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Earnings Call

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CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	8

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Presentation

Operator

Hello, and welcome to the Royal Gold 2024 First Quarter Conference. My name is Chach, and I'll be your moderator today.

[Operator Instructions]

I'd now like to pass the conference over to your host, Alistair Baker to begin. Alistair, please go ahead.

Alistair Baker
Senior Vice President of Investor Relations & Business Development

Thank you, operator. Good morning, and welcome to our discussion of Royal Gold's First Quarter 2024 Results. This event is being webcast live, and a replay of this call will be available on our website. Speaking on the call today are Bill Heissenbuttel, President and CEO; Martin Raffield, Senior Vice President of Operations; and Paul Libner, Senior Vice President and CFO. Randy Shefman, Senior Vice President and General Counsel; and Dan Breeze, Senior Vice President, Corporate Development of RG AG are also available for questions.

During today's call, we will make forward-looking statements, including statements about our projections and expectations for the future. These statements are subject to risks and uncertainties that could cause actual results to differ materially from these statements. These risks and uncertainties are discussed in yesterday's press release and our filings with the SEC.

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

Bill will start with an overview of the quarter, Martin will give some commentary on the portfolio, and Paul will provide a financial update. After the formal remarks, we'll open the lines for a Q&A session.

I'll now turn the call over to Bill.

William H. Heissenbuttel
President, CEO & Director

Good morning and thank you for joining the call. I'll begin on Slide 4. We had a good start to the year with revenue of $149 million, operating cash flow of $138 million and earnings of $47 million or $0.72 per share. After adjustments, earnings were $0.91 per share.

Revenue was 75% gold and 88% precious metals as we continue to focus our business development efforts on these metals, and we generated 53% of revenue from the U.S., Canada and Australia.

Our adjusted EBITDA margin remained strong and steady at 79% for the quarter. And with the record-high gold price providing a strong tailwind, we were able to significantly reduce our debt and increase available liquidity. We repaid $100 million outstanding on our revolving credit facility and ended the quarter with almost $1 billion of total liquidity.

As previously disclosed, during the quarter, we entered into an additional agreement with Centerra to provide long-term cost support at Mount Milligan in return for near-term cash and future gold consideration and a future-free cash flow royalty. This allowed an immediate two-year extension to the mine life to 2035 and provides the incentive for Centerra to continue to invest in the long-term future and maximize the value of the large mineral endowment around the mine.

Centerra is working on a PEA to evaluate opportunities to extend the mine life beyond 2035, and we look forward to the results when it is completed in the first half of 2025.

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We also have a new operating partner, Khoemacau, with the completion of the acquisition of Khoemacau by MMG in March. Recall that we provided a $25 million loan facility to the previous owner during the development of Khoemacau, that accrued and capitalized interest at a rate of LIBOR plus 11%. This facility was repayable upon a change of control, and we received total proceeds of $37 million, including principal and capitalized interest.

With these proceeds, the upfront cash payment from Centerra on the Milligan transaction and continued strong cash flow, we have made additional revolver repayments of $75 million since the end of the quarter, bringing our outstanding revolver balance down to $75 million. We are well positioned to repay the remainder of the balance during the third quarter, absent new investment opportunities.

Maintaining a strong balance sheet is one of our core strategic objectives as it allows us to act quickly when attractive business development opportunities arise. We paid our quarterly dividend of $0.40 per share, a 7% increase over the previous quarter, marking the start of a 23rd straight year of paying an increased dividend.

And finally, we issued our first asset handbook shortly after quarter end, and by the end of the week, we expect to publish our investment stewardship report, which is our reimagined publication that covers ESG risks and a separate climate report. All of these documents are currently or will be available on our website.

These publications take an enormous effort from the staff that is limited in size, and I want to thank them for their efforts in preparing these reports. I hope you find them helpful in your review of our company.

I'll now turn the call over to Martin to provide some comments on the portfolio.

Martin Raffield
Senior Vice President of Operations

Thanks, Bill. Turning to Slide 5, I'll give some comments on first quarter revenue. Overall revenue for the quarter was $149 million, with volume of 71,900 GEOs. Our Royalty segment contributed $46 million, about 31% of the total revenue for the quarter. Royalty revenue was down about 16% from the prior year quarter, mostly due to a lower contribution from the Cortez Legacy Zone as expected, partially offset by higher contributions from the Cortez CC Zone in Peñasquito.

