



Royal Gold Annual Report 2017

Form 10-K (NASDAQ:RGLD)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended June 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____
Commission File Number 001-13357

Royal Gold, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

1660 Wynkoop Street, Suite 1000
Denver, Colorado

(Address of Principal Executive Offices)

84-0835164

(I.R.S. Employer
Identification No.)

80202

(Zip Code)

(303) 573-1660

Registrant's telephone number, including area code:

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, \$0.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Aggregate market value of the voting common stock held by non-affiliates of the registrant, based upon the closing sale price of Royal Gold common stock on December 31, 2016, as reported on the NASDAQ Global Select Market was \$4,102,671,750. There were 65,343,544 shares of the Company's common stock, par value \$0.01 per share, outstanding as of August 1, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2017 Annual Meeting of Stockholders scheduled to be held on November 16, 2017, and to be filed within 120 days after June 30, 2017, are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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This document (including information incorporated herein by reference) contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve a degree of risk and uncertainty due to various factors affecting Royal Gold, Inc. and its subsidiaries. For a discussion of some of these factors, see the discussion in Item 1A, Risk Factors, of this report. In addition, please see our note about forward-looking statements included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), of this report.

Royal Gold does not own, develop, or mine the properties on which it holds stream or royalty interests. Certain information provided in this Annual Report on Form 10-K, including, without limitation, all reserves, historical production and production estimates, descriptions of properties and developments at properties included herein, has been provided to us by the operators of those properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of, such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.

PART I

ITEM 1. BUSINESS

Overview

Royal Gold, Inc. ("Royal Gold", the "Company", "we", "us", or "our"), together with its subsidiaries, is engaged in the business of acquiring and managing precious metal streams, royalties, and similar interests. We seek to acquire existing stream and royalty interests or to finance projects that are in production or in the development stage in exchange for stream or royalty interests.

We manage our business under two segments:

Acquisition and Management of Stream Interests—A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. As of June 30, 2017, we owned stream interests on four producing properties and two development stage properties. Our stream interests accounted for approximately 71% and 66% of our total revenue for the fiscal years ended June 30, 2017 and 2016, respectively. We expect stream interests to continue representing a significant proportion of our total revenue.

Acquisition and Management of Royalty Interests—Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. As of June 30, 2017, we owned royalty interests on 35 producing properties, 18 development stage properties and 135 exploration stage properties, of which we consider 52 to be evaluation stage projects. We use "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Royalties accounted for approximately 29% and 34% of our total revenue for the fiscal years ended June 30, 2017 and 2016, respectively.

We do not conduct mining operations on the properties in which we hold stream and royalty interests, and except for our interest in the Peak Gold, LLC joint venture ("Peak Gold JV"), we are not required to contribute to capital costs, exploration costs, environmental costs or other operating costs on those properties.

In the ordinary course of business, we engage in a continual review of opportunities to acquire existing stream and royalty interests, to establish new streams on operating mines, to create new stream and royalty interests through the financing of mine development or exploration, or to acquire companies that hold stream and royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submission of indications of interest and term sheets, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2017 were as follows:

- (1) Our revenue increased 23% to \$440.8 million, compared to \$359.8 million during fiscal year 2016;
- (2) We amended the terms of our Mount Milligan stream agreement upon Centerra Gold Inc.'s ("Centerra") acquisition of Thompson Creek Metals Inc. ("Thompson Creek");
- (3) We acquired additional royalty interests at Cortez;
- (4) We made the final commitment payments as part of our stream agreements at Rainy River and Wassa and Prestea and have no additional funding requirements as of June 30, 2017;
- (5) We expanded our revolving credit facility to \$1 billion from \$650 million; and
- (6) We increased our calendar year dividend to \$0.96 per basic share, which is paid in quarterly installments throughout calendar year 2017. This represents a 4.3% increase compared with the dividend paid during calendar year 2016.

Certain Definitions

Dollar or "\$": Unless we have indicated otherwise, or the context otherwise requires, references in this Annual Report on Form 10-K to "\$" or "dollar" are to the currency of the United States. We refer to Canadian dollars as C\$.

