

Royal Gold, Inc. NasdaqGS:RGLD

Earnings Call

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Call Participants

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Presentation

Operator

Hello, everyone, and thank you for joining us on today's Royal Gold 2025 Full Year and Fourth Quarter Conference Call. During today's call, we will have a Q&A session. [Operator Instructions]. With that, it's my pleasure to hand over to Alistair Baker. To begin, please go ahead when you are ready.

Alistair Baker

Senior Vice President, Investor Relations and Business Development

Thank you, operator. Good morning, and welcome to our discussion of Royal Gold's Fourth Quarter and Year-end 2025 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; and Martin Raffield, Senior Vice President of Operations. Other members of the management team are also available for questions.

During today's call, we will make forward-looking statements, including statements and other 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 and cash G&A. 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 2025 performance. Martin will provide portfolio commentary and Paul will give a financial update on the quarter. 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.

2025 was a transformational year for Royal Gold. We set records for revenue, operating cash flow and earnings and completed some material acquisitions that set us up very well for the current strong gold price environment and over the longer term. We also had developments within our portfolio that add significant value to some of our largest assets.

For the full year, revenue was \$1 billion. Operating cash flow was \$705 million, and earnings were \$466 million. These were increases of 43%, 33% and 40%, respectively, over 2024.

After adjusting for unusual items throughout the year, net income was a record \$510 million, a 47% increase over 2024.

We are a gold-focused company, and gold contributed 78% of total revenue for the year. The strong gold price, combined with our low, and stable cash G&A allowed us to maintain an adjusted EBITDA margin of 82% for the year.

During the year, we paid over \$118 million to shareholders and dividends and raised our annual dividend to \$1.90 per share for 2026. This is the 25th consecutive annual dividend increase, which is an unmatched record in the precious metals industry. Since our first dividend in 2000, we have returned approximately \$1.2 billion to shareholders.

We were very active during the year and made several meaningful acquisitions. We acquired Sandstorm Gold and Horizon Copper, which allowed us to meaningfully grow and diversify our portfolio. We now have the largest and most diversified portfolio of mining assets in our sector. We acquired a gold stream on the producing Kansanshi mine from First Quantum, which adds another large, long life and cash flowing asset

to the portfolio. And we acquired a gold stream and royalty on the Warinza development project increased our exposure to the Xaventina mine and added a further royalty interest on the Lawyers- Ranch project.

Our portfolio performed well during the year, and we achieved full repayment of the advanced stream deposits on a Rainy River, Pueblo Viejo and Andacollo mines. We acquired these interests in 2015 and each remains an important contributor to the portfolio.

We also saw some very positive news from within the portfolio with the life of mine extension at Mount Milligan, the recently approved expansion at Khoemacau, and significant exploration success of Fourmile.

And finally, we got off to a quick start on rationalizing and simplifying the Sandstorm and Horizon portfolios. The integration of these portfolios is largely complete, and we're looking forward to further daylighting the value in those portfolios.

Paul will discuss the fourth quarter in more detail, but I'd like to comment that there were several unusual financial items last year and, in particular, this last quarter that were one-time in nature and related to this acquisition activity. We started 2026 with these items behind us, and we are hosting an Investor Day on March 31 to put our 2025 activity into context, provide 2026 guidance and give directions on how we see growth over the longer term.

Turning to Slide 5, we performed well in 2025 compared to guidance. Our annual guidance was issued in March 2025 based on the interest in our portfolio at that time. We didn't update guidance during the year to include the impacts of the Sandstorm Horizon or Kansanshi acquisitions, and we likewise didn't include the impacts of these acquisitions in the comparison of actual results to our guidance ranges. Compared to the guidance ranges for the year before the new acquisitions, all categories were within the guidance range except for revenue from other metals, which exceeded the high end of that range.

I'll now turn the call over to Martin to discuss portfolio performance in the fourth quarter.

Martin Raffield

Senior Vice President, Operations

Thanks, Bill. Turning to Slide 6, portfolio performance was solid for the quarter. Volume was 90,800 GEOs with record revenue of \$375 million, which included new revenue of \$32 million from Kansanshi and \$49 million from Sandstorm/Horizon. We closed the Sandstorm Horizon transaction on October 20, so the revenue from these interests does not reflect the full quarter.