Revenue from our stream segment was $103 million, down by about 11% from last year. Lower contributions from Mount Milligan and Pueblo Viejo were partially offset by higher revenue from Xavantina and Wassa.

I'll turn to Slide 6 and give some comments on multiple developments at our principal properties. At Mount Milligan, as Bill mentioned, the PEA is underway to evaluate opportunities to extend the mine life beyond 2035. This includes a review of tailings expansion options, exploration drilling on a number of targets near the existing pit and a site optimization program that began late last year.

Centerra believes the large mineral endowment at Mount Milligan has the potential to provide significant extensions to the mine life. At Pueblo Viejo, Barrick reported last week that the plant expansion construction is complete and that the ore stockpile feed conveyor reconstruction was completed in April. They are now working on increasing production from the crushing and milling circuits and improving operational stability and recovery in the flotation circuits.

An additional 123,000 ounces of silver were deferred during the quarter due to low recoveries. We expect the focus on the flotation circuit performance will improve silver recovery, but we also expect this work will take some time and that the delivery of our deferred silver ounces will depend on the outcome.

At Cortez, Barrick announced the official opening of the new Goldrush mine. Barrick expects to ramp up production from 130,000 ounces this year to reach commercial production in 2026. Barrick is targeting a 24-year mine life and average annual production of about 400,000 ounces by 2028.

Barrick also reported last week that production at Cortez was on plan for the first quarter, and they maintain their total Cortez production guidance of 620,000 to 680,000 ounces for 2024. We expect

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about 1/3 of this will come from the Crossroads area where we have an effective gross royalty rate of approximately 9.4% with the remainder coming from areas where our effective gross royalty rate is approximately 1.6%, including Goldrush. Last year, those percentages were more heavily weighted towards our Legacy Zone and the higher royalty rate.

Turning to Slide 7, at Andacollo, Teck reported that drought conditions are continuing to cause water restrictions. Teck is assessing steps to mitigate these water restriction risks and expects a solution to be in place in 2025. Gold production guidance for 2024 is between 18,000 and 24,000 recovered ounces.

Our Peñasquito operations have returned to normal after last year's labor strike. Newmont reported that stripping at the Peñasco pit was delayed due to the strike, but it expects oil production from Peñasco to increase later this year and into next year. As a result, gold production is expected to be weighted 60% to the second half of the year with continued strong silver, lead and zinc production from the Chile Colorado pit.

At Khoemacau, the ownership transition to MMG is now complete. MMG is a publicly listed company, so we expect public disclosure of developments will be significantly improved. Khoemacau is expecting payable silver production of 1.2 million to 1.4 million ounces for 2024. This is lower than the life of mine average silver production of 1.8 million to 2 million ounces per year, but it is in line with the mine plan, which has a top-down mining sequence with lower grades in the portion of the deposit.

And finally, First Gold was poured in the first quarter at Mara Rosa in Brazil and Cote Gold in Ontario, which are our newest producing properties. We also saw continued progress towards full production at King of the Hills and Bellevue mines in Western Australia, and we expect to see first production from Manh Choh in Alaska earlier in the third quarter of the year.

I'll now turn the call over to Paul for a review of our financial results.

Paul K. Libner
Senior Vice President & Chief Financial Officer

Thanks, Martin. I'll now turn to Slide 8 and give an overview of the financial results for the quarter. For this discussion, I'll be comparing the quarter ended March 31, 2024, to the prior year quarter.

Revenue was down 13% to $149 million for the quarter. We had a strong first quarter of 2023; in fact, it was the second highest quarterly revenue in the history of the company. And as Martin mentioned in his remarks, lower contributions from Mount Milligan, Pueblo Viejo and the Cortez Legacy Zone were the main drivers for the lower revenue in the current quarter. The lower contributions from these properties were partially offset by higher contributions from Wassa and Xavantina as well as higher average gold and silver prices.

Gold and silver were up 10% and 4%, respectively, while copper was down 5% over the prior period. As Bill mentioned, gold continues to be the dominant revenue source, making up 75% of our total revenue for the quarter, followed by silver, 13%, and copper at 9%. Royal Gold has the highest gold revenue percentage compared to our major peers in the royalty and streaming sector.

