# Royal Gold Inc

# First Quarter 2019 Earnings Conference Call

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**CORPORATE PARTICIPANTS**

**Alistair Baker** – *Director, Business Development*

**Tony Jensen** – *President and Chief Executive Officer*

**William Heissenbuttel** – *Chief Financial Officer and Vice President, Strategy*

**PRESENTATION**

**Operator**
Good day, ladies and gentlemen, and welcome to the Royal Gold Fiscal 2019 First Quarter Conference Call. All participants will be in 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 "*" then "1" on your telephone keypad. If your question has been addressed you may withdraw by pressing "*" then "2".

Please note this event is being recorded. At this time I would like to turn the conference over to Alistair Baker, Director of Business Development. Please go ahead, sir.

**Alistair Baker**
Thank you, Denise. Good morning and welcome to our discussion of Royal Gold's first quarter 2019 results. This event is being webcast live and you will be able to access a replay of this call on our website. Participating on the call today are Tony Jensen, President and CEO; Bill Heissenbuttel, CFO and Vice President of Strategy; Mark Isto, Vice President of Operations; and Bruce Kirchhoff, Vice President, General Counsel, and Secretary.

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 and cautionary statement in today's press release and slide presentation, and is presented in greater detail in our filings with the SEC.

Tony will give you an overview of the quarter, followed by Bill with a financial update and then we'll open the lines for a Q&A session. Now I'll turn the call over to Tony.

**Tony Jensen**
Thanks, Alistair, and good morning everyone. Thank you for joining the call. I'll begin on slide 4. Our revenue for the quarter was $100 million, which includes the effects of lower shipments from Mount Milligan due to the temporary shutdown it experienced from reduced water supply in early calendar 2018. As such and consistent with our guidance last quarter, volume was about 10% lower than the June quarter and inventories remained flat.

We also experienced a weaker metal price environment with realized gold prices down 5%, copper prices down 11% and silver prices down 4% compared to the prior year quarter. Earnings for the quarter were $0.23 per share which were directly impacted by the lower revenue as well as higher legal fees, higher DD&A and the adoption of an accounting standard relating to the value of equity securities. Even with volume and price headwinds, operating cash flow was $45 million, which comfortably allowed the payment of another $16.4 million in dividends while continuing to strengthen our balance sheet.

We have over 1.1 billion in total liquidity for new opportunities. We also had success this quarter on some projects we've been working on for some time, namely, settlement to the Voisey Bay royalty dispute with Vale and completion of a PEA on the Peak Gold project, both of which I'll touch on in a bit more detail shortly.

I'll close out my summary comments by saying that we continue to be active on new business opportunities and to further strengthen our team we have added Dan Breeze to lead our international business development efforts from our office in Zug, Switzerland. Many of you probably already know Dan. He's been involved in the business for the past couple of decades,

most recently with BMO Capital Markets where he's been a key part of the equity sales team in Zurich.

Dan started his career as a geotechnical engineer and gained mining, construction and project management experience for several years before he moved over to the commercial side of the business. His relationships, experience and skill set will be a great addition to our team and we look forward to him joining our team in the new year.

On slide 5, I'll talk about two projects we've been diligently working on, both with served us value in the quarter. The first is the settlement of the long-standing litigation with Vale on their world-class Voisey's Bay mine in Newfoundland and Labrador. We acquired a 90% interest and a 3% net smelter return royalty as part of the acquisition of International Royalty Corporation in 2010 and that litigation had already commenced prior to our acquisition.

As we were making final preparations for the trial in early September, an opportunity to settle this dispute allowed us to come to an agreement with Vale. We are very pleased with the outcome which restores royalty payments starting from April 1st of this year using a new method to calculate the royalty for concentrates processed at Long Harbour.

As such we recognized 4.9 million in royalty payments for the second and third calendar quarters of this year, of which we are entitled to 90%. This is a very opportune time to start talking about Voisey's Bay again given the recent news that Vale will be investing 1.7 billion to develop the underground resources and to extend the mine life from 2023 to 2034.

Open-pit operations have been synchronized to match the underground development in Long Harbour's processing capacity which is currently operating at an annualized range of approximately 34,000 tons of nickel per year. Long Harbour processing is expected to move toward full capacity of 50,000 tons of nickel per year over the next few years and will accommodate third-party feed in the future.