Royalty revenue was up by 42% from the prior year quarter to \$111 million. We saw very strong revenue from the quarter's CC Zone and Penasquito, partially offset by weaker revenue from the Cortez Legacy Zone.

Revenue from our stream segment was \$265 million, up over 110% from the same period last year. We saw higher contributions from all our stream interests, with materially higher sales from Pueblo Viejo, Andacollo, Rainy River and Mount Milligan.

I'll now turn to Slide 7 and give some high-level commentary on notable developments within the portfolio in the last quarter. The portfolio has grown to include interests on about 80 producing and 30 development assets. And we've changed our disclosure this quarter to group our interests on a regional basis and break out the revenue for the largest interests. This should help you track our most material revenue drivers.

At Mount Milligan, Centerra reported it continues to progress engineering and studies to support permitting for the life of mine extension to 2045.

At Pueblo Viejo, Barrick reported continued progress on the life-of-mine extension with a focus on housing and resettlement and the engineering and permitting for the new tailings facility. Barrick also reported guidance for its share of gold production of 350,000 to 400,000 ounces in 2026.

At Cortez, Barrick reported continued exploration success at Fourmile with the extension of the Dorothy zone and identification of new mineralization below the Mill Canyon stock and down to the Charlie area. Barrick also reported 2026 production guidance for the quarters Complex of approximately 700,000 to

780,000 ounces on a 100% basis. Our royalties overlap at Cortez, and we expect an average blended royalty rate of 3.5% to 4% over this production in 2026 versus 2.6% in 2025.

At Xavantina, Ero filed an updated technical report showing a four-year extension to the life of mine to 2032. Ero expects 2026 gold production to range between 40,000 and 50,000 ounces. Ero further disclosed that it sold approximately 15,000 ounces of gold and gold concentrate in the fourth quarter, and it expects concentrate sales to continue through mid-2027. The sale of gold and gold concentrate is not included in their guidance.

At Fruta del Norte, Lundin Gold reported continued exploration success and recent drilling continues to advance the understanding of the emerging porphyry belt adjacent to the mine. Lundin has identified a large intrusive complex hosting several shallow copper gold porphyry systems within a short distance of each other, and the newest discovery extends the porphyry corridor to at least 10 kilometers in length.

At MARA, Glencore reported that feasibility study work is ongoing with a final investment decision targeted for the second half of 2027 and first production expected from the Agua Rica deposit in 2031.

At Kansanshi, we received our first stream delivery in early October, and we are now receiving regular monthly deliveries. First Quantum declared commercial production at the S3 Expansion in December and three-year copper production guidance that increases with the ramp-up of the S3 Expansion feed. Based on First Quantum's copper production guidance and production to delivery-to-sales timing, we expect 2026 gold sales attributable to our stream interest of 26,000 to 31,000 ounces, which rises to 38,000 to 43,000 ounces in 2028.

At Khoemacau, MMG reported that the feasibility study for the expansion was approved by the Board and production of concentrate is expected in the first half of 2028. MMG is targeting annual silver production of 4 million to 4.5 million ounces, and we expect our share to be about 60% at this level. We expect silver production to our account of 1.45 million to 1.55 million ounces in 2026. Recall that our stream has a 90% payable factor applicable to this production.

At Platreef, Ivanhoe Mines reported that development continues on schedule. The first sale of concentrate from Phase 1 was completed late in the fourth quarter, and the Phase II expansion is targeted for completion in the fourth quarter of 2027. We expect to see first revenue from Platreef in the first half of 2026.

And finally, at Hod Maden, SSR announced the results of a feasibility study for a 10-year life of mine with annual average production of 159,000 ounces of gold and 21 million pounds of copper and a development capital cost of \$910 million.

I'll now turn the call over to Paul.

Paul K. Libner
Senior VP & CFO

Thanks, Martin. I'll turn to Slide 8 and give an overview of the financial results for the quarter. For the discussion on Slides 8 and 9, I'll be comparing the quarter ended December 31, 2025, to the prior year quarter.

