on May 5. Thanks again, and goodbye.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.

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