The second development we're excited about is the delivery of the preliminary economic assessment on the Peak Gold project in which we own 40%. And our joint venture partner there is Contango Ore. This is a project that's a little bit outside our core business, but we are very intrigued with this potential when we decided to get involved in 2014.

Royal Gold has been managing the exploration and development of the project on behalf of the joint venture and we engaged JDS Energy and Mining to complete a PEA earlier this year. We announced the findings of the PEA in September and I'm pleased to say that the results confirm our initial view of the potential, indicating a robust open-pit gold project at 12.50 gold and $17 silver. A nearly four gram per ton gold grade, good metallurgical response and favorable access drives attractive economics.

The cash cost after sustaining capital are expected to be in the range of $470 per ounce and the after-tax NPV at a 5% discount rate is expected to be about $280 million, yielding an IRR of 29%. I'd like to refer you to our press release from our website for some fulsome description of the key aspects of the PEA and remind you that the estimate in the PEA is entirely preliminary.

A significant amount of work, including a full-scale feasibility study, would be required to confirm and refine the estimates in the PEA. The project considered in the PEA is a very small area of the consolidated land package of about 35,000 square kilometers we control in the Tintina Gold Belt that runs through Alaska and the Yukon. Now that the project has advanced to the PEA level, we are working with our joint venture partner to determine our next steps to realize value of this interesting project.

On slide 6, I'd like to discuss other recent developments at some of our key properties. At Rainy River, ramp-up efforts are continuing. Modification to the mill were complete in August, which included a reline of the SAG mill, modifications to the illusion circuit and the replacement of carbon illusion screens.

Improvements were noted in September with best-ever monthly performance and throughput of 20,500 tons per day at a gold recovery rate of 89%. New Gold has created an operational plan which is focused on optimizing mine practices, enhancing grade control procedures and further improving mill availability and gold recoveries. In their discussion of quarterly results last week, New Gold confirmed that the operation is on track to meet the lower end of the revised calendar 2018 production guidance of 210,000 to 250,000 ounces of gold.

At Mount Milligan, two maintenance shutdowns during the quarter reduced throughput levels to about 40,800 tons per calendar day. But when viewed on an operating day basis, the plant obtained strong throughput of 55,000 tons with both lines in the mill operating throughout the quarter. In August, the processing plant achieved just over 61,000 tons per operating day at 95% availability, highlighting the benefits of stable operations.

With respect to resolving the water supply situation, Centerra continues to work toward long-term solutions. For the near term, Centerra reported that it has obtained approval to access groundwater wells within the tailings storage facility and one additional well outside the tailings area for the entire remainder of the mine life. And through November 15, it can draw up to 15% of the base flow from Phillip Lake.

For the medium term, Centerra has submitted an application to authorities to allow water draw from a number of other sources at rates that are protective of the environment until 2021. Discussions with regulators, First Nations, and other affected stakeholders are ongoing, and Centerra believes that access to these sources may be granted as early as January 2019.

For the longer term, they are developing a sourcing strategy that extends beyond 2021 through the end of the mine life. Centerra has advised that as flow from the approved short-term sources declines in the coming winter season, throughput is expected to be reduced to manage the water balance until flows increase in the spring. Although Centerra has reaffirmed gold and copper production guidance for the remainder of the calendar year, we are watching these developments closely.

At Penasquito, Goldcorp has been commissioning a newly completed Pyrite Leach circuit with low-grade stockpile material. Completion of this project was two quarters ahead of the original schedule which is a major achievement. Commercial production is expected in the current quarter and Goldcorp anticipates that this project will add an incremental 100,000 to 140,000 ounces of gold and 4 million to 6 million ounces of silver annually over the mine life. In the December quarter, Goldcorp expects tons milled to be approximately 15% higher when compared to the September quarter at notably higher grades as mining transitions back to the main Penasquito pit.

Turning our focus to some updates of near-term growth on slide 7, I'll start with Cortez Crossroads. Pre-stripping at the Crossroads deposit is continuing. First ore from the top of the deposit was placed on the pad during the previous quarter and we expect increasing production due to higher grade and mining rates as we progress through calendar 2019. At Pueblo Viejo, Barrick continues to advance the prefeasibility study for the combined expansion project which includes the pre-oxidation heap leach pad, a new mill, and flotation concentrator and additional tailings capacity.