Revenue for the quarter was up strongly by 85% to \$375 million. As Martin noted, during the quarter, we saw a combined new revenue of about \$82 million from the Kansanshi Gold stream and the Sandstorm/Horizon interests.

Metal prices were also a major driver of the revenue increase with gold up 55%, silver up 74%, and copper up 21% over the prior year.

Gold remains our dominant revenue driver, making up 78% of total revenue for the quarter, followed by silver at 11% and copper at 8%. Royal Gold has the highest gold revenue percentage when compared to our large cap peers in the royalty and steaming sector, and we expect our revenue mix will remain consistent after the recent acquisitions.

To help you with your Q1 estimates, we expect first quarter 2026 GEO sales to be in line with the fourth quarter. We will provide details on 2026 revenue guidance at our Investor Day, but at this point we expect the first quarter sales to be the lowest of the year and not reflective of the full year.

Turning to Slide 9, I'll provide more detail on certain financial line items for the quarter.

G&A expense was \$17.6 million, which is approximately \$9 million higher than the prior year. The higher G&A expense this period was mostly due to higher corporate costs related to integration activities associated with the Sandstorm and Horizon Copper acquisition. These integration costs were nearly \$4.5 million, and many of these costs are largely one-time in nature and are not expected to be recurring. Employee-related costs, which also includes non-cash stock compensation, were \$3 million higher during the quarter. Like the integration-related costs, much of these additional employee costs this quarter are not expected in future periods. Moving forward, we are estimating our 2026 total G&A expense to range between \$50 million and \$60 million. This estimate reflects some of the cost synergy savings we expected when we announced the Sandstorm and Horizon Copper acquisition.

Our DD&A expense increased to \$80 million from \$34 million in the prior year. On a unit basis, this expense was \$881 per GEO for the quarter compared to \$444 per GEO last year. The higher overall expense was primarily due to \$33 million in additional depletion attributable to the producing interest acquired from Sandstorm and \$13 million in additional depletion from the new Kansanshi gold stream. Depletion expense and depletion rates for the producing Sandstorm interests are higher than historical amounts reported by Sandstorm. This is primarily due to an increase in the carrying values of these interests, which were stepped up as part of purchase accounting rules under US GAAP.

Excluding the additional depletion as part of the Sandstorm interest and the new Kansanshi stream, our 2025 DD&A expense was within guidance range we provided earlier in 2025.

We will provide more detail on 2026 DD&A expectations when we provide 2026 guidance at our upcoming Investor Day.

Costs related to the Sandstorm/Horizon Copper acquisition were \$14 million for the quarter. We highlighted these costs on our last conference call, and these costs are attributable to financial, advisory, legal, accounting, tax and consulting services specific to the acquisition. Again, these costs are one-time in nature, and we do not expect much, if any, of these costs beyond this quarter.

As we announced in November, we sold all Versamet Royalty common shares that we acquired with Sandstorm. The sale resulted in a one-time loss of approximately \$48 million during the quarter. The loss is due to the difference between the sale price of C\$8.75 per share and the fair market value of the shares on the date we acquired Sandstorm, which was C\$11.60 per share. We viewed the value of this shared position at C\$5.20 per share on the date of the Sandstorm transaction announcement in July, so while we recognize an accounting loss, we sold the position at a price that was 68% higher than our original valuation.

Interest and other expense increased to \$17.7 million from \$1.4 million in the prior period, due primarily to higher average amounts outstanding under the revolving credit facility in the current quarter.

Tax expense for the quarter was \$53 million, resulting in an effective tax rate of 36% compared to tax expense of \$26 million in the prior year. The higher income tax expense is primarily attributable to higher pre-tax income and one-time, acquisition-related tax items. Absent the unusual and non-recurring items, our effective tax rate for the quarter was approximately 22.5%. Our annual effective tax rate for 2025 was 17.8% and within the guidance range we provided earlier. We will provide more detail on the expectations of our effective tax rate when we give our 2026 guidance.

Net income for the quarter was \$94 million or \$1.16 per share, which compares to \$107 million or \$1.63 per share in the prior year. The decrease in net income was largely due to the one-time loss on the sale of the Versamet shares and the one-time costs related to the Sandstorm/Horizon Copper acquisition I just outlined.

