Royal Gold, Inc.

Fiscal 2015 Second Quarter Earnings Conference Call

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CORPORATE PARTICIPANTS

Tony Jensen - *President & Chief Executive Officer*

Stefan Wenger - *Chief Financial Officer & Treasurer*

Bill Heissenbuttel - *Vice President of Corporate Development and Operations*

Bruce Kirchhoff - *Vice President, General Counsel and Secretary*

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PRESENTATION

Operator
Good afternoon and good morning. Welcome to Royal Gold's Fiscal 2015 Second Quarter Earnings Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" and then "1", to withdraw your question, you may press "*" and then "2." Please also note that today's event is being recorded.

At this time, I'd like to turn the conference call over to Ms. Karli Anderson, Vice President of Investor Relations. Ma'am, please go ahead.

Karli Anderson
Thank you, Jamie. Good morning and welcome to our discussion of Royal Gold's fiscal second quarter 2015 results. This event is being webcast live and you'll be able to access a replay of this call on our website.

Participating on the call today are, Tony Jensen, President and CEO, Stefan Wenger, CFO and Treasurer, Bill Heissenbuttel, Vice President, Corporate Development and Operations and Bruce Kirchhoff, Vice President, General Counsel and Secretary. Tony will open with an overview of the quarter, followed by Bill Heissenbuttel with an operational update, and then Stefan Wenger will provide a financial update. After management completes their openings remarks, we'll open the line for a Q&A session.

This discussion falls under the 'Safe Harbor' provision of the Private Securities Litigation Reform Act. A discussion of the company's current risks and uncertainties is included in the Safe Harbor statement in today's press release and is presented in greater detail in our filings with the SEC.

Now, I'll turn the call over to Tony.

Tony Jensen
Good morning and thank you for taking time to join us today. Before I talk about the financial results, I would like to brief you on some recent management changes.

As we discussed on our last conference call, Bill Zisch, our Former VP of Operations has taken the challenges with Midway Gold as CEO. We wish him great success. We have taken this change as an opportunity to restructure our company. I would like to introduce and welcome Mark Isto, as our new Executive Director, Project Evaluations.

Mark is a former and long-term classroom colleague of mine, who brings over 30 years of experience in mining engineering, construction and project management to Royal Gold. He joins us from First Nickel where he was Vice President of operations and prior to First Nickel; Mark was with Kinross in senior technical and project development roles. At Royal Gold, Mark is providing engineering and technical support to our business development activities coordinating the due diligence efforts and also monitoring our current portfolio. Mark will be based in Toronto to establish our presence there.

And this is part about Bill Heissenbuttel [technical difficulty] Bill Heissenbuttel's role to include operation and Mark will report to Bill. Bill has been a critical part of our management team over

eight years, and he will benefit from the increased exposure to operations. I believe these two appointments complement one another, with Mark bringing his extensive technical background to our project reviews, and with Bill employing his deep understanding of the commercial aspects of our business. Now for a discussion on our second fiscal quarter beginning on slide four.

Revenue was up 16% from a year ago, despite a 6% decline in gold price. And adjusted EBITDA was up 5% from the same period in 2014, roughly one third of our revenue and outcomes from our streaming business with the balance coming from royalties. The rate of increase associated with revenue is higher than EBITDA because our per ounce payments we make on streams are included in the EBITDA figure. We also increased our dividend by 5% and returned $13.7 million to shareholders in the quarter. Stefan will update you on our financial performance momentarily.

Operationally speaking, the second quarter was very strong relative to a year ago. Although several properties were on the low end or missed the operator's production guidance, gold equivalent ounces still increased 23% from the same period in 2014 on the strength of Mount Milligan and Cortez.

From the business development standpoint, we made additional streaming scheduled payments to Rubicon Minerals in the second quarter and finalized the gold streaming transaction with Euromax Resources that we announced in October. And three weeks ago, we formed the Peak Gold Joint Venture which will fund initial exploration activity at the Tetlin Project in Tok, Alaska. Bill Heissenbuttel will discuss operations and answer any business development questions you may have later on the call.