Turning to Slide 9, I'll provide a bit more detail on the specific line items for the quarter. G&A expense increased slightly to $11.4 million from $11 million in the prior year quarter. The slight increase was due to higher corporate costs and noncash stock compensation expense. Although we did see a small increase over the prior year, our cash G&A costs remain low as an overall percentage of total revenue.

Our DD&A expense decreased to $39 million from $46 million in the prior year. On a unit basis, this expense was $539 per GEO for the quarter compared to $514 per GEO in the prior year. The higher D&A per unit was mostly due to lower GEOs sold in the current period. The lower overall depletion expense, however, was due to a decrease in our Mount Milligan gold depletion rate from $425 to $371 per ounce as well as a decrease in copper and gold sales from Mount Milligan and lower production from the Cortez Legacy Zone.

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Interest expense decreased nearly 50% to $4.6 million for the quarter. The decrease was primarily due to lower average amounts outstanding on the revolving credit facility. The all-in interest rate for outstanding borrowings under our credit facility was 6.5% at the end of March.

Tax expense for the quarter was $27 million, resulting in an effective tax rate of 36.4%. This compares to tax expense of $15.9 million and an effective tax rate of 19.9% in the prior year. The higher tax expense this quarter was due to a onetime discrete tax expense of $13 million related to consideration received from the Mount Milligan cost support agreement.

Excluding this discrete item, our effective tax rate for the quarter was approximately 19%, which is in line with the prior year period and our expectations for the full year.

Net income for the quarter was down over the prior year to $47 million or $0.72 per share. The decrease in net income was due to lower revenue and the discrete tax item I just mentioned. After adjusting for the discrete tax item and a small change in the fair value of equity securities, net income for the quarter was $60 million or $0.91 per share.

Our operating cash flow was a record this quarter at $138 million and up 27% over the prior year period. Operating cash flow for the current quarter included payments of $24.5 million as part of the Mount Milligan Cost Support Agreement and $12 million in capitalized interest received as part of the Khoemacau loan facility repayment, and the strong cash flow does not even include the $25 million we received as repayment of principal on the Khoemacau loan, which is recorded under cash from investing activities.

I'd like to take a moment now to explain the accounting treatment of the Mount Milligan Cost Support Agreement. When we entered into the agreement, we received a cash payment, the commitment by Centerra to deliver 50,000 ounces of gold in the future and a free cash flow interest. With respect to the value of the cash consideration and the free cash flow interest, these have been recorded as a $25 million deferred support liability on the balance sheet. This amount will be amortized on a units of production basis over the Mount Milligan mine life, beginning with the first cost support payment made, which we expect will be around 2030.

With respect to the deferred gold consideration, when the gold is received, we will bring these ounces on to our balance sheet at fair market value. When the ounces are subsequently sold or upon receipt of the gold prior to any sale, we expect the value will also be recorded within the deferred support liability and amortize on a units of production basis as we provide future cost support over the mine life at Mount Milligan.

It is important to note that when we subsequently sell the deferred gold ounces, the proceeds will be recognized within other operating income and not recognized as royalty or stream revenue. Upon delivery of the deferred gold ounces, we anticipate selling gold over a few days to a week following delivery. Finally, the proceeds from the sale of the deferred gold ounces will be recognized as operating cash flow.

I will now turn to Slide 10 and provide a summary of our financial position as of March 31. During the quarter, we repaid $100 million on our revolving credit facility and reduced the amount drawn to $150 million, bringing our total available liquidity to $966 million as of March 31.

Further, using the cash received as part of the Khoemacau loan repayment in late March as well as our cash on hand, we made an additional revolver payment of $25 million on April 8 and another $50 million payment yesterday, leaving us with $75 million outstanding and $925 million undrawn and available.

Absent significant business development activity and as cash flow allows, we expect to fully repay our remaining revolver balance by sometime early in the third quarter. We have no material financial commitments outstanding. However, I will note that we made a small advanced payment of $1.1 million to Ero Copper as part of the success-based payment for resource additions at Xavantina.

There are potentially up to $3.3 million of further success-based payments to Ero that remain through the end of 2024.

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

William H. Heissenbuttel
President, CEO & Director

Thanks, Paul. Our first quarter was as expected, and I'm pleased to see our strong margins continue to produce solid cash flow so that we can reduce our outstanding revolver balance so quickly. Our balance sheet is in great shape, and we have excellent liquidity available to take advantage of business development opportunities that may present themselves.