After adjusting for these items, adjusted net income was \$155 million or \$1.92 per share.

Finally, our operating cash flow this quarter was a record \$242 million, up significantly from \$141 million in the prior period. The increase was primarily due to higher stream and royalty revenue and proceeds from the first delivery of deferred gold for the Mount Milligan cost support agreement. These increases were partially offset by the higher acquisition-related costs I mentioned earlier.

In summary, it was a solid operating quarter, but with some unusual items related to the Sandstorm and Horizon Copper acquisition that impacted our financial results. As much of the Sandstorm and Horizon Copper acquisition-related noise is behind us, I am anticipating that we will return to a steadier state beginning with our first quarter results.

I'll turn to Slide 10 for a summary of recent changes to our outstanding debt.

As discussed in our last conference call, we drew an additional \$450 million on the credit facility on October 10 for the closing of the Sandstorm and Horizon Copper transaction, which resulted in a debt balance of \$1.225 billion.

Since October, we have made significant progress paying down our debt. We ended the year with outstanding debt of \$900 million, and with further repayments in early 2026, we have reduced our outstanding balance to \$725 million and now have \$675 million available under the revolver.

New growth within the portfolio, strong metal prices and the proceeds received from the Versamet share sale have helped us reduce our debt faster than we originally expected. Based on current metal prices and absent further significant acquisitions, we now expect to fully repay the balance in early 2027, earlier than our previous forecast of mid-2027.

I will end on Slide 11 and summarize our financial position.

At the end of December, we had total available liquidity of \$757 million between the available amount on the revolver and \$257 million of working capital.

With respect to further financial commitments, \$100 million of funding outstanding for the Warintza acquisition. We expect to fund the remaining commitment in two tranches of \$50 million this year, with the first tranche expected in the first quarter and the second in May.

Although we will work to convert the Hod Maden joint venture interest into another investment structure, we plan to continue to fund our share of project costs during the year in order to maintain our 30% ownership interest.

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

William H. Heissenbuttel

President, CEO & Director

Thanks, Paul.

2025 was a very active year for us, and this quarter had a lot of unusual items related to that activity and introduced significant noise into the results. These one-time items are now behind us. Our underlying portfolio is performing well and after a record year in 2025, we're starting 2026 from a position of strength.

Royal Gold has the most diversified and gold-focused portfolio amongst our large-cap peers, and we believe we're positioned as a premier company in our sector. We are looking forward to sharing our vision of the future at our upcoming Investor Day.

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

Question and Answer

Operator

[Operator Instructions] Our first question comes from Fahad Tariq from Jefferies.

Fahad Tariq

Jefferies LLC, Research Division

Can you provide maybe some color on what the deal pipeline looks like right now. We're hearing from one of your competitors that because of this maybe potentially larger copper builds that are coming, there could be significant by-product streams available as part of financing strategy. So just curious what you think in terms of the deal pipeline and thoughts around bigger copper projects.

William H. Heissenbuttel

President, CEO & Director

Yes. Thanks very much for the question. I might see if I can get Dan Breeze on the line who runs our business development, just to give you -- he can give you a sense for what he's seeing.

Daniel K. Breeze

Senior Vice President, Corporate Development, RGLD Gold AG

Yes. Thanks, happy to give you a bit of color on what we're seeing. And obviously, 2025 was, was a great year for us, a great year for the industry. And I think what we're seeing is more of the same in terms of our pipeline--it looks pretty strong at the moment. I think one of the things that we've noticed is the market has been pretty volatile looking at the commodity prices, but it just doesn't seem to be slowing down the activity.

I mean, we've seen a number of deals announced this year already -- so I'd say I think the -- sort of the framework of what we're seeing in terms of actual deals is very much like what we've seen announced year-to-date. So third-party royalties, great market to sell those into -- and then to your specific comment around the base level producers and looking to surface value by selling non-core precious exposure, I think that's fair to say. Obviously, the BHP Wheaton deal this week. But you look back at our transactions last year at Kansanshi and Warintza, they fit that category as well. And that's really where our product works extremely well. It works for both the seller and the buyer.