Turning to slide five, you can see the cumulative gold production at Mount Milligan, and it's just completed its fifth quarter of production. We have received about 55,000 ounces to-date, but there is an additional 47,000 ounces of gold in the system. Gold in the system represents work in process inventory, gold in transit and gold pending settlement. This inventory is close to our expected city state level of about 50,000 ounces in 2015. And so far in January, we have already sold or received about 17,000 ounces from Mount Milligan, thus we expect Q3 to be stronger than Q2.

Thompson Creek reported calendar year production at Mount Milligan of 178,000 ounces of payable gold, and they expect production to increase 20% to 30% in 2015. Estimated cash cost for 2015 of $0.60 to $0.85 per pound on a byproduct basis, illustrate the strength of the operation.

On slide six, you will see an aerial photo of the Phoenix Project in Red Lake, as well as the SAG and the ball mill. In mid-December, Rubicon reported that the project construction was over half complete with approximately 85 million Canadian dollars required to finish the build. They also announced that stockpiling of ore on surface has begun in preparation for commissioning the mill. And we are encouraged by the results of the 38,000 meter in-fill drilling program, which is now complete, and demonstrates the continuity and grade of the deposit. Rubicon continues to project a production startup in mid-2015.

And now, I will turn the call over to Bill.

Bill Heissenbuttel
Thanks, Tony. On slide seven, we are comparing second quarter versus first quarter gold equivalent ounce production and also year-over-year production results. I will make some initial comments on Mount Milligan on a quarter-over-quarter basis, but then focus more so on comparable quarter results.

You will see that relative to last quarter, we had lower GEOs from Mount Milligan. In Q2, we received 25% provisional payments on three shipments which is a lower provisional than what we received on the first few shipments. We ended 2014 with six shipments still outstanding, shipment eight which had a 50% balance remaining, as well as shipments nine, ten, eleven and twelve which have a 75% balance remaining. Also outstanding was shipment thirteen, which is the first shipment on which we will receive gold based on final settlements, which is not expected to be more than five months after shipment. Subsequent to December 31, we sold our Q2 inventory of 4,800 ounces, and have already received final settlements on shipments eight and nine.

On a comparable quarter basis, Thompson Creek reported payable gold production of 41,000 ounces in the current quarter as opposed to 20,400 ounces for the same period in 2013. The increase reflected the continuing ramp-up of the Mount Milligan mine, which commenced production in late 2013.

Average mill throughput during the most recent quarter was just under 44,000 tons per day, which represent 73% of capacity, although the mine was able to operate at over 48,000 tons per day during the latter half of the month of December. The company anticipates achieving the throughput capacity of the mill by the end of 2015 using contracted secondary crushing during the year.

For the calendar year 2015, Thompson Creek is forecasting annual payable gold production of 220,000 ounces to 240,000 ounces, an increase of approximately 25% to 35% over calendar year 2014. Thompson Creek has also filed an updated technical report for the Mount Milligan mine that reflects 6.2 million ounces of estimated proven and probable gold reserves at $1,250 an ounce gold, up from 6 million ounces in the previous technical report.

At Andacollo, the reduction in payable gold and concentrate subject to our royalty was below the prior quarter but roughly consistent with previous quarters of calendar 2014, lower mill production in the third calendar quarter of 2014 which was down 15% in that period due to unexpected mill downtime in September impacted the most recent quarters smelter provisional settlements on which we are paid.

At Cortez, the increase in production for the quarter was due to increased mining activity on our royalty ground and the absence of ounces shipped to Goldstrike during the comparable period last year. Although Cortez did not meet the original expected guidance in terms of royalty ounces produced from our ground, we saw progressively increasing levels of ounces produced from our royalty area in calendar of 2014.

At Holt, reported quarterly production increased as more tons of Holt ore were milled offsetting a lower grade. The milled grade during the most recent quarter of 4.05 grams per ton compares to an average grade to the mill over the first three quarters of calendar 2014 of 4.87 grams per ton and reflected stope sequencing in zone four of the mine.

At Mulatos, gold production in the fourth calendar quarter was nominally higher on a quarter-over-quarter basis, but it was lower than expected as the commissioning of the San Carlos mill was slower than anticipated and recoveries were below the target of 75%. Recovery at the mill is estimated to remain at approximately 60%, while the company addresses identified throughput issues.