Before we wrap up, I want to highlight a change we made in our disclosure this quarter to improve transparency with respect to our performance compared to guidance. We have included a new table, Table 3, in our press release that shows our 2024 sales guidance and actual sales through the end of the quarter. This replaces a table that showed operator guidance and production for our principal properties, which is less helpful for a reader who is trying to track Royal Gold's performance.

You can see that we're tracking well so far with respect to sales guidance for the year and we'll update this table every quarter as we move through the year.

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

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Question and Answer

Operator

[Operator Instructions]

Our first question today comes from Cosmos Chiu from CIBC.

Cosmos Chiu
CIBC Capital Markets, Research Division

Maybe my first question is on, again, the discrete tax expense related to the Mount Milligan Cost Support Agreement/GILTI tax. Paul, I think you confirmed that this is a one-time item, so we're not going to see a recurring item again later on in future quarters.

My other question is, is there a natural cash impact to this expense, maybe not today, but over time? Like how should we look at this $12.98 million?

Paul K. Libner
Senior Vice President & Chief Financial Officer

So Cosmos, this was a unique transaction whereby the book and the GILTI tax accounting differed. So under the U.S. income inclusion rules for tax purposes, the value of that consideration that we received when we entered into the transaction, it was immediately taxable, and that's that $13 million that was taxed at the GILTI rate.

That is a one-time as you asked. So again, the value of that consideration that we received during the transaction, again, for tax purposes, was roughly $125 million. So going forward, if -- when we receive the value -- or when we receive the gold in the future, the deferred ounces, if the value of that gold should increase significantly, then we would have some additional cash taxes that we tax that GILTI rate in the future. But also having said that, if that value of the gold should go down, then we would also have a tax benefit potentially.

Cosmos Chiu
CIBC Capital Markets, Research Division

Great. And then maybe my other question is on the Khoemacau. As you talked about, Bill, there's a new operator in town now. Have you had a chance to meet the new operator? And what are your impressions so far?

William H. Heissenbuttel
President, CEO & Director

Yes, Cosmos, we've had a chance to meet them a couple of times, both over the phone but also in-person. Look, I'm impressed by the folks that we've met, but the relationship is sort of in the earlier stages and looking forward to further developing that relationship. So I don't have any concerns, if that's your question about MMG and their plans for the project and how they plan on treating us.

Operator

The next question is from Tanya Jakusconek from Scotiabank.

Tanya M. Jakusconek
Scotiabank Global Banking and Markets, Research Division

I have two. I just wanted to start by saying a lot of your -- we had the Investor Day, so a lot of detail was provided in the Investor Day, but I thought maybe if someone could walk us through the rest of the portfolio, your smaller royalties and streams and others and kind of give us a little bit of a look out into how these could add in the next sort of five years or so. We have the big mines. So those ones, we

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We have a better idea. But there's a lot of smaller ones. And so it would be helpful to know what those could contribute.

William H. Heissenbuttel
President, CEO & Director

Thanks, Tanya. I might turn that over to Martin. I will say we don't spend a lot of time on some of the smaller ones. But Martin, I don't know if there are a few things you could share particularly about maybe some of the newer ones like Cote and Mara Rosa.

Martin Raffield
Senior Vice President of Operations

Yes. Thanks for the question, Tanya. So looking forward towards the end of this year, I think we are expecting things to strengthen as we go towards the end of '24 and '25, and, no, we are expecting PV to ramp up. We're expecting Peñasquito to have improved gold production. We're expecting Goldrush to ramp up. So those are key in our forward-looking side.

But we do have some of our smaller operations that are also coming online. So Manh Choh, Kinross reported yesterday that, that project is going well. They have started the ore haulage over to the Fort Knox site, so we're looking to that to start up early in Q3 and to start receiving revenue there over the next few years.

The Côté ramp-up has started. They bought First Gold on March 31. So that is moving ahead. They're looking to get into commercial production in Q3. And Mara Rosa, they produced their first gold on February 21, and they're looking to ramp up to commercial production over the next few weeks. So they're looking in the longer term or in the short term in 2024, 83,000 to 93,000 ounces, and then ramping up to 100,000 ounces over the first four years of operations.