So I think that's a fair comment. I think it's a good market to consider that from a base metal producer perspective. And then we're also seeing development opportunities over projects on primary gold assets as well. So overall, it's a good -- it looks like it's going to be a good market for us going forward into 2026. Does that help you?

Fahad Tariq

Jefferies LLC, Research Division

Yes, that's great. Yes, that's great.

Operator

Our next question comes from Cosmos Chiu from CIBC.

Cosmos Chiu

CIBC Capital Markets, Research Division

Bill and team, maybe my first question is on Hod Maden. As you mentioned, SSR Mining has recently put out a new technical report on the asset as the operator. Were you happy with those numbers? And then secondly, are you happy with the timeline that they kind of put out there, knowing that a construction decision has yet to be made? And when I ask SSR Mining, it sounds like they're trying to involve all parties involved to make a final decision. So, on that front, is Royal Gold actively involved in terms of any discussions in terms of a go-ahead decision?

And then lastly, as a royalty company, what's your long-term strategy here at Hod Maden? Right now, you're a joint venture partner, you need to contribute CapEx into it. Ultimately, are you looking to convert that into some kind of royalty, some kind of stream -- so sorry, multi-part, but I'm sure you can answer all my questions.

William H. Heissenbuttel

President, CEO & Director

There are a lot of pieces to the question. Let me see if I can cover -- were we happy with the technical study? Yes, we were. We knew when we were doing the due diligence on Sandstorm and Horizon, we knew the capital costs were higher. That was part of the due diligence. So, it wasn't a surprise. You look at the IRRs, it's an outstanding gold project.

I mean if we were in the business of being an operating partner, it would certainly be one I think we'd want to hang on to. So yes, happy with the technical report. A construction decision, I think our approach might be a little bit different than an operating company. If the construction decision gets put off a little bit that gives us a little more time before there's heavy spending to work on what we might ultimately try to convert this into, so a delay here is not all that bad. And I think Rod was talking about 2-1/2 to three, two to three years until production. That's fine. We're not saying to investors, we're going to deliver Hod Maden ounces in a certain period of time.

So -- that's not an issue. But we are a joint venture partner. So yes, we are involved in discussions with SSR on the technical report, on development strategy, on spending -- right now, we're proceeding as though we are a joint venture partner, and we're taking that responsibility.

And then I think the last part of your question was the strategy. I think we've been pretty clear, we would like to turn it into something that looks a little more familiar where we don't have the overrun risk, the operating cost risk. But that's going to take some time. And as you can well imagine, SSR has been busy with the technical report, they've been busy with the press release, working on the partners trying to move forward to a construction decision. So, I think that, to the extent we're able to do it, I think it plays out over the course of the rest of this year.

Cosmos Chiu

CIBC Capital Markets, Research Division

That's great. Maybe moving on to another stream or option that you acquired from Sandstone, MARA, it's in Argentina, certainly, Argentina is looking much better now in terms of supporting mining. This is an option to convert into a 20% gold stream eventually. So, could you maybe talk about the mechanics behind that potential conversion? What needs to happen and potential timing here? And the payment that you need to make?

William H. Heissenbuttel

President, CEO & Director

Yes. So, I think we've got like -- we've got a very small royalty as it is and what we're able to do is -- it is basically forego that royalty and convert it into the stream. We have to spend, I believe it's \$225 million (it could be off there a little bit) over the course of whatever the construction period is to earn that gold stream.

The economics of how that investment was calculated was formulaic with a cap, and I think if you didn't have the cap, the formula would result in a much larger investment. So, economically, we have every incentive to invest that money to turn the small royalty into a meaningful gold stream.

Cosmos Chiu*CIBC Capital Markets, Research Division*

Great. And then maybe one last question. Looking back, as you mentioned, 2025 you hit all your different guidances for commodity, but you also exceeded in other metals. Could you maybe talk about some of the details behind how you exceed it -- I think you came in at \$25 million. Guidance was \$18 million to \$21 million in terms of revenue. What drove that outperformance? And is that sustainable? Should we expect that to be factored into how you guide other metals for 2026?

William H. Heissenbuttel*President, CEO & Director*

I may turn this over to Paul. Paul, I believe the excess was primarily due to metal price. But correct me if I'm wrong there.