And finally, Peñasquito announced payable gold production of 567,800 ounces for calendar 2014 which slightly exceeded the company's public guidance range, and the company is forecasting 2015 payable gold production from the site of 700,000 to 750,000 ounces. Metal grades at Peñasquito are expected to be lower in the first quarter of calendar 2015 with increasing grades from the Peñasco pit seen during the remainder of the year.

The northern well field project remains on track to be completed in mid-2015 and is expected to be able to service the long-term water requirements at Peñasquito. The pre-feasibility studies for the Concentrate Enrichment Process and Pyrite Leach Process were essentially completed at the end of calendar 2014, and these projects are being integrated as they enter the feasibility study phase which is expected to commence by the end of the first quarter and be completed in early calendar 2016.

I will now turn the call over to Stefan.

Stefan Wenger
Thanks, Bill. On slide eight, I will briefly talk about some important points from the financial results we reported this morning with comparison to the prior year quarter. Revenue of $61.3 million was up 16%, driven largely by Mount Milligan. Our DD&A rate was $397 an ounce for the quarter down 28% from $548 an ounce in the same period a year ago, again reflecting greater contribution from Mount Milligan.

Our effective tax rate for the quarter was 22% compared with 37% in the prior year quarter. We reported a loss for the quarter of $6.5 million or $0.10 per share, compared with net income of $10.7 million or $0.16 per share.

A few comments on the loss. We recently received a revised mine plan and resource update from Yukon Zinc regarding the Wolverine project, and we became aware that the project was in the process of being placed on care and maintenance. This information triggered an impairment analysis and ultimately resulted in a non-cash charge related to the Wolverine royalty of $0.33 per share. Absent this impairment adjustment, EPS would have been $0.23 per share and our effective tax rate would have been 26%.

The Wolverine non-cash charge included $26 million impairment associated with the carrying value of the royalty, as well as a $3 million write-down of the outstanding receivables related to past production. While the impairment charges are disappointing, it's important to put Wolverine in the right context. For the 12-months ended September 30, 2014, Wolverine contributed only 1.4% of the Royal Gold's total revenue.

Turning to slide nine, you will see that our liquidity position continues to strengthen with nearly $1.2 billion in total liquidity. We have $950 million completely uncommitted after deducting all current and contingent commitments. We have also generated over a $160 million in operating cash flow over the last 12-months, which gives us great flexibility to balance return of capital to shareholders with growth.

I will now turn the call back over to Tony.

Tony Jensen
Thank you, Stefan. I'll leave you with three key themes to watch in 2015. The first is growth. Mount Milligan's ramp-up is well underway, and we will continue to benefit from that increased production. Beyond 2015, we now expect 9% higher annual production from Mount Milligan for the first five years, based on our recently updated technical report.

Phoenix is slated to begin production midyear, and will further enhance our growth profile of our streaming business.

And as Bill mentioned, Peñasquito is expected to have notably higher production in 2015 and we look forward to positive results with their metallurgical enhancement projects which could increase production and extend the mine life. The second theme is quality.

On slide ten, I want to give you a sense of the portfolio strength following Yukon Zinc's change in mine plan and decision to put Wolverine on care and maintenance. Through the end of the September quarter, the average gross margin amongst our producing properties was 55%. The blue diamonds on the slide represent our carrying value of each asset. And you can see the lower margin operations have relatively small book values. So despite the unfortunate situation at Wolverine, most of our operators have continued to report healthy gross margins at their properties.

I'll finish on slide 11 with the third theme, opportunity. Even though we added several new pieces of business over the last year, our balance sheet remains one of the strongest in the industry. We remain confident that royalty and stream financing is an attractive cost of capital for counterparties. And we will continue to work with companies to evaluate the true cost of financing alternatives and address their unique issues. This is the time to grow our portfolio.

With that operator, that concludes our prepared remarks, be happy to take any questions.

QUESTION AND ANSWER

Operator
We will now begin the question and answer session, to ask a question, you may press “*” and then “1.” If you are using a speakerphone, we do ask that you to please pickup your handset before pressing the keys to ensure the best sound quality. To withdraw your question, you may press “*” and “2.” Again, it is “*” and then “1” to ask a question.

And our first question comes from Andrew Quail from Goldman Sachs. Please go ahead with your question.

