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Earnings Call

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Presentation

Operator

Hello, everyone, and welcome to the Royal Gold 2024 Second Quarter Conference Call. My name is Seth, and I'll be the operator for your call today. [Operator Instructions] I will now hand the floor to Alistair Baker, to begin. Please go ahead.

Alistair Baker
Senior Vice President of Investor Relations and Business Development

Thank you, operator. Good morning, and welcome to our discussion of Royal Gold's Second 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; Paul Libner, Senior Vice President and CFO; Martin Raffield, Senior Vice President of Operations; and Dan Breeze, Senior Vice President, Corporate Development of RG AG. Randy Shefman, Senior Vice President and General Counsel, is 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, adjusted EBITDA, net cash. Rheconciliations 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, Dan will provide an overview of our most recent acquisition, 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 strong financial performance during the quarter with near record revenue of $174 million, a 21% increase over the same period last year. Operating cash flow of $114 million and earnings of $81 million or $1.23 per share. After minor adjustments, earnings were a record $1.25 per share.

Revenue was 74% gold and over 56% of our revenue was generated from the U.S., Canada and Australia. Our adjusted EBITDA margin remained strong and steady at 81% for the quarter, and, despite a 21% increase in revenue, our cash G&A was flat, providing further evidence of the scalability of our business model.

Solid portfolio performance and the strong gold price helped us generate significant cash flow during the quarter that we allocated in line with our long-held strategy, which included payment of our regular quarterly dividend was $26 million, repayment of $100 million of the balance outstanding on the revolving credit facility. We ended the quarter with $50 million of debt outstanding, and we have now returned to a net cash position. After quarter end, we made a further repayment of $25 million. And so far in 2024, we have repaid $225 million of debt.

And finally, we reinvested in the business with the acquisition of two more royalties on the Back River Gold District, which increases our exposure to the Goose gold development project in Nunavut, Canada. We'd like to give you a brief overview of this acquisition, and I'll turn the call over to Dan to review the asset.

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

Thanks, Bill. I'll turn to Slide 5 and spend a few minutes on the Back River royalty purchase.

In late June, we completed the acquisition of two royalties that cover the entirety of the Back River district for cash consideration of $51 million. Back River is an 80-kilometer gold belt in Nunavut being developed by B2Gold. Most of the development activity underway is at the Goose Project and the deposits to the north, including the George Project, are at an earlier stage. The royalties we acquired cover all reserves, resources and potential extensions thereof in the district.

The first royalty is a 0.7% net smelter return or NSR royalty that starts paying immediately and declines to a 0.35% NSR royalty after C$5 million of revenue has been delivered. The second royalty is an approximate 1.3% gross smelter return or GSR royalty that begins paying after about 780,000 ounces are delivered. The first royalty is a deduction against the second, so while we have acquired two royalties, the interaction between the royalties allows us to account for the purchase as one asset. Together, the royalties are equivalent to an approximate 1.1% GSR royalty.

If you recall, we already had exposure to the Back River project through ownership of other royalties that we acquired in 2008, so these royalties complement and add to that existing position.

Turning to Slide 6, I'll give a brief overview of the Back River project.

B2Gold is currently advancing construction of the Goose project which will be a combined open pit and underground operation feeding the 4,000 tonne per day conventional gold leach process plant. B2 currently expects first gold production in the second quarter of 2025 and they are estimating production of between 120,000 and 150,000 ounces in 2025, increasing over 310,000 ounces per year from 2026 to 2030. B2 is forecasting total production of 3.3 million ounces over a 15-year mine life.

Total measured and indicated resources contain approximately 6.3 million ounces of gold which includes approximately 3.6 million ounces in proven and probable reserves. Inferred resources contained an additional 2.9 million ounces and according to B2Gold, the average historical resource conversion rate from inferred to measured and indicated has been 73%. The area is highly prospective and B2 has an extensive exploration campaign underway to add to this resource base.

Royal Gold's exposure to the Back River district increases significantly with this transaction, and the summary of royalty rates on Slide 6 should help you understand how the royalty rates on the Goose Project change as various production levels are achieved.

We expect that the threshold for the first royalty rate increase will be reached in 2026 and the threshold to reach the GSR royalty rate of 3.3% will be reached in 2028 based on B2Gold's production forecast.

We are pleased with this transaction as it increases our exposure to a very attractive project, in a stable jurisdiction, being developed by an experienced operator.

I'll now turn the call over to Martin.

Martin Raffield
Senior Vice President of Operations

Thanks, Dan. Turning to Slide 7, I'll give some comments on second quarter revenue.