Paul K. Libner*Senior VP & CFO*

That is largely the case, Bill. And if you want more specifics, I mean, Martin, if you also have further information or detail you can provide there -- but largely was metal price.

Cosmos Chiu*CIBC Capital Markets, Research Division*

Great. Thanks, Bill, Paul and team for answering all my questions. That's all I have.

Operator

[Operator Instructions] Our next question comes from Derick Ma from TD Cowen.

Derick Ma*TD Cowen, Research Division*

I wanted to ask about Pueblo Viejo, the silver stream there. Barrick seems to be making progress with the tailing situation perspective. And I recognize there isn't much detail on the silver side. But conceptually, because of the size of the silver stream and the deferred ounces, is there a lack of incentive for the operator to prioritize silver here? And what can Royal Gold do to kind of pull that forward?

William H. Heissenbuttel*President, CEO & Director*

A lack of incentive -- I don't think so. If you just break down the math: So, it's a 75% silver stream, but we pay a 30% cash price. So, if you take 70% of 75%, you're basically splitting the economics almost in half, and it only covers 60% of the project, so -- when you do that math, Newmont actually has a 40% interest in the silver, and we and Barrick sort to have around a 30% interest. So, I don't think there's a lack of incentive to do that. And I would, I would also think that the entity that has 100% interest in, economically in the silver is probably the DR government that gets royalties and taxes on it. So, I don't think -- we don't get the sense -- we go to site every year. I don't get the sense that Barrick is just sitting on solutions because they don't see the economic benefit as a whole.

Derick Ma*TD Cowen, Research Division*

Okay. So that's clear. And then in terms of the royalty revenue, it's a bit lower than my expectations at least for Q4. Why doesn't Royal Gold provide preliminary royalty -- sorry, royalty revenue expectations on that side of the business? Is it a matter of information, right, to get on some of these assets because some of your peers do put out preliminary revenue in [unclear] inclusive of the royalty assets?

William H. Heissenbuttel*President, CEO & Director*

Yes. And I'm actually surprised we're able to do it to be honest with you, just given -- maybe it is just information rights. But Paul, maybe you can just walk through when we tend to get the information from the end of a quarter or a year to when we put out financials, what happens is we start to find operators reporting over a period of time, and we don't necessarily have an expectation of what it's going to be. But I don't know, Paul, can you give a little more detail there?

Paul K. Libner*Senior VP & CFO*

Sure. Yes,, so Derek, on the information rights, yes, largely a lot of the royalties that we have, we're not entitled to a lot of the information until 15 to 30 to sometimes 45 days after the respective month end or quarter end. So as you -- because of that, it's difficult for us to put together that with a good estimate there. Now I would point you to that we have historically provided our stream sales guidance on a quarterly basis.

And if you look back at just history of the two segments between streams and royalties, roughly 70% is streams and 30% is royalty revenue on average. So that could be another measuring stick for you, if that's helpful. But just, yes, I think going back to just a lot of the information rights that we have, we do look at the revenue over the course of the year and kind of with expectations, but just not having that firm kind of paper in hand to help with that, it probably wouldn't help with estimation. So, I probably would point you back to that stream release that we put out and then just thinking to the 70% / 30% split.

Derick Ma*TD Cowen, Research Division*

Yes, it's -- it might be a bit of Cortez and it's always a bit tricky to model that one that kind of throws wrench in our estimates but understood. Maybe one last question. To your comment on Q1, Paul, you mentioned flat sales quarter-over-quarter. That's metal sales, right, not revenue?

Paul K. Libner*Senior VP & CFO*

Correct.

Operator

Our next question comes from Tanya Jakusconek from Scotiabank.

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

Great. Okay. Sorry, I just want to make sure I understood. So, the Q1 guidance on the GEO sales, you said that only the metals portion?

William H. Heissenbuttel*President, CEO & Director*

Sorry, Tanya, could you just repeat that? Are you asking if it's only on the stream side? Or, we're talking about sort of total GEOs.

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

Okay. So, you're talking total GEOs for Q1 is going to be similar to Q4 of '25, and it's going to be the lowest of your 2026 number?

William H. Heissenbuttel*President, CEO & Director*

That's our estimate. Yes.