Andrew Quail
Hi, Tony, Bill, Stefan and Karli, just a few questions this morning; one on Mount Milligan. I suppose, you’re looking at slide five which you highlighted, Tony, I mean, are we looking at that 50,000 ounces that's in the system, is that something that's going to, I mean, not blow out any further? I mean, I think it's more of a timing issue, obviously, with the shipments. But is it now we are at a steady state where production and sales are pretty much…because I mean, it looks like production…I was there not long ago, I think production's going pretty well, but the sales are sort of lagging for reasons, and that's fine. But now is it at a steady state where we can model

so we get closer to the EPS, I suppose going through ‘15, and beyond. Is that 50,000 there and not going to shrink or expand?

Tony Jensen
Thanks for the question, Andrew. That gives me a chance to elaborate a little bit more on that. We have seen strong production from Mount Milligan over the course of the year, but realizing that as in any increase in production you build inventory, and that's really what's happened. So we haven't got the full benefit of the production. But now that inventory is built, and we think that 50,000 ounce number is reasonably good as an estimate. It represents essentially five months of delay between production and payment. And as Bill mentioned, there is a contractual obligation where they have to pay us within five months, and then we sell three weeks after we receive it. So, now that's going to move around a little bit. If production increases in one particular quarter that inventory will go up just like it does in any business and will probably draw down inventory a bit and lower [indiscernible] of production. But that's a good…a reasonably good level we believe, to have a steady state going forward.

Andrew Quail
Okay, great. Maybe onto on Phoenix, I mean, obviously it looks like its on target to start mid-2015. What do you think is a reasonable timetable to sort of expect sort of first revenue for Royal Gold?

Tony Jensen
I would imagine that underground mines take a bit of time to start up. I think it's more the underground development aspects of the project than anything else until you reach full capacity in the stopes. So, will we get…I am sure we will get a...likely get a payment by the end of this calendar year. But I think we are pretty modest in what we have built in for the second half of this year.

Andrew Quail
Okay. Yeah, we’re sort of starting 2016. As far as…I just wanted to touch on Yukon Zinc. I don't know what the cost is there at the product company, but zinc is actually looking pretty good compared to most other sort of commodities at the moment, surprising they've done that. That's up to them. Are there any other, I mean of the 37, do you see , are there, I mean, you have highlighted the chart saying where you guys sit on the cost curves and all that. How many others of those 37 streams do you think, even if they're 1% of total revenue that we could see over the next sort of 12-months be put on care and maintenance or shut?

Tony Jensen
Well, again, the portfolio is pretty robust. There are a couple though that we keep a watchful eye out for, there is some higher cost producers that may be able to improve their production profile and their cost structure. The ones that I think that we are most concerned about at this time would be Inata in Burkina Faso. Apart from that, we really are just in a very important information gathering quarter where we get all of the reserves and resources generally from our producers and then Stefan, as he does every quarter, will go through any kind of impairment test. But we really don't think we have a tremendous amount of exposure or even much exposure at all outside what I've just mentioned.

Andrew Quail
Okay. And last one, I just want to circle back, one more on Mount Milligan, obviously, going pretty well. If there was a need to put in the secondary crusher permanently which it might look

like, would there be a scenario where you would be open to putting any more money into that project?

Tony Jensen
Well, that's an interesting question. First of all, we haven't been presented with that scenario. So it's a bit of a hypothetical at this point. As you know, and we have talked about a number of times in this call, we want to make sure that when we invest in a project, we don't push the operator or the project itself up to a cost curve point that it just doesn't, it's a vulnerable project. And so we were very pleased with the kind of cash cost you see coming out of Mount Milligan right now. So I don't think it's a cash cost issue. I think the project can support more streaming, if need be. And for us, it would just be a decision on wealth concentration in one asset. And so, if we were presented with a hypothetical, we would take that into consideration.

Andrew Quail
Thanks very much, Tony. Thanks, guys.

Tony Jensen
Andrew, thanks for your questions.

Operator
Our next question comes from Kevin Chiew from CIBC. Please go ahead with your question.