The pilot pre-oxidation heap leach pad is now in operation with two cells and construction of the pilot flotation plant has advanced. On a 100% basis, Barrick expects that this project to increase throughput by 50% to 12 million tons per year, allowing the mine to maintain an average annual gold production of approximately 800,000 ounces after 2022. This project also has the benefit of converting roughly 7 million ounces of measured and indicated resources to proven and profitable reserves.

At Wassa, Golden Star had another good quarter with production from the underground at over 3,400 tons per day, which is a 55% increase over the prior-year quarter. It should be noted that 96% of the production from Wassa is now coming from the underground. Gold production remains strong at just over 38,000 ounces for the quarter and Golden Star has increased Wassa's 2018 calendar year guidance range to 150,000 to 155,000 ounces, which corresponds to an increase of 9% compared to the midpoint at the previous guidance range.

In addition to steady improvements at Wassa, we are also pleased to see La Mancha's $126 million strategic investment in Golden Star has been primarily earmarked for further exploration, development, and expansion at Wassa. We hope to see further positive news in this asset as Golden Star executes its plan to further explore the Wassa and farther ground targets and to seek ways to fill the underutilized mill capacity with new sources of ore.

With that, I'll turn the call over to Bill to discuss our financial results.

**William Heissenbuttel**
Thanks, Tony. As Tony mentioned at the beginning of his remarks, revenue this quarter of $100 million was negatively affected by reduced gold and copper stream sales from Mount Milligan as well as lower metal prices. The reduced sales volumes were expected as we disclosed in our March and June quarter-end communication and further when we reported stream sales for this quarter in early October.

Earnings were $15 million, down from $29 million in the first quarter of the last fiscal year and $25 million in our June quarter. The biggest impacts to earnings were the lower volumes and prices, as well as a new accounting standard for the recognition and measurement of financial instruments that we adopted on July 1. This new standard resulted in a $1.5 million loss in the current quarter, which relates to equity we hold in third-party companies. The standard requires us to mark-to-market our equity interest each quarter, so we expect increased volatility in our earnings in the future.

As you'll see on slide 8, we've prepared a waterfall reconciliation of this quarter to our last quarter ended June 30 in terms of earnings per share. Compared to the June quarter, lower volumes and prices reduced earnings by a combined $0.24 or a net $0.15 per share once you offset the lower volumes with a reduced cost of sales.

Beyond those significant changes, the higher DD&A cost associated with Voisey's Bay and the new accounting standard for equity securities supplied the remaining reduction in EPS to $0.23 per share. It's worth noting that our low share count makes relatively small earnings changes appear more significant on a per share basis.

Continuing my comments on the quarter, I'll now turn to slide 9. Our DD&A expense for the quarter was $43.2 million or $524 per gold equivalent ounce, which was a $3.5 million increase over the prior-year quarter. The increase is primarily due to the additional depletion from our Voisey's Bay royalty interest since payments have resumed this quarter. On a GEO basis, the expense was higher as production was weighted to assets with higher DD&A rates like Streams

versus lower DD&A rate assets like Cortez and Penasquito. We expect that our full DD&A rate for the full fiscal year will be in the range of $450 to $500 per gold equivalent ounce.

Our effective tax rate for the quarter was 25.7% compared to 22. 1% in the prior-year quarter. The increase was primarily due to fewer tax benefits attributable to equity ore investing and exercise in this quarter. At present we expect that the full year tax rate will be in the range of 23% to 27%. Our cash from operations was approximately $45 million, down 38% from the prior year quarter, directly related to the lower volumes and prices and higher taxes paid. At the end of September, we held approximately 28,000 gold equivalent ounces in inventory.

We expect sales and deliveries for the December quarter will be impacted by the timing of metal shipments. Mount Milligan did not ship any concentrates in July due to rail transportation issues and the August shipments are not expected to reach final settlement until the March quarter. In addition, Pueblo Viejo's provisional payment schedule recently changed resulting in lower deliveries in the September quarter, which will give rise to correspondingly lower sales in this quarter.

In total, we currently expect the December quarter sales to be in the range of the September quarter with a modest reduction in inventory at quarter-end. However, we currently expect stronger deliveries and sales in the March quarter and we'll update you on those expectations in the future.