So those ones are going well. The other ones that I would mention are probably Bellevue. Very good exploration results out of Bellevue and good definition drilling results over the past quarter. So we're expecting good things there over the next few years. So that's -- those are the ones that jump to mind, Tanya.

Tanya M. Jakusconek
Scotiabank Global Banking and Markets, Research Division

Yes. It's just the -- these are the -- the operators are well covered. I was kind of thinking more of some of the smaller ones, but we could take it offline and see. I knew a couple of years ago, you had talked about some of these smaller ones contributing anywhere between 10,000 and 25,000 GEOs or thereabouts. Obviously, some of them are in here. I was just kind of wondering if there were some smaller ones, beyond the ones you just mentioned now that we should be thinking about that would contribute above and beyond these ones. We could take it offline, if that's okay.

William H. Heissenbuttel
President, CEO & Director

Yes, we can take it offline. And if there are any specific assets you're looking at, we'd be happy to respond. Just want to hit the ones you're specifically -- yes. Specific ones.

Tanya M. Jakusconek
Scotiabank Global Banking and Markets, Research Division

Yes. I just -- because those ones we cover already from the operator, so we kind of well know those ones and those are already in our models, so I'm just wondering maybe there are some smaller ones that we can get to, but we'll take it offline.

My second question is just on the transaction environment, if I could. Every call, I ask every company, what they're seeing out there. I asked again, I know in the Investor Day, but wanted to circle back because it's very dynamic. So I wanted to hear from you, again, today—what are you seeing size-wise for

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deals. Hopefully, by now, Newmont has opened a data room for these, Newcrest and other assets for sale. So just wanted to see size-wise, understand whether it's still mine build, financing, balance sheet repairs. And then I want to understand the structure of the deals, whether you're focused mainly on just royalty streams? Or would you also look at equity and/or debt component? So that would be helpful.

William H. Heissenbuttel
President, CEO & Director

Sure. Lots to unpack there. The one comment -- I'm going to turn this over to Dan, but one comment, I would say, is we're not going to comment on anything specific that we might be looking at, but Dan can certainly give you a feel for what we're seeing.

Daniel K. Breeze
Senior Vice President of Corporate Development - RGLD Gold AG

Sure, Bill. Tanya, thanks for the question. And I think you've heard this from some of our peers publicly already with their comments. The pipeline is pretty robust at the moment. I think that's the best way to describe it. We're quite busy right now with reviews on a number of opportunities.

And I think the higher commodity prices are really starting to settle in, Tanya, and I think that's moving projects forward, and I think we're seeing the equity markets really opening up and that source of capital is coming into the sector and that's helping projects move forward as well. But I think as we look at the debt markets, and thinking out and looking at where interest rates are, and where they might remain elevated for a while, I think that's also going to keep counterparties' interest of looking at other sources of capital, like royalties and streams.

So I always tell you that the size range, Tanya, is the $100 million to $300 million level. I think that's broadly fair still here. We are aware of a few larger opportunities in the market. And I think it's fair to say that those opportunities are generally related to improving balance sheet and liquidity and so forth, mainly over base metal assets that we would be looking at byproduct precious metals in those cases.

But, I also just mentioned, you heard from Paul in his comments on our liquidity, and we have lots of internal liquidity with almost $1 billion to look at those kinds of transactions as well.

So we feel pretty good about the market. On the smaller end, it's still very busy for us. I mentioned the equity opening up a little bit, but there are some interesting sub-$100 million type opportunities earlier-stage projects and whatnot, that we're looking at as well. So hopefully, that gives you a little bit of flavor from our side with what we're seeing.

William H. Heissenbuttel
President, CEO & Director

Yes. Let me just complete the last part of your question, which was us doing equity and debt. And I think we've been pretty consistent. We're relatively open to it. It's not our core business. We wouldn't earn our valuation premium on a debt investment or an equity investment.

At the same time, if the price is -- the stream is a very large percentage of an overall financing package where we can provide all of those things, but we're certainly open to it. You've seen us do debt at Khoemacau and Wassa. So certainly wouldn't close the door on it and say we're not going to play in those markets, but the stream has got to be the [unclear].

Operator

[Operator Instructions]

Our next question comes from Brian MacArthur from Raymond James.

Brian MacArthur
Raymond James Ltd., Research Division

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Just back to Cosmos' question about the tax. So if I understand this right, you paid $13 million in tax on the $25 million cash payment from Centerra. Is that all cash? And secondly, like why is the tax rate so high on that?