Kevin Chiew
Hi, guys, and thanks for hosting the call. I had a question on Mount Milligan. I guess in this last quarter, they talked about a little bit of weakness in grade and recoveries. Just wondering based on your understanding, how that kind of plays out, obviously, the guidance would suggest that operations are improving.

Tony Jensen
Yes. So indeed they are. We continue to be pleased with how the throughput is ramping up. As Bill mentioned, they were able to achieve 80% and that was the goal, just at the… right at the end of the year. And with the commitment to having a contractor to provide the services for secondary crushing, and some additional work that continued optimization that happens in the plant all the time, along with optimization of blasting in the pit, I think these things are very positive to be able to get up to the 60,000 tons a day by the end of the year. But frankly, I've always said, that getting the last 20% on a project is the most difficult thing to do. And I'd just like to emphasize, even where we are at right now, this is a tremendously strong project for us and it's a tremendously strong project for Thompson Creek. So we are quite pleased with that.

With regard to gold recovery, there's some work to do there yet. There are some modifications that Thompson Creek is looking to do with in the circuit to continue to improve that, and it's just a little too early for us to be able to dial in on one specific number there, Kevin. But this is a very normal ramp-up, and I think things are going pretty good overall there.

Kevin Chiew
Okay. And just…I think we talked about this before in terms of the timing of shipments and gold sales for Royal Gold for Mount Milligan. Just once again, just wanted to…maybe if you guys could comment on whether or not you expect any sort of gap just with, now the switch over to 100% on final settlement.

Tony Jensen

Yes, I think it's going to be a rather smooth transition when we come off all of our provisional payments. Of course, it all depends on how production does between now and that payment transition comes to us. But we don't really look for a big falloff, Kevin at this point. We engineered that step-down, if you will from 75% provisional to now where we are at, at 25% on the last four shipments to be a rather smooth and gradual thing because we wanted to prevent that step-down. Of course, putting something on paper and having it happen in reality are two different things. But I think it's going to come out reasonably good. But bear with me if there is a little bit of a transition there. We'll just have to see how production happens.

Kevin Chiew
Alright. And then maybe turning over to Peñasquito, I noticed for the reported production and based on kind of what they produced on a full-year basis, there is a little bit of a difference there, I get about a 15,000 ounce gold difference there. Just wondering if you could maybe talk about what that difference might be.

Tony Jensen
Well, as you know, there is…Peñasquito produces concentrate for the bulk of their metal. And so, production wouldn't (ph) normally take into consideration everything that's work in progress, as we talked about at Mount Milligan and ounces that are on the water and everything else…pounds in their case, that might be on the water. So I think I would attribute that to the difference between production and sales. Bill, do you have any further comment to that?

Bill Heissenbuttel
No. I just think it's very hard. Gold Corp, has not other than payable gold production, Gold Corp, has not reported what they did for the fourth quarter and there is always going to be a difference between what we are reporting as production because that's really production subject to our royalty where there has been a settlement payment. So that would really be the difference.

Kevin Chiew
Alright, okay. And then I guess this quarter the other category came off a little bit. I was just wondering if there was one particular royalty in there that came off a lot or what that's attributable to.

Tony Jensen
Yes, Kevin, we don't have that detail in front of us. I don't think there's anything significantly large, but let me ask Karli to call you, get that detail and call you after the call to make sure. And anybody else that happens to be interested in that information, please give Karli a note and we'll make sure we provide that data.

Kevin Chiew
Sure. Appreciate it. Thanks for taking the questions, guys.

Tony Jensen
Thanks, Kevin.

Operator
Our next question comes from Garrett Nelson from EB&T. Please go ahead with your question.

Garrett Nelson

Hi, I think you mentioned it, but how many total shipments have been made at Mount Milligan through the end of December?

Bill Heissenbuttel
Through the end of December, 13.

Garrett Nelson
Okay. So you are over the 12 shipment threshold?

Bill Heissenbuttel
Correct.

Garrett Nelson
Okay, and then…

Tony Jensen
Well, let's clarify that. You have got…you have been paid on through nine, right?

Bill Heissenbuttel
Through final settlement.

Tony Jensen
Final settlement through nine?

Bill Heissenbuttel
Yes. Shipment 13 is on the water.

Tony Jensen
10, 11 and 12, that have provisional's that are going to be…finals that are coming to us and then our first 100% of final shipment 13 is on the water.