Our liquidity remained strong at quarter-end. We had cash of $117 million, working capital of $122 million and as Tony mentioned, total liquidity of $1.1 billion when you consider our $1 billion revolving credit facility which remains fully available and our cash on hand.

Our only remaining indebtedness is $370 million of convertible bonds which mature on June 15, 2019. As we have the ability to repay the outstanding principal balance of the bonds with proceeds from our revolving credit facility which is classified as non-current given its maturity, we did not reclassify the 2019 bonds as current on our balance sheet at September 30 and this is the same accounting treatment we used at the end of the June quarter of this year.

I'll now turn the call back over to Tony.

**Tony Jensen**
Thanks, Bill. I'll conclude on slide 10. Our strategic focus has remained consistent and that is to generate cash flow that's allocated toward strengthening the balance sheet, paying a sustainable dividend and deploying capital in new business opportunities when we see good value. We have remained very active in the business development front over the past several quarters, but we also have remained patient and disciplined regarding capital allocation and haven't invested resources within our portfolio where we have seen opportunities.

Resolving the Voisey's Bay litigation gives us exposure to a world-class operating asset that should provide Royal Gold shareholders many more years of royalty revenue. We expect Voisey's Bay will once again be among our top 10 revenue generators. Similarly, the results of the Peak Gold PEA have demonstrated the value of that project. We recognized the potential when we first got involved with the project in 2014 and have worked hard to advance that project to what we believe is one of the most interesting early-stage gold projects in the market today.

We look forward to working with our joint venture partner to realize the value of our investment. That said, we also believe this is a very interesting market for us to be a provider of capital. Operators continue to have limited access to equity markets and the cost of debt is climbing.

The industry will always need new capital for project development, M&A and balance sheet recapitalization, and a little of a specific need at any one time may shift from one of these to another, we will be there to provide capital.

Rest assured and regardless of the need, we will continue to remain disciplined and if we don't see good value we're quite happy to stay patient and apply our cash flow to further building of the balance sheet and paying of the dividend. This focus has served us well as we strive to be the most valuable company in our business with over $400 million of dividends paid to shareholders since 2001 and only 65 million shares outstanding, which is one of the lowest share counts in the industry.

Operator, with that our prepared remarks are complete and we'd be happy to take any questions if there are some.

**QUESTION AND ANSWER**

**Operator**
Thank you, Mr. Jensen. We will now begin the question-and-answer session. To ask a question you may press “*” then “1” on your telephone keypad. If you are using a speakerphone please pick up your handset before pressing the keys. If your question has been addressed you may withdraw from the queue by pressing ”*” then “2”. Again, it is “*” “1” to ask a question and at this time we will pause to assemble the roster. And the first question will come from Cosmos Chiu of CIBC Capital Markets. Please go ahead.

**Cosmos Chiu**
Maybe my first question is on Mount Milligan. I just want to once again clarify in terms of the timing of the revenue to Royal Gold in terms of -- what's the time lag again between production at Mount Milligan and when it would hit the books at Royal Gold?

**Tony Jensen**
Generally, that's about five months. The contract says it can be no later than five months and so at times we'll receive some shipments that are earlier, but we tend to track each one of the shipments as it leaves and they range almost the full contractual period. I think it's best just to plan for that.

**Cosmos Chiu**
And Tony, I guess Bill had previously mentioned some rail issues at Mount Milligan. Again, when is that? So when Bill sort of mentioned that sales volumes are going to be somewhat similar next quarter versus this past quarter, what are we talking about once again?

**Tony Jensen**
So generally we'll get a good solid shipment near the end of the month. And in July that shipment did not happen. My understanding is that there were some railcars that came in that were rejected by the operator. And for whatever reason, I don't know what the reason was. And so that shipment ended up slipping over into the first part of August. And as we rolled that forward then, we really expect to receive two major shipments from Mount Milligan early in January so our -- to be specific, the shipment that we would have normally have received in December would have come from July, but that has slipped now.

**Cosmos Chiu**
Okay. So when you talk about --.

**Tony Jensen**
Let me just be clear, Cosmos. We expect it will slip. There's always a chance, it could come in early. We're just giving you that guidance, on average we think that will slip into the January quarter.

**Cosmos Chiu**
So, that's from the perspective of Royal Gold? So when we talk about this fiscal Q2 2019 from the perspective of Royal Gold, Mount Milligan's contribution is going to be similar to what happened in fiscal Q1?