Gold equivalent ounces (GEOs): GEOs are calculated as Royal Gold's revenue divided by the average gold price for the period.

Gross smelter return (GSR) royalty: A defined percentage of the gross revenue from a resource extraction operation, less, if applicable, certain contract-defined costs paid by or charged to the operator.

Metal stream: A purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement.

Mineralized material: That part of a mineral system that has potential economic significance, but is not included in the proven and probable reserve estimates until further drilling and metallurgical work is completed, and until other economic and technical feasibility factors based on such work have been resolved.

Net revenue: Net revenue is calculated as Royal Gold's Revenue minus Cost of sales.

Net smelter return (NSR) royalty: A defined percentage of the gross revenue from a resource extraction operation less a proportionate share of incidental transportation, insurance, refining and smelting costs.

Net value royalty (NVR): A defined percentage of the gross revenue from a resource extraction operation less certain contract-defined costs.

Probable reserves: Ore reserves for which the quantity and grade are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable reserves, although lower than that for proven reserves, is high enough to assume geological continuity between points of observation.

Proven reserves: Ore reserves for which (a) the quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and the grade is computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of reserves are well established.

Payable metal: Ounces or pounds of metal in concentrate after deduction of a percentage of metal in concentrate by a third-party smelter pursuant to smelting contracts.

Reserve: That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

Royalty: The right to receive a percentage or other denomination of mineral production from a mining operation.

Ton: A unit of weight equal to 2,000 pounds or 907.2 kilograms.

Tonne: A unit of weight equal to 2,204.6 pounds or 1,000 kilograms.

Fiscal 2017 Business Developments

Please refer to Item 7, MD&A, for discussion on recent liquidity and capital resource developments.

Mount Milligan Stream Amendment

On October 20, 2016, Centerra and Thompson Creek completed the Plan of Arrangement (the "Arrangement") previously announced on July 5, 2016, pursuant to which Centerra acquired all of the issued and outstanding common shares of Thompson Creek. RGLD Gold AG's ("RGLD Gold") streaming interest at Mount Milligan was amended (the "amendment") concurrently with the closing of the Arrangement.

Under the terms of the amendment, RGLD Gold's 52.25% gold stream at Mount Milligan was amended to a 35% gold stream and an 18.75% copper stream. RGLD Gold will continue to pay the lesser of \$435 per ounce of gold delivered or the prevailing market price when purchased and will pay 15% of the spot price per metric tonne of copper delivered.

Mount Milligan gold in concentrate that was in transit prior to October 20, 2016 was delivered to RGLD Gold under the previous 52.25% gold stream. Under the terms of both the original and amended agreements, there is a maximum of five months between concentrate shipment and final settlement. Accordingly, RGLD Gold began receiving gold and copper deliveries reflecting the amended stream agreement in April 2017.

In connection with the amendment, RGLD Gold's first ranking security over 52.25% of gold produced from the Mount Milligan assets was amended to provide for first ranking security over 35% of produced gold and 18.75% of produced copper. RGLD Gold's other existing security over the Mount Milligan assets remains unaffected.

Acquisition of Additional Royalty Interests at Cortez

On September 19, 2016, Royal Gold, through its wholly-owned subsidiary, Denver Mining Finance Company, Inc., acquired a 3.75% NVR covering a significant area of Barrick Gold Corporation's ("Barrick") Cortez mine, including the Crossroads deposit, from a private party seller for total consideration of \$70 million. With this acquisition, Royal Gold's interests at Cortez Crossroads now comprise a 4.52% NVR and a 5% sliding-scale GSR royalty at current gold prices. Royal Gold's interests on production from the Pipeline and South Pipeline deposits as well as portions of the Gap deposit now comprise a 4.91% NVR and a 5.71% GSR royalty at current gold prices.

As of December 31, 2016, proven and probable reserves subject to Royal Gold's interests at Cortez were estimated at 3.6 million ounces of gold, including approximately 2.7 million gold ounces at Crossroads. Waste stripping at Crossroads is underway and production is expected to begin in calendar 2018.