Garrett Nelson
I see. Okay, thanks for clarifying that. And then your DD&A per ounce has been coming down the past five or six quarters. Do you have an update on the DD&A per ounce we should be modeling for the rest of your fiscal 2015?

Stefan Wenger
Yes. Garrett, this is Stefan. We continue to project an overall DD&A rate per ounce of $400 to $450 an ounce for the entire year. We were just below the low end of that range for this quarter. We are seeing stronger production from Mount Milligan which definitely brings that rate down. But this quarter as was noted too, we had somewhat lower contribution from some of the other royalties in the portfolio. So I think we'll be at the lower end of that $400 to $450 range for the full year, but still within that range.

Garrett Nelson
Okay, thanks a lot.

Tony Jensen
Thanks, Garrett.

Operator

Our next question comes from Adam Graf from Cowen and Company. Please go ahead with your question.

Adam Graf
Thanks for taking my question. Just a couple of quick questions, congratulations, guys on the quarter. Maybe just a follow-up to Andrew's question and a follow-up to slide ten, other than Inata, any other of your active royalties or near-term royalties that would become active look to be negatively…potentially negatively impacted by the slip in base metal prices that we've seen recently?

Tony Jensen
Yes, I'm just taking a mental review of that, Adam, and I don't have anything specific there that would come to mind. We've got Robinson in Nevada, that is a higher cost producer, but we haven't seen any evidence of stress there yet. So I really don't…looking at the team here, I don't think there is anything else that comes to mind on the base metal side.

Adam Graf
And then maybe just a couple of quick questions on a couple of your Nevada royalties. I noticed going through some of the Barrick presentations and quarterly financial disclosures that they have been doing some exploration under the Cortez Hills pit, thinking about potentially deepening that pit as it's there, probably their best cash flowing operation. Have you guys been talking to them about that and/or been keeping your ear to the ground there on how that could potentially impact, if they were to expand that pit further than the mine plant, how that could impact or delay your pipeline royalty flows?

Tony Jensen
Yes. So, Adam, you know that…we know that asset very, very good as I was the mine manager there for four years and we discovered Cortez Hills, I should say the explorationist at our project discovered Cortez Hills during that tenure. Unfortunately, from Royal Gold's standpoint, that's off of our ground. So any expansion there is not benefiting us from a royalty standpoint. But the nature of your question, I think is more along the lines, how could it negatively impact and maybe offset other ores that we do have a royalty on. And I think that's a bigger issue for the open pit than it is from the underground. I would expect that there'll be continued success in the underground there and potentially more reserves discovered and mined than what are currently on the books. But our significant delays were associated with the high volumes coming out of the open pit. And given the nature of that deposit and the geography where it's right up against Mount Tenabo, I don't think additional layback is likely there.

Adam Graf
Yes, it seems unlikely because of that high strip.

Tony Jensen
Yes, it's just right up against Mount Tenabo.

Adam Graf
Yes, and they can't steepen those walls any more than they are, do you think?

Tony Jensen
I think really their future lies in the underground at Cortez Hills for that project.

Adam Graf
Yes. And then also in Nevada, Leeville is supposed to be undergoing a significant ramp-up in throughput. And I was wondering if you had any contact or any color from Newmont about how that is going to actually come about over the next year…several years. Obviously, you guys have an interest there.

Tony Jensen
Right. And I think, no, to be direct to your question, we don't have any significant color when it comes to additional throughput and how it might benefit us. But that is a maturing asset for us and a lot of the future is going up to the north off our ground away from what's called four corners. So I think a lot of the Newmont's focus is going to be up in that area, Adam.

Adam Graf
Do you have any forecast on when they might be fully off of your ground? It seems to me like that would be some time away.

Tony Jensen
Yes. I mean we've gone down in production there as they continue to mix on and off our ground, but I think we are going to have some residual production there for quite some time.

Adam Graf
And then finally, at Twin Creeks, I know that's a very small royalty for you. But Newmont was supposed to be undergoing a major stripping campaign that was supposed to then benefit ore throughput there starting in 2016 and they've kind of quietly mentioned that they are slowing down that program. And I was trying to…I was curious if you guys had any further color on that, even though I know it's a very small interest for you guys.