**Tony Jensen**
Well, I can't speak directly to that. Let me be a little careful before I confirm what you just said there. But overall, the overall sales level we believe is going to be quite close to --.

**Cosmos Chiu**
Overall sales level?

**Tony Jensen**
Yes. So it's just a matter of timing. That's the only issue. There's no -- you have complete clarity on the production because it happens essentially five months before we get paid.

**Cosmos Chiu**
Of course. Maybe switching gears a little bit in terms of maybe an accounting question here. Usually, I don't focus too much on the changes on working capital in your cash flow statement because, again, Tony as you said, it is a timing issue. It usually reverses itself out either the quarter afterwards or the quarter later on. But if I look at your working capital changes in the past quarter, there were actually some pretty big items that went through, quite a few were tax-related.

Could you maybe talk a bit more about that and sort of what happened? There's a 10 million for income taxes payable, on certain tax positions $3.3 million, the other direction $6.3 million of income tax receivable. The working capital changes seem to be larger than usual in this past quarter.

**Tony Jensen**
Right. Cosmos, I'm going to ask Bill to address that question.

**William Heissenbuttel**
So the movements in the balance sheet with respect to tax reflect two things. Number one would be cash tax payments that we actually make and we did make -- we effectively make an annual tax payment to the Swiss government in this quarter. So we made tax payments to Switzerland, we made tax payments to Canada with respect to IRC.

The other thing that goes through all of these accounts, other than at year-end, so every quarterly period we are trying to estimate what our tax rate is going to be over the full year. And so you will get movements in assets and liabilities quarter-to-quarter that are not really cash-related. And in particular that income tax receivable of $6 million is not a cash asset that we expect to receive in the form of a refund.

What it is, is we look out over our pre-tax income we apply the US rate of 21% to all jurisdictions and by doing that, you're effectively saying I'm paying 21% in Switzerland, which we're not. That's where the tax receivable comes from. So, it's not a clear answer, but you just have to

understand that during quarterly periods as opposed to year-end we're going to have these movements based on estimates as opposed to sort of actual assets and liabilities.

**Tony Jensen**
I guess just to add from what Bill said, from a cash consumption basis that did run through the working capital was the $16 million in actual cash we paid for taxes this quarter. So you'll see that rate there in the income statement. And then we also paid down accounts payable. We had a large expense that we had accrued with regards to exploration activities on the Peak Gold project and that went out as well. So I think those two items alone will probably the bulk of your change there, Cosmos.

**Cosmos Chiu**
Yes, of course. Maybe one last question, if I may. Looking at table three here, you do a good job comparing the operator's production guidance versus what's been done so far. And as you mentioned in the press release, you talk about Penasquito likely having a good Q4, Pueblo Viejo, higher grades or whatnot. The other one that I want to focus on is Cortez. It looks like they're sort of running behind so far in the first nine months when compared to guidance. Based on your knowledge and I know you know the asset quite well, Tony, are we expecting like a fairly good Q4 as sort of stipulated here in the guidance?

**Tony Jensen**
I think I'm going to ask Mark to speak more clearly to Cortez and where they're at in just a moment. Let me just add some color on the front end of that. I wouldn't necessarily look at these numbers and leap to the conclusion that fourth quarter's going to be strong for Cortez as it relates to our royalty. What we're guiding is that we expect a lot of our revenue to build in 2019.

There's still stripping at the Crossroads deposits and that's really where the big revenue source is going to come from into the future. In the meantime, when they're producing outside of the crossroads, that's a bit of a hit-and-miss game because they get a few -- they're in some of our areas some time and they're not in some of our areas in other time. So it's a little bit harder for us to project that. But once we get into Crossroads in a more sustainable fashion I think we're going to see much more sustainable gold production as well.

Mark, do you have anything to add to that?

**Mark Isto**
No. I think you had a good explanation.

**Operator**
And the next question will be from Tanya Jakusconek of Scotiabank. Please go ahead.

**Tanya Jakusconek**
Maybe for Bill, thank you very much for the guidance on the depreciation and taxes, maybe just your annual guidance for G&A and exploration.

**Tony Jensen**
You want to take G&A -- we don't give any guidance on G&A. Let me speak a little more broadly about that Tanya to -- that might be helpful and still responsive to your question.