Overall revenue for the quarter was near record $174 million with volume of 74,500 GEOs. Higher prices were the primary driver for the increased revenue.

Our Royalty segment contributed $51 million, about 29% of total revenue for the quarter. Royalty revenue was up about 34% from the prior year quarter with higher contributions from Penasquito and Robinson and approximately $2 million in new revenue from Mara Rosa, Bellevue and Northern Star's Wonder underground. These increases were partially offset by lower revenue from the Cortez Legacy Zone.

Revenue from our stream segment was $123 million, up by about 16% from last year with increased

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contributions from Mount Milligan, Xavantina, Wassa and Andacollo, partially offset by lower revenue from Pueblo Viejo.

I'll turn to Slide 8 and give some comments on notable developments at our principal properties.

At Mount Milligan, Centerra reported last week that they're on track for completion of the PEA in the first half of next year to evaluate opportunities to extend the mine life beyond 2035. They also reported progress on the site-wide optimization program with significant reductions to date on milling costs and improvements in mining costs expected in 2025.

At Pueblo Viejo, Barrick reported in mid-July that production in the second quarter was flat compared to the prior quarter, and the shift to recovery rate optimization will occur in the second half of the year as throughput is ramped up. Silver recovery remains lower than target, and while we received deliveries of 333,000 ounces, we saw a further deferral of 143,000 ounces in the second quarter.

At Andacollo, Teck reported an improvement during the second quarter in the drought conditions that have caused water restrictions and limited throughput rates. Teck expects the improvement to continue in the second half of the year.

Turning to Slide 9.

At Penasquito, second quarter production was strong, driven by high gold and zinc production resulting from higher grades in the Chile Colorado pit and good mill throughput and recoveries. Newmont expects production levels to remain steady in the third quarter with an increase in gold production in the fourth quarter as mining returns to the higher gold at Penasquito pit later in the year.

At Khoemacau, MMG reported the first full quarter of results at the Zone 5 mine since the ownership transition. Production was impacted by equipment availability and high turnover of skilled labor. MMG reported that it has hired and is training a significant number of replacement workers. There are also measures being taken to reduce dilution, with the expectation of achieving better ore grades in the coming quarters. In addition, MMG reported their intention to complete an expansion of Khoemacau by 2028 with the target of producing 130,000 tonnes of copper per year. Recall that Royal Gold's silver stream interest covers expanded production from the Zone 5 mine and the Mango NE deposit.

We're pleased to see progress at some of our newer assets in the portfolio and note the initial gold pour at Manh Choh and the achievement of commercial production at both Cote and Mara Rosa.

And finally, it's worth noting some positive developments at a couple of our Australian royalty properties. At Bellevue, a five-year plan was announced to significantly grow production by increasing underground ore movement and processing capacity. Bellevue has a June 30 fiscal year-end and gold production levels are expected to increase steadily from 165,000 to 180,000 ounces in fiscal year 2025 to 240,000 to 260,000 ounces in fiscal year 2029. And at Wonder underground in Western Australia, we received our first royalty revenue in the quarter from high-grade development ore being blended into the Thunderbox mill. Northern Star has referred to an initial reserve containing approximately 455,000 ounces and expects the underground ramp-up to continue with production stoping to start later this year.

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

Paul K. Libner
Senior VP, Treasurer & CFO

Thanks, Martin. I'll now turn to Slide 10 and give an overview of the financial results for the quarter. For this discussion, I'll be comparing the quarter ended June 30, 2024, to the prior year quarter.

Revenue was up 21% to $174 million for the quarter, which is the second highest quarterly revenue in the history of the company.

As Martin covered in his remarks, one of the primary drivers for the near record revenue this quarter was higher metal prices as gold was up 18%, silver was up 20% and copper was up 15% over the prior year.

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As Bill mentioned, gold continues to be the dominant revenue source, making up 74% of our total revenue for the quarter, followed by silver at 13% and copper at 10%. Royal Gold continues to have the highest gold revenue percentage when compared to our major peers in the royalty and streaming sector.

Turning to Slide 11, I'll provide a bit more detail on specific financial line items for the quarter.

G&A expense increased to $10.5 million from $9.1 million in the prior year. The increase was due to higher noncash stock compensation expense. Excluding noncash stock compensation expense, our cash G&A was $7.2 million, which was unchanged from the prior year quarter. Our cash G&A costs as a percentage of total revenues have remained low despite inflationary pressures that have impacted the metals and mining sector in recent quarters.