Tanya M. Jakusconeck*Scotiabank Global Banking and Markets, Research Division*

Okay. Got it. Sorry, I just wanted to clarify that, that it wasn't just the streaming portion of it. And then I heard [unclear] and then I wasn't sure what it was. Okay, I got it. Maybe I could just go back to Pueblo Viejo again. Barrick indicated on their conference call that, like they're not going to get to the gold recovery that they were anticipating. -- never mentioned anything on silver. So, I'm just kind of wondering and the new technical report will be out shortly. I guess we can wait for that as well. But how much work is being done on this silver? I mean, obviously, the focus has been on this gold and I understand that. Is there any concern that we may not get to what the silver recovery could be as well?

William H. Heissenbuttel*President, CEO & Director*

Yes, Tanya, what I might do is just ask Martin to hop on here and just give you a little background or a sense of where -- what they've been working on recently. Yes, just give you as much background as we have.

Martin Raffield*Senior Vice President, Operations*

Yes. Thanks, Bill. Tanya. So, over the past year, what we've seen is that Barrick has really focused at Pueblo Viejo, along improving the throughput, and they've made great strides towards that. And towards the end of the year, we saw it coming up to the, the levels that they were expecting, and we expect that to continue going forward.

So we think that they -- from a throughput point of view, they're going to be fairly consistent going forward. We don't, in the short term, expect any material change to silver recovery. And you pointed out that gold recovery expectations are lower, long term, and that they are working on those. So really, those recovery issues are related to the type of feed that they're putting in at the moment. They're putting a lot of the old stockpile material in. That stockpile is highly weathered and it's highly variable, probably more variable than they expected, when they put the expansion plan in place -- and that weathering is affecting their floatation and autoclave plants.

I'm not really able at the moment to comment specifically on silver recovery going forward. And I think as you pointed out, we'll wait for that technical report to come out in March. What I will say is that they are highly focused on both gold and silver recovery. We spend quite a bit of time during the year at site visits, talking to the operating team on site, talking to the corporate team. And we're very happy with the amount of effort they're putting into it, in order to improve both gold and silver recovery. But the tech report comes out, and that will give us more information on the future of the operation.

Tanya M. Jakusconeck*Scotiabank Global Banking and Markets, Research Division*

No, I appreciate the stockpiles, but the stockpiles are going to be part of the ore feed for the next five years. So just -- they're there, so we've got to deal with that. Okay. We'll wait for the technical study. Hopefully, we'll have more guidance there. Maybe I'll move on to the -- yes, the transaction environment. Appreciate you going through what's available out there. Just a couple of things I wanted to get an understanding of 1) Are you still in -- you've got about \$700 million of available liquidity to use for transactions. Are you still focused in that \$100 million to \$500 million range? Or what are you focused? Or what are you seeing -- or could you see yourself doing those multibillion-dollar transactions given your focus on debt reduction as well?

William H. Heissenbuttel*President, CEO & Director*

Well, just in terms of capital allocation, I would still always say that if we can find good investments, that's the best use of the capital. And if we stopped repaying debt or even borrowed more to fund the right transaction, that would be a priority. So we are not prioritizing debt repayment over new investments.

As far as the transaction size, I think it has reverted to what we've seen historically. I think \$100 million to \$500 million is a good estimate. As you can imagine, with metal prices where they are, every GEO we buy is going to be more expensive. So, when we refer to \$100 to \$300 [million] might be \$200 to \$500 [million] at this point for the same number of GEOs -- but yes, so that's really in terms of the size of investment. That's the range that we are seeing, and we are still actively working.

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

Okay. And then my other second part of that same question is, I've seen some of your peers double down or go shopping in their own closets, i.e., for assets that they already own and increase exposure there. Is there opportunity for you to do the same?

William H. Heissenbuttel*President, CEO & Director*

We're always looking. We have a great relationship with them. I think Xaventina was a great example. We were able to put another \$50 million to work at an asset that has really developed the way we thought it would, but an asset that we quite like. So again, that should be fertile ground given the relationships we have and the knowledge we have of the assets.