Our Operational Information

Reportable Segments, Geographical and Financial Information

The Company manages its business under two reportable segments, consisting of the acquisition and management of stream interests and the acquisition and management of royalty interests. Royal Gold's long-lived assets (stream and royalty interests, net) are geographically distributed as shown in the following table:

	As of June 30, 2017			As of June 30, 2016		
	Stream interest	Royalty interest	Total stream and royalty interests, net	Stream interest	Royalty interest	Total stream and royalty interests, net
Canada	\$ 852,035	\$ 221,618	\$ 1,073,653	\$ 809,692	\$ 228,566	\$ 1,038,258
Dominican Republic	543,256	—	543,256	588,502	—	588,502
Chile	348,778	453,369	802,147	369,896	453,629	823,525
Africa	123,760	572	124,332	88,596	697	89,293
Mexico	—	105,889	105,889	—	118,899	118,899
United States	—	168,378	168,378	—	102,385	102,385
Australia	—	37,409	37,409	—	42,547	42,547
Other	12,030	25,162	37,192	12,029	32,649	44,678
Total	\$ 1,879,859	\$ 1,012,397	\$ 2,892,256	\$ 1,868,715	\$ 979,372	\$ 2,848,087

The Company's revenue, costs of sales and net revenue by reportable segment for our fiscal years ended June 30, 2017, 2016 and 2015 are geographically distributed as shown in the following table:

	Fiscal Year Ended June 30, 2017			Fiscal Year Ended June 30, 2016		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 136,736	\$ 45,954	\$ 90,782	\$ 125,755	\$ 47,417	\$ 78,338
Dominican Republic	91,589	27,191	64,398	39,684	11,625	28,059
Chile	60,251	9,037	51,214	49,243	7,280	41,963
Africa	25,435	5,083	20,352	23,346	4,657	18,689
Total streams	\$ 314,011	\$ 87,265	\$ 226,746	\$ 238,028	\$ 70,979	\$ 167,049
Royalties:						
Mexico	\$ 41,945	\$ —	\$ 41,945	\$ 35,267	\$ —	\$ 35,267
United States	35,282	—	35,282	35,483	—	35,483
Canada	23,208	—	23,208	30,676	—	30,676
Australia	12,943	—	12,943	10,462	—	10,462
Africa	3,131	—	3,131	1,868	—	1,868
Chile	1,648	—	1,648	84	—	84
Other	8,646	—	8,646	7,922	—	7,922
Total royalties	\$ 126,803	\$ —	\$ 126,803	\$ 121,762	\$ —	\$ 121,762
Total streams and royalties	\$ 440,814	\$ 87,265	\$ 353,549	\$ 359,790	\$ 70,979	\$ 288,811

	Fiscal Year Ended June 30, 2016			Fiscal Year Ended June 30, 2015		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 125,755	\$ 47,417	\$ 78,338	\$ 94,104	\$ 33,450	\$ 60,654
Chile	49,243	7,280	41,963	—	—	—
Dominican Republic	39,684	11,625	28,059	—	—	—
Africa	23,346	4,657	18,689	—	—	—
Total streams	\$ 238,028	\$ 70,979	\$ 167,049	\$ 94,104	\$ 33,450	\$ 60,654
Royalties:						
United States	\$ 35,483	\$ —	\$ 35,483	\$ 42,675	\$ —	\$ 42,675
Mexico	35,267	—	35,267	43,008	—	43,008
Canada	30,676	—	30,676	37,496	—	37,496
Australia	10,462	—	10,462	8,494	—	8,494
Africa	1,868	—	1,868	3,075	—	3,075
Chile	84	—	84	39,508	—	39,508
Other	7,922	—	7,922	9,659	—	9,659
Total royalties	\$ 121,762	\$ —	\$ 121,762	\$ 183,915	\$ —	\$ 183,915
Total streams and royalties	\$ 359,790	\$ 70,979	\$ 288,811	\$ 278,019	\$ 33,450	\$ 244,569

Please see “*Operations in foreign jurisdictions or other sovereign jurisdictions are subject to many risks, which could decrease our revenues,*” under Part I, Item 1A, Risk Factors, of this report for a description of the risks attendant to foreign operations.