Our DD&A expense decreased slightly to $36 million from $38 million in the prior year. On a unit basis, this expense was $480 per GEO for the quarter compared to $527 per GEO on prior year. The lower overall depletion expense and DD&A per GEO this quarter was due to three primary factors: first, a decrease in our Khoemacau depletion rate from $17.41 to $15.21 per ounce. Second, lower gold and silver sold to Pueblo Viejo; and finally, higher contributions from our royalty segment, specifically Penasquito, which royalty has a lower overall carrying value and depletion rates. We continue to forecast that our total DD&A expense will be within our previously guided range of $141 million to $157 million.

Interest expense decreased significantly to $2.5 million from $8.4 million in the prior year. The decrease was primarily due to lower average amounts outstanding under the revolving credit facility when compared to the prior year. The all-in interest rate for outstanding borrowings under our credit facility was 6.5% at the end of June.

Tax expense for the quarter was $19 million, resulting in an effective tax rate of 18.9%. This compares to a tax expense of $2 million and an effective tax rate of 3.1% in the prior year. The lower tax expense in the prior year period was due to a discrete tax benefit of $8.5 million attributable to the release of a valuation allowance on certain foreign deferred tax assets. The 19% effective tax rate for the quarter was in line with our expectations for the full year.

Net income for the quarter was up over the prior year to $81 million, or $1.23 per share. The increase in net income was primarily attributable to higher revenue and lower interest expense. After adjusting for a small discrete tax item and other minor adjustments, net income for the quarter was a record $82.6 million or $1.25 per share.

Our operating cash flow this quarter was nearly $114 million, up 5% over the prior year. The increase in operating cash flow was primarily due to higher cash receipts from stream segments when compared to the prior year period.

I will now turn to Slide 12 and provide a summary of our financial position as of June 30.

During the quarter, we returned the balance sheet to a net cash position with a repayment of $100 million on our outstanding credit facility balance. As of June 30, we had $50 million of debt outstanding and total available liquidity of approximately $1 billion made up of the undrawn revolver balance and our working capital.

I will also note that our working capital at quarter end was abnormally low. The lower working capital this quarter resulted from the acquisition of the Back River royalties from our available cash and also from the reclassification of the remaining $50 million revolver balance from a long- term liability to a current liability. We reclassified this amount as a current liability given the $25 million repayment we made in early July and a final $25 million payment we intend to make early next week.

With the repayment expected early next week, we will have zero debt outstanding.

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

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William H. Heissenbuttel
President, CEO & Director

Thanks, Paul.

Our second quarter was strong, and we were diligent in sticking to our long-standing strategy of allocating capital to our dividend, the balance sheet and new business. I'm particularly pleased with our progress on debt reduction. With the coming $25 million repayment that Paul noted, we will have repaid all the borrowings we incurred to fund some of our recent portfolio additions. Looking back two years, we have spent over $900 million to acquire royalties on Cortez, Great Bear and Back River, and we did not dilute our shareholders by issuing equity to finance these transactions and have fully replenished liquidity available for future acquisitions. These are high-quality gold royalties in Tier 1 jurisdictions, and I expect them to offer significant upside over the coming decades. Our financing choices mean that our shareholders will enjoy the full benefit of that upside.

As one considers the current state of political instability and market volatility, we are very well positioned for this uncertainty. We are tracking well toward our full year guidance for overall sales, DD&A and effective tax rate. Our balance sheet is solid, and we have excellent liquidity available to take advantage of business development opportunities that may present themselves.

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

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Question and Answer

Operator

Thank you. Our first question on the call comes from Tanya Jakusconek from Scotiabank.

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

Okay. Congrats on your deal. Maybe I will just start on Back River. I'm just interested on the royalties you purchased. Were they from existing like individuals like I wasn't aware that other companies had a little royalty. So maybe just starting off with who is the seller of these royalties, individuals or companies or...

William H. Heissenbuttel
President, CEO & Director

Yes. Thanks, Tanya. Dan, do you want to take that one on?

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

Sure, Bill. Tanya, yes, thanks for the question. The Hill royalty, Tanya, came from a private trust and the KM royalty was from a subsidiary of a U.S. company, third-party royalties, and it was a competitive process as well.

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

Okay. Are there more of these royalties then available on this property? Or are these that....

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

So the property itself has a few royalties, Tanya. This is the bulk of the royalties. There are a couple of smaller royalties, I don't think they're available to purchase. But this is the bulk that we're talking about here in terms of our ownership now.

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

I know yours and I know there's other companies as well that have exposure. I'm just always intrigued on how many pop up, and I wasn't sure whether this is the end of it. You said there's a couple of smaller royalties that are not available. Are those individuals as well?