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

Now just thinking of some of these larger-sized ones? And how much --

William H. Heissenbuttel*President, CEO & Director*

Yes, I mean if you look at the larger ones, if Milligan, Centerra needed money if -- I can't imagine Barrick coming to us on Pueblo Viejo. We're certainly open to that. And I think the nice thing about transactions like Antamina is if you can get a BHP to do streaming, that just opens the market to almost every mining company, including companies that were probably resistant. So, I actually see that transaction as opening the door to some other opportunities with bigger companies.

Operator

Our next question comes from Josh Wolfson from RBC.

Joshua Mark Wolfson*RBC Capital Markets, Research Division*

Just looking back at that first quarter production guidance that was discussed, I guess, thinking about the fourth quarter having been a partial contribution from the Sandstorm assets, first quarter will be a full contribution -- and then also there's some annual payments for some of the assets that are paid in the first quarter and then the inventories that are at normal levels. I'm wondering what is causing production really not to increase quarter-on-quarter?

William H. Heissenbuttel*President, CEO & Director*

Yes. Thanks, Josh. I might -- I know, Martin, can I ask you from a production profile perspective? Because obviously, what's happening, yes, we have things that are going up. But there's always variability quarter-to-quarter. And Martin, I don't know, if there's any color you can add there?

Martin Raffield

Senior Vice President, Operations

Yes. I think it would -- Josh, it would be around delivery timing. Some of our bigger assets on it from a delivery point of view fluctuate quite significantly on a quarter-to-quarter basis. And I think I would put that lower estimate for Q1 down to delivery timing in general.

Joshua Mark Wolfson

RBC Capital Markets, Research Division

Okay. So, there's no material mine plan changes or seasonality we're thinking about here?

Martin Raffield

Senior Vice President, Operations

No, not at all -- it's all around deliveries.

Joshua Mark Wolfson

RBC Capital Markets, Research Division

Got it. Okay. And maybe just along those lines, given the portfolio is larger now, should we expect to see inventories build up from current levels? Or even with the new assets that are streaming related entities should the inventory level be stable?

William H. Heissenbuttel

President, CEO & Director

Yes, John, -- so go ahead, Martin.

Martin Raffield

Senior Vice President, Operations

I was hoping to leave that one to you, Bill, but I'll say no. I think our inventory levels are going to be fairly stable.

William H. Heissenbuttel

President, CEO & Director

Yes. The only color I was going to add to it, Josh, is our inventory is the product of our sales policy. And what we try to do is sell metal over the period of time between deliveries. So, if we expect the next delivery in 21 days, we'll sell the metal we just got over 21 days. There's not an inventory strategy. The inventory at the end of the quarter is just a result of what deliveries occurred and where are we in that sales cycle?

Joshua Mark Wolfson

RBC Capital Markets, Research Division

All right. Those are all my questions.

Operator

Our next question comes from Brian MacArthur from Raymond James.

Brian MacArthur

Raymond James Ltd., Research Division

To the comment made that you're going to fund Hod Maden this year to maintain your interest, which makes sense to me -- is it, it's not significant funding this year. If I look at the way, the feasibility works, the big capital tends to be a few years out. Is that right the way you look at it right now? Because, again, I think one of the things you would probably try and do is restructure this before you had to put significant capital into it because it's a different business model then.

William H. Heissenbuttel

President, CEO & Director

Yes. I mean if we can restructure this before significant capital goes in, that -- I agree with you, that is the best outcome for us. As far as the spending this year, again, I think SSR is talking about a 2- to 3-year construction period. What we spend this year is going to be very much dependent on when the investment decision gets made, because I think what Rod talked about yesterday was spending about -- it was \$15 million a month, but that would increase. So, if an investment decision is made in two weeks, that's different than an investment decision is made in a couple of months. And I think once we have more clarity on that, we can come back to you and say, okay, if we don't restructure this, this is what the spend will be for this year. I just don't know what that number is right now.

Operator

With that, we have no further questions in the queue at this time. So that does conclude the Q&A portion of today's call. I'll now hand back over to Bill Heissenbuttel for closing comments.

William H. Heissenbuttel

President, CEO & Director

Well, thank you for taking the time to join us today. We certainly appreciate your interest, and we look forward to updating you during our upcoming Investor Day. Take care.

Operator

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

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