Tony Jensen
Yes, it is a very small interest for us. And we haven't, at least to my ears, we haven't any new information with regard to whether they are going to continue at a full pace there and provide an expansion or not. But really, when you look at our overall portfolio, it's such a de minimis piece.

Adam Graf
Very good. Thanks for taking my questions and again congratulations on the quarter.

Tony Jensen
Thank you, Adam.

Operator
And our next question comes from Farooq Hamed from Barclays. Please go ahead with your question.

Farooq Hamed
Hi there, guys. Good morning, I actually wanted to focus on Voisey's Bay with my question, and more specifically, what is your understanding of the timing when the nickel concentrate will begin processing at the Long Harbour facility?

Tony Jensen
Alright. Farooq, this is Tony. We understand that they are going to be putting more and more Voisey's Bay into Long Harbour during the course of this year. But we think that's backend weighted, we have no settlement statements or anything that suggests that any of our ore has

been processed there yet. But they have spoken about the fact that they are transitioning from Indonesian nickel matte into Voisey's Bay nickel matte during the course of this year.

Farooq Hamed
Okay. So if it's calendar year backend weighted, and then you are thinking that's really going to start affecting your fiscal '16 as opposed to fiscal '15?

Tony Jensen
I think that's accurate.

Farooq Hamed
Okay.

Tony Jensen
That's our best guess at this time; let me put it that way.

Farooq Hamed
Okay. Now, that's fine. And then what about magnitude of difference, so in your release you kind of mentioned that it would be a significant reduction in royalties based on the calculation that has been proposed. So we've seen a gradual decline at Voisey's Bay over the last few years and in 2014, we are at roughly 25 million. How big a decline directionally or in magnitude are you expecting, once it kind of converts over to Long Harbour?

Tony Jensen
Alright. Well, let me just come back to what we've said publicly in our written remarks, that we have had discussions with them, that we have not been able to agree on what the proper treatment is for the royalty calculation. And nothing has been set in stone from what we understand. So we aren't going to be able to answer your question with any kind of specificity until we get our first shipment. But we did want to put in the comment that some of the proposals would result in a very significant reduction. So we are telling you just exactly what we are able to at this time, realizing that this is an active litigation.

Farooq Hamed
Okay. No, that's reasonable. Just want to switch gears a little and go to Cortez. So just kind of on the back of Adam's question there, what do you know of kind of Barrick's plans for 2015 there in terms of sourcing ore from your line, so from pipeline and gap?

Tony Jensen
You want to take that, Bill?

Bill Heissenbuttel
That's fine. We do have the ability to get that information. At this point, given the timing, given the calendar, we just don't have that information quite yet. And as Tony said, this quarter is particularly important for us in terms of getting sort of reserve updates and production forecasts.

Farooq Hamed
Okay, and…

Tony Jensen

I mean, that's a very accurate answer. We will, in April, be coming out with all of our guidance for the course of the year, and we just don't have the detail yet. And the life of mine plans differ quite a bit from what the actual budget is for the year. So Farooq, give us a chance to get that in. But generally speaking, I think we still would expect them to be largely on our ground like they were this year.

Farooq Hamed
Okay. And then maybe one last one on Mount Milligan, so I guess Thompson Creek has made comments that they are not going to invest in that secondary crusher until market conditions improve. Can you give us some more color in terms of what that means?

Tony Jensen
Well, I think it's one of capital allocation at the present time. What I read into that is that they see the benefit in a secondary crusher. And in the short-term it makes more sense from a capital allocation standpoint, to pay for that out of operating costs through a contractor than it does for them to capitalize that at the present time. But I think there is a clear interest for them to look into the long-term there and when they believe it's the appropriate time to put in a permanent secondary crusher. So that's about all the color I can give to you on that. I hope that makes some sense.

Farooq Hamed
Okay. Now, that's fine. I just…I am just kind of wondering about this ramp up to the 60,000 tons per day level. And in fact, I guess, their updated technical report actually implies north of 60,000 tons per day. It implies closer to 61,000 tons per day for the next few years or actually for a number of years. And so, I'm just wondering, I guess right now the plan is to do that through contractors until that…

Tony Jensen
It is.

Farooq Hamed
Okay.