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

Again, without having all the detail in front of me here, Tanya, I believe that some or at least one is held by an individual and another is held by a company off the top of my head here. But I do agree with you. It's interesting that we see these things sometimes pop up, and sometimes they surprise us as well. I think what we're seeing right now in the market, Tanya, is a pretty robust market for these third-party royalties. There's been a number of transactions announced as you've seen already this year. And I think it's a combination of stronger commodity prices that's motivating sellers and then a pretty robust buyer market. So all of us in the sector have lots of capital to deploy; it's pretty competitive. So it's a good market to sell into. So in general, I wouldn't be surprised to see more.

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

Okay. And so historically, we had talked about this $100 million to $300 million range. So the first thing I need to ask is, is that still the range of -- obviously, you did something in $50 million. But would you say that these royalties, obviously, are smaller and you're saying that you're seeing more of them. So maybe we can see this range go down to $50 million to $300 million versus $100 to $300 million, which may be be more the stream? I'm just trying to differentiate now what you're seeing more. One of your competitors mentioned a much higher range on the upward side. So I'm wondering if you're seeing a larger range but on the downward side.

William H. Heissenbuttel
President, CEO & Director

Dan, why don't you keep going then...

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

Sure, sure. So I think, Tanya, I think the way that we see the market right now is, and I think I mentioned this, perhaps, in the last call or two is that sub-$100 million level that's what has been pretty busy for us in general. And I think the Back River royalties are an example of that category of opportunities. It's good size, good quality transactions. Those are the things we're looking to add in the portfolio. I think when we're talking more in the $100 million to $300 million range, which I think is still fair to say. I know we always give you kind of the same answer, but that's what we continue to see. We are aware of a couple of larger opportunities outside of that range. But I think, in general, it's fair to say the $100 million to $300 million range is still very consistent in the broad sort of range that we see across both royalties, some royalties, but mostly on the streaming side.

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

Okay. And then maybe, Bill, can you talk to me a little bit about how this -- we hear about all of these deals and everyone has—super busy and there’s a lot of opportunities out there. But maybe you can walk us through from the time you are approached on an opportunity or you're proactive and start looking at opportunities. Can you just walk us through, like, what it takes to get the deal announced and sort of the timeline so that all of us are aware that we hear all of these deals, but like they're not going to be completed tomorrow.

William H. Heissenbuttel
President, CEO & Director

Yes, I'm happy to. And just to be clear, when we talk about our business level of activity, we're not trying to sort of handicap the likelihood of closing a transaction. We're not looking to signal anything to anybody about timing, something coming up in six weeks or six months. We're just trying to tell you that we're busy, we're looking at things. It could be that we're looking at a number of earlier stage opportunities. And there are many exit ramps in this process, going from first looking at a transaction to the point of signing one.

In the best of all worlds, this thing takes six to eight weeks to close. Everything is lined up, all the information is available, that would be ideal for us. It never happens that way. And I will share with you that over the last 18 months, we were the preferred bidder on three different transactions that did not close. One of which the market knows about, that's ACG. I'm not going to go into the other two that are not public. But, just to give you a flavor of what can derail these things, even when you’ve won the contest amongst our peers, and yet they still don't close, and it could, you know—failure to achieve the CPs, that was ACG. Metal price changes, right? You've been working on something for six months, and a company looks at the gold price going from $1,900 to $2,400, valuation expectations change. But the bigger issue for us, I would say, are the capital markets. Debt and equity, I think, are our biggest competitor.

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And as things go along, if interest rates come down and they say, "Look, the debt markets are open, we'd rather do that." "Well, the equity market just opened, well, we can do that." And we've seen these things happen, even coming down to the management and the Board may not be on the same side of looking a tour product. So it's really, really hard. I would say, six months is probably a good estimate. And Dan, I think you have a couple of examples. It can take a lot longer, but it can also be a lot shorter where things come up that we didn't even know about. So, I don't know, Dan, is there anything you want to add there?

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

Yes, Bill, I think I would just add, Tanya, just stepping back, we try not to overpromise on what may come out of our pipeline. And that's why we tend to keep our BD environment comments at a high level, and I appreciate that's a little bit frustrating for the analyst community. It's just a very fluid part of our business. And it can be very uncertain, and, just thinking about our own transactions, recent transactions, if you look at Khoemacau as an example, I think we learned about that opportunity in early 2016. And we didn't agree on the transaction until early—I guess it was early 2019 after the team had decided to do some further technical studies and whatnot. So we may not see something come through for a number of years, and thinking about, looking at, say, Red Chris—the royalty that we acquired there. Sometimes we know—we knew about—we knew about that royalty well in advance, but the chance to acquire came very quickly, and so we had to act very quickly on that one. And looking at Cortez, after we acquired the Rio Tinto royalty there in 2022, the additional Cortez Idaho royalty, that came as a result of the private sellers that we had a relationship with for many years deciding that that was the right time for them to sell. The market didn't even know about that opportunity. It just kind of surprised the market to some degree. So, to Bill's point, it's very hard to predict. And I think Bill's comment there about sort of two quarters and I know we could do things quicker, but I think that's a reasonable general timeline to consider.