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver and copper, together with the amounts of production from our producing stage stream and royalty interests. During the fiscal year ended June 30, 2017, Royal Gold derived approximately 93% of its revenue from precious metals (including 85% from gold and 8% from silver), 5% from copper and 2% from other minerals. The price of gold, silver, copper and other metals have fluctuated widely in recent years. The marketability and the price of metals are influenced by numerous factors beyond the control of the Company and significant declines in the price of gold, silver or copper could have a material and adverse effect on the Company’s results of operations and financial condition.

Competition

The mining industry in general and streaming and royalty segments in particular are competitive. We compete with other streaming and royalty companies, mine operators, and financial buyers in efforts to acquire existing royalty interests, and with the lenders, investors, and streaming and royalty companies providing financing to operators of mineral properties in our efforts to create new streaming and royalty interests. Our competitors in the lending and mining business may be larger than we are and may have greater resources and access to capital than we have. Key competitive factors in the stream and royalty acquisition and financing business include the ability to identify and evaluate potential opportunities, transaction structure and consideration, and access to capital.

Regulation

Operators of the mines that are subject to our stream and royalty interests must comply with numerous environmental, mine safety, land use, waste disposal, remediation and public health laws and regulations promulgated by federal, state, provincial and local governments in the United States, Canada, Chile, Ghana, Mexico, the Dominican Republic and other countries where we hold interests. Although we are not responsible as a stream or royalty interest owner for ensuring compliance with these laws and regulations, failure by the operators of the mines on which we have stream and royalty interests to comply with applicable laws, regulations and permits can result in injunctive action, orders to suspend or cease operations, damages and civil and criminal penalties on the operators.

Corporate Information

We were incorporated under the laws of the State of Delaware on January 5, 1981. Our executive offices are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202. Our telephone number is (303) 573-1660.

Available Information

Royal Gold maintains a website at www.royalgold.com. Royal Gold makes available, free of charge, through the Investor Relations section of its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Our SEC filings are available from the SEC's website at www.sec.gov which contains reports, proxy and information statements and other information regarding issuers that file electronically. These reports, proxy statements and other information may also be inspected and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The charters of Royal Gold's key committees of the Board of Directors and Royal Gold's Code of Business Conduct and Ethics are also available on the Company's website. Any of the foregoing information is available in print to any stockholder who requests it by contacting our Investor Relations Department at (303) 573-1660. The information on the Company's website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.

Company Personnel

We currently have 23 employees, 17 located in Denver, Colorado and the remainder located in our Zug, Switzerland, Vancouver, Canada, and Toronto, Canada offices. Our employees are not subject to a labor contract or a collective bargaining agreement. We consider our employee relations to be good.

We also retain independent contractors to provide consulting services, relating primarily to geologic and geophysical interpretations and also relating to such metallurgical, engineering, environmental, and other technical matters as may be deemed useful in the operation of our business.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations, and cash flows could be materially adversely affected by any of these risks. The market or trading price of our securities could decline due to any of these risks. In addition, please see our note about forward-looking statements included in Part II, Item 7, MD&A of this Annual Report on Form 10-K. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Risks Related to our Business

Volatility in gold, silver, copper, nickel and other metal prices may have an adverse impact on the value of our stream and royalty interests and may reduce our revenues. Certain contracts governing our stream and royalty interests have features that may amplify the negative effects of a drop in metals prices.

The profitability of our stream and royalty interests is directly related to the market price of gold, silver, copper, nickel and other metals. Our revenue is particularly sensitive to changes in the price of gold, as we derive a majority of our revenue from gold stream and royalty interests. Market prices may fluctuate widely and are affected by numerous factors beyond the control of Royal Gold or any mining company, including metal supply, industrial and jewelry fabrication, investment demand, central banking economic policy, expectations with respect to the rate of inflation, the relative strength of the dollar and other currencies, interest rates, gold purchases, sales and loans by central banks, forward sales by metal producers, global or regional political, economic or banking conditions, and a number of other factors.