Tony Jensen
That's what we understand to be the case and Mount Milligan is very, very approachable. And I would encourage you to call them and see if you can get additional color. But I think what they've said is pretty transparent, they are just going to start with the secondary crusher, but use a contractor service for that.

Farooq Hamed
Okay. Now, okay. Well, thank you very much for that. That’s great.

Tony Jensen
Thanks, Farooq.

Operator
And our next question comes from Jamie Kasprowicz from RBC Cap. Please go ahead with your question.

Jamie Kasprowicz

Great, thanks for taking my question. Just wondering, two questions. One, can you remind me if you guys get to participate in any of the Goldstrike ore processed as part of the thiosulfate project that Barrick is currently expected to ramp up?

Tony Jensen
To the extent, Jamie, that any of the ore that came off our ground went through that process, the answer is, yes. And they move ore in several different directions there and we actually track it to its source. So I would anticipate, yes. I don't the detail of how much would likely go through that process.

Jamie Kasprowicz
Okay. So we could see a bit of a bump in revenues assuming a flat gold price into the next few quarters at least, maybe?

Tony Jensen
Yes. I would be cautious about expecting too much there. I look at that as a pretty mature and steady state producer for us.

Jamie Kasprowicz
Okay, perfect. Second question, you guys noted in the release you remain active in evaluating additional business opportunities. You have about $950 million in uncommitted liquidity; you've had that on the balance sheet for maybe about 12-months now. I'm just wondering, if you could comment on anywhere you are seeing opportunities in the space in terms of precious metals or other and basically what the size of those opportunities would be. Are you shooting for $100 million to $200 million or $300 million deals or larger or smaller? Are we going to see a series of smaller transactions with longer-dated production or more immediate streams, like what are you thinking around that?

Tony Jensen
Let me ask Bill Heissenbuttel to comment on it, and then I would like to follow-up with a couple of comments as well.

Bill Heissenbuttel
Sure. I think your stated range of $100 plus million would really be our sweet spot. The problem with the business is you cannot predict the size of the opportunities or the timing of the opportunities when they come. We would love to do a couple of $200 million deals. But that may not be what we see at any one particular time. I will tell you that if you look historically, going back a number of years, there has typically been a deal that's north of $500 million, and a billion plus, sort of one a year since 2010, if you will. And so, I will say, yes, we have a lot of uncommitted liquidity on the balance sheet. At the same time, it's important when you are standing in front of the operators who want to raise significant dollars; you want to be able to say that I'm there for that money for that investment. So that really…it lends credibility to what we do when we are marketing our streaming product.

Tony Jensen
And Jamie, I would just add to that. This is a time where we've seen a full range of opportunities, from precious metal producers that need help putting their projects through feasibility and maybe we'll participate in that on what I call success based investing where we put a little bit of money in and then we lever that up with the optionality of putting bigger money in once the risk is taken out. So we see those opportunities, all the way up to helping major miners, whether that will be precious metal or base metal, restructure their balance sheet. So

it's a wealth of opportunities out there. And the one thing I always say is, I send a bit of a mixed message when we talk about this, we are going to remain disciplined and we are going to also remain with the quality bend on everything that we do. So we are patient, but we are positioned.

Jamie Kasprowicz
Okay, that's perfect. Maybe just a very quick follow-up on that, so for the larger miners, are you seeing generally speaking, anything sort of open up more in the base metal side of things where they perhaps have some gold byproduct production?

Tony Jensen
I don't want to comment on anything specific, but I think it's appropriate to say that we are seeing opportunities across the board.

Jamie Kasprowicz
That's perfect. Thank you.

Tony Jensen
Thanks, Jamie.

Operator
And, ladies and gentlemen, we've reached the end of the allotted time for today's question and answer session. At this time, I would like to turn the conference call back over to management for any closing remarks.

CONCLUSION

Tony Jensen
Well, thank you for joining us today. We very much appreciate your interest in Royal Gold. Just a wealth of wonderful questions, and if there are any other further questions, Karli will be more than available to answer those. Once again, we look forward to updating you on our next quarterly call. Bye for now.

Operator
Ladies and gentlemen, that does conclude today's conference call. We do thank you for attending. You may now disconnect your telephone lines.