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

Okay. So, two to six months sort of benchmarking ourselves, two, optimistic, six on average.

William H. Heissenbuttel
President, CEO & Director

Yes, go ahead.

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

No, just for ourselves to just benchmark when you hear about these things somewhere between 2 to 6 months is sort of a reasonable time range.

William H. Heissenbuttel
President, CEO & Director

Yes, two months is an ideal world, six months probably closer to reality.

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

Reality, okay. Well, we live in reality. I wish I lived in an ideal world. Maybe I am living in an ideal world.

If I could squeeze one more in. Just on the Back River, I haven't had a chance to model the additional royalties that were purchased. But just as a benchmark, if we were to use your guidance pricing and look at this project, would it be safe to assume—I'm assuming that the -- from rate of return would be sort of double digit. But again, I haven't done that. I'm just trying to benchmark myself.

William H. Heissenbuttel
President, CEO & Director

Yes. Dan, I think you've got that number. I think we looked at it on a spot price basis here.

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

Yes, I think the mid- to upper single digits is a reasonable way to think about it at the moment.

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

Okay, upper single digits and that's on spot pricing of $2,400?

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

Yes, upper single digits.

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

Yes.

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

Yes, somewhere around that $2,350, $2,400 spot price.

Operator

[Operator Instructions] Next question today comes from Brian MacArthur at Raymond James.

Brian MacArthur
Raymond James Ltd., Research Division

Thank you for taking my question, and it sort of follows on Tanya's last one. So, I thought I worked this out, but given your guidance on the slide, slide -- sorry, Slide 6, which is the Back River royalty. So, if I read this from 0 to 400,000 ounces do you just guys get the 0.7% NSR and then from 400 to 780, you get the 2.5% less the 0.7% because you deduct it. And then after 780, you get 3.3% less the 0.7%, which eventually goes down to 0.3% once you get $5 million royalty on that thing. Is that what I'm supposed to think about it? And secondly, if that's true, I'm trying to figure out how we get to the 1.3% GSR that you comment on for KM, post 780. Look, maybe it's easier offline, but any guidance on how that works? Because when we're doing these IRRs, obviously, if this thing ramps up more over time, it makes a big difference from what you get here.

William H. Heissenbuttel
President, CEO & Director

Yes, Brian, let me take a crack at it, but we might want to take this offline just to walk through it. I think what we are trying to do—to do with the chart, and it's exactly, I think, what we tried to do with Cortez is take a really, really complicated royalty situation where you've got deductions and sort of boil it down for you to say this is the rate you should apply to the production to do your forecast. And we're trying to do the deductions for you and tell you what the effective rate is. Dan, if I stepped in the wrong direction, please correct me.

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

Yes, I think that's right. And Brian, it is fairly complicated, just to Tanya question about royalties on the property and their deductions and things like that. So that's exactly what we try to do is just to make it as simple as possible. And just think about it in those three buckets, ultimately getting to that 3.3% GSR rate and very early in the mine plan as well.

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Brian MacArthur
Raymond James Ltd., Research Division

Okay. But you also say, that's what I'm trying to get at, you also say together, they're equivalent to a 1% GSR early on. And that's a lot different than getting up to 2% or 3% early on. That's all I'm really asking, I don't need all the details. So should I be using 1.1% through the whole thing? Or should I be higher in the early years and dropping it off later, because that's, I think, go to Tanya's question too.

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

Sure. So Brian, the 3.3% is the combined KM and Hill royalties. So that's the 1.1%, plus our existing royalty there, which is 2.2%, so that's how you get to the 3.3%. So just to step back, this chart is all of our royalties combined into one rate.

Brian MacArthur
Raymond James Ltd., Research Division

Right, which is basically the—you've got that footnote that talks that you already own 51.25% of it or whatever. So you're putting that into it as well when you do all that.

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

That's right. Yes. That's right.

Operator

[Operator Instructions]. All right. We have no further questions on the call, so I'll hand the floor back to Bill to conclude.

William H. Heissenbuttel
President, CEO & Director

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

Operator
This concludes the conference. Thank you all very much for joining.

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