William H. Heissenbuttel
President, CEO & Director

Paul, I'm going to hand that right back to you.

Paul K. Libner
Senior Vice President & Chief Financial Officer

Yes. No, it's a fair question. And again, this really goes back to that the accounting and the tax on this transaction, it was unique, and it was unique in the sense that the treatments differed. So for U.S. income tax purposes, the U.S. income inclusion rules, the value of the consideration that we've received when we entered into the transaction, that was immediately taxable.

And again, the consideration that we received was the $24.5 million, the value of the 50,000 deferred gold ounces as well as the free cash flow interest. So, when we took that entire value, which the majority of that was the value of the deferred gold, which I think was roughly $2,000 an ounce when we enter in the transaction, that's about $100 million. So that's $125 million. So then you apply the GILTI rate to that, which is at 13% and that gets you roughly to that $13 million that we paid in taxes there in Q1.

Brian MacArthur
Raymond James Ltd., Research Division

And that was all cash?

Paul K. Libner
Senior Vice President & Chief Financial Officer

Correct.

Brian MacArthur
Raymond James Ltd., Research Division

Not deferred or anything?

Paul K. Libner
Senior Vice President & Chief Financial Officer

Correct. Yes. And then as I mentioned to Cosmos, going into the future, again, that value of that deferred gold, it could go up. And if that happens, then at a future date when we receive the delivery of those gold ounces, we could pay that same cash tax, the GILTI rate 13% in the future. But on the flip side, again, too, if we -- if that value should go down, then we could see a cash tax benefit come through.

Brian MacArthur
Raymond James Ltd., Research Division

Okay. But we're talking all cash to this, not just book accounting?

Paul K. Libner
Senior Vice President & Chief Financial Officer

Correct.

Brian MacArthur
Raymond James Ltd., Research Division

Okay. My second question and maybe this is better offline, it talks about you got to -- the cash consideration of -- and then the cash flow interest received of $25 million, why is it $0.5 million for that free cash flow interest? I assume that's calculated on an NPV basis post 2030 or something. But on the

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offset of that, you might have to make cost support payments. So like if it's too complicated, we can take it offline. But like, I'm just not quite sure I understand where those values came from. And the reason I asked is I'm still trying to feel like -- figure out the value of the deal, right, because there's -- if it's cash tax payment, it changes what the value of the deal is.

William H. Heissenbuttel
President, CEO & Director

Yes, Brian, let me just focus on the free cash flow royalty a little bit. Okay. That was, as I called it, when I asked for it, it's idiot insurance, right. The metal prices go up so high, they didn't actually need our cost support. The mine would have been fine, and we didn't need to change anything. So all we wanted was something to test. If the metal prices go up really, really high, and this thing is making cash -- is cash flowing, I want a share in it, even to a small amount, and it's carried. We don't have to contribute to cost. It's not a joint venture interest or anything like that.

And I will say that when we were doing our calculation at the time and at the prices -- the long-term prices we were using, there just wasn't a lot of free cash flow that we thought might be there. And so we really heavily discounted it, and we just came up with a value of $500,000. Now at today's price, it's probably worth more. But that -- it's pretty far in the future because you get to 2030, they've got to be thinking about expanding the tailings storage facility. There are going to be costs that will be incurred that would get deducted from any free cash flow interest. So it was just -- it was something I wanted just so we think -- look, kind of dumb for giving up something today if we didn't need to five or six years from now.

Brian MacArthur
Raymond James Ltd., Research Division

No, it makes sense to me. In fact, I was trying to think about it the other way because if you extend the mine through the 20, 40 or 50 or 60, then doesn't that thing become quite valuable?

William H. Heissenbuttel
President, CEO & Director

Well, it could be. But all we've got right now is a two-year extension of reserves, and they're working on a PEA. So that might be a conversation to have when the PEA comes out.

Brian MacArthur
Raymond James Ltd., Research Division

Right. Okay. So that was kind of calculated in 2035, I guess. Okay. That helps a lot.

Operator

[Operator Instructions]

We currently have no further questions. So I'd like to hand back to Bill Heissenbuttel to conclude.

William H. Heissenbuttel
President, CEO & Director

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

Operator
This concludes today's call. Thank you for joining. You may now disconnect your lines.

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