Volatility in gold, silver, copper and nickel prices is demonstrated by the annual high and low prices for those metals as reported by, in the case of gold and silver, the London Bullion Market Association, and in the case of copper and nickel, the London Metal Exchange, over the past decade:

Calendar Year	Gold (\$/ounce)		Silver (\$/ounce)		Copper (\$/pound)		Nickel (\$/pound)	
	High	Low	High	Low	High	Low	High	Low
2007 - 2008	\$ 1,011	\$ 608	\$ 20.92	\$ 8.88	\$ 4.08	\$ 1.26	\$ 23.41	\$ 4.00
2009 - 2010	\$ 1,421	\$ 810	\$ 30.70	\$ 10.51	\$ 4.42	\$ 1.38	\$ 12.52	\$ 4.27
2011 - 2012	\$ 1,895	\$ 1,319	\$ 48.70	\$ 26.16	\$ 4.60	\$ 3.08	\$ 13.17	\$ 6.89
2013 - 2014	\$ 1,694	\$ 1,142	\$ 32.23	\$ 15.28	\$ 3.74	\$ 2.86	\$ 9.62	\$ 5.97
2015	\$ 1,292	\$ 1,049	\$ 18.23	\$ 13.71	\$ 2.92	\$ 2.05	\$ 7.01	\$ 3.70
2016	\$ 1,366	\$ 1,077	\$ 20.71	\$ 13.58	\$ 2.69	\$ 1.96	\$ 5.32	\$ 3.50
2017 to-date (August 1, 2017)	\$ 1,294	\$ 1,151	\$ 18.56	\$ 15.95	\$ 2.93	\$ 2.48	\$ 5.01	\$ 3.95

Declines in market prices for gold, silver, copper, nickel and certain other metals such as those experienced during our fiscal year 2016 and first half of fiscal 2017, decreased our revenues. Declines in market prices could cause an operator to reduce, suspend or terminate production from an operating project or construction work at a development project, which may result in a temporary or permanent reduction or cessation of revenue from those projects, and we might not be able to recover the initial investment in our stream and royalty interests. Our streaming agreements provide us the right to purchase metals either at a fixed price per ounce or a specified percentage of the spot price. Our margin between the price at which we can purchase metals pursuant to streaming agreements and the price at which we sell metals in the market will vary as metal prices vary; in the event of metal price declines, we would generate lower cash flow or earnings, or possibly losses. Further, our sliding-scale royalties, such as Cortez, Holt, Mulatos and other properties, amplify the effect of declines in market prices for metals because when these prices fall below certain thresholds in a sliding-scale royalty, a lower royalty rate will apply. A price decline may result in a material and adverse effect on our business, results of operations and financial condition.

Price fluctuations between the time that decisions about development and construction of a mine are made and the commencement of production can have a material adverse effect on the economics of a mine and can eliminate or have a material adverse impact on the value of stream and royalty interests on the property.

Where gold and silver are produced as co-product or by-product metals at the properties where we hold stream and royalty interests, such as at Mount Milligan and Andacollo, respectively, an operator's production decisions and the economic cut-off applied to its reporting of gold and silver reserves and resources may be influenced by changes in the commodity prices of the principal metals produced at the mines.

Moreover, certain agreements governing our royalty interests, such as those relating to our royalty interests in the Robinson, Peñasquito and Voisey's Bay properties, are based on the operator's concentrate sales to smelters, which include price adjustments between the operator and the smelter based on metals prices at a later date, typically three to five months after shipment to the smelter. In such cases, our payments from the operator include a component of these later price adjustments, which can result in decreased revenue in later periods if metals prices have fallen.

We own passive interests in mining properties, and it is difficult or impossible for us to ensure properties are developed or operated in our best interest.

All of our current revenue is derived from stream and royalty interests on properties operated by third parties. The holder of a stream or royalty interest typically has no authority regarding the development or operation of a mineral property. Therefore, we typically are not in control of decisions regarding development or operation of any of the properties on which we hold a stream or royalty interest, and we have limited legal rights to influence those decisions.

Our strategy of acquiring and holding stream and royalty interests on properties operated by third parties puts us generally at risk to the decisions of others regarding all operating matters, including permitting, feasibility analysis, mine design and operation, processing, plant and equipment matters and temporary or permanent suspension of operations, among others.

THIS DOCUMENT HAS BEEN TRUNCATED HERE AS IT'S SIZE EXCEEDS THE SYSTEM LIMIT

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