**Tanya Jakusconek**
And maybe -- you have limited number of shares, so a million here and there really would have an impact on earnings.

**Tony Jensen**

You're absolutely right and thanks for highlighting that. So I think the biggest areas this quarter that may have not been clear or transparent to the marketplace were higher legal costs associated with our Voisey's Bay litigation. And then also higher -- a bit higher exploration cost. So if I can speak to both of those and assume that we don't have a lot of change with the rest of G&A anticipated, with regards to those two issues we really don't anticipate any more cost related to the Voisey's Bay litigation.

So, had we continued with the litigation we would have been seeing extremely large legal bills, but that's now behind us, so that's one we can put behind us. The other then would be the exploration and we're going to be coming into the winter months as we always do in a much lighter fashion with regard to any cost we might consume on the joint venture on Peak Gold. So I think those two pieces of guidance might be helpful.

**Tanya Jakusconek**
How much were the legal costs in the G&A in Q1?

**Tony Jensen**
I don't have the specific number in front of me, but our G&A delta I think was along $3 million. So as you said, movements like that can be pretty material to our earnings per share.

**Tanya Jakusconek**
Okay. And then maybe just thank you for the guidance on Cortez because we did find that to be a little weak. So I guess from what I understood from Cosmos' question is that Q4 could be similar or Q4 or your fiscal Q2 could be similar to Q1 until we get into Crossroads in calendar 2019.

**Tony Jensen**
Let me just add a little color to that as well. I don't think we've seen that soft a quarter from Cortez even when they were off of our property. (inaudible) over at Cortez Hills. So that was a pretty soft quarter. We might see a little bit better. I would expect to see a little bit better in the fourth quarter but -- fourth calendar quarter, but really the big build, as I mentioned to Cosmos, is going to be coming in the new year.

**Tanya Jakusconek**
Yes. We found it to be quite weak too. And then just lastly on the M&A side that you mentioned at any given point in time you're looking at either project financing or helping with balance sheet repair, et cetera. Right now what are you seeing, number one, more of, and number two, size-wise, what are you looking at?

**Tony Jensen**
I think there's no restructuring going on now. People are somewhat healed. And so it's really turned to M&A and project development. So we're probably seeing equal amount of activity in both of those types of areas. They -- generally I guess M&A is going to be largely on potentially producing assets. But when it comes to project development in this environment, we're really talking about builds. And so that would be probably in the 200 million to $500 million range, certainly aren't seeing things over 500 million very frequently in this environment.

**Operator**
And once again if you would like to ask a question please press “*” then “1”. Again we will pause just a moment for any additional questions.

**Tony Jensen**
Well, operator, I think we'll leave it right there.

**Operator**
Actually, Mr. Jensen, we do have another party in the question queue, if you'd like to take them?

**Tony Jensen**
Perfect; love to. Go ahead.

**Operator**
Thank you. It's Carey MacRury of Canaccord Genuity. Please go ahead.

**Carey MacRury**
Just had a question on Peak project, you've got the PEA done now. I'm just wondering is that project from -- in terms of work, are you done with that at that point or is there more work that you are contemplating there?

**Tony Jensen**
With regard to the PEA itself, we're not doing a significant amount of work. We're doing some additional engineering but we think that report stands firmly by itself and is a good piece of work for us. Now what we do at the project from this standpoint or this point forward is another question. We are at a point I think where it would be healthy to have somebody else come in and move the project forward with their skill set and we're just contemplating with our joint venture partner how best that might happen.

And we always want to be long in this project. We quite like it. We have the royalty interest there already and so we would be quite keen to see how it is that we can really monetize and I'm not talking about cash today, but how can we see value and exit value over the core pieces of our business with this asset. So, we are excited what the future brings there and just give us a little bit more time and we will provide a little bit more guidance as it becomes clearer to us.

**Operator**
And at this time we will conclude the question-and-answer session. I would like to hand the conference back to Mr. Jensen for his closing remarks.

**CONCLUSION**

**Tony Jensen**
Well, thanks again for joining us today everybody and we appreciate your interest in our company, as always. And we very much look forward to updating you as new developments come our way.

**Operator**
Thank you, sir. Ladies and gentlemen, the conference has concluded. Thank you for attending today's presentation. At this time, you may disconnect your lines.