

Royal Gold Acquires Royalty on World-Class Red Chris Mine

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[Royal Gold Inc.](#) (NASDAQ: RGLD) (together with its subsidiaries, "Royal Gold" or the "Company," "we" or "our") announced today that its wholly owned subsidiary, International Royalty Corporation, has acquired a 1.0% Net Smelter Return Royalty (the "Royalty") covering the currently known mineralization and prospective exploration areas that constitute a portion of the Red Chris Mine in British Columbia, Canada. Royal Gold paid \$165 million in cash consideration for the Royalty to Glencore Canada Corporation, a wholly owned subsidiary of Glencore International AG. Red Chris is owned and operated by a joint venture (the "Red Chris JV"), which is owned 70% by [Newcrest Mining Ltd.](#) ("Newcrest") and 30% by [Imperial Metals Corp.](#) ("Imperial Metals"), in which Newcrest is the operator.

"The acquisition of this royalty adds another high-quality and long-duration asset to Royal Gold's portfolio," commented Bill Heissenbuttel, President and CEO of Royal Gold. "The Red Chris Mine is a world-class copper/gold project in a mining-friendly jurisdiction operated by a leading global gold producer, and we believe this royalty has the potential to contribute significant revenue to Royal Gold for decades. We look forward to participating in the growth and development of this unique project as Newcrest advances its strategy to expand resources and develop the underground potential."

Acquisition Highlights

- Immediate and meaningful contribution: Royal Gold is entitled to royalty payments starting from January 1, 2021, and expects to receive its initial annual royalty payment within the first 90 days of calendar 2022. The 2020 actual royalty payment was approximately \$3.5 million based on open pit production of 73,787 ounces of gold, 88.3 million pounds of copper, and 176,376 ounces of silver and average prices of approximately \$1,771 per ounce of gold, \$2.80 per pound of copper and \$20.55 per ounce of silver.
- Significant potential to increase production with the transition to underground mining: The Red Chris JV is advancing the conversion of the Red Chris Mine to an underground block cave operation within the next five to six years, which Newcrest anticipates will transform the Red Chris Mine into a Tier 1 asset¹ (as defined by Newcrest). Newcrest is evaluating the mining of high-grade pods which could enable an acceleration of cash flows prior to the development of a block cave.
- World-class deposit with a substantial resource base: The royalty covers the entire resource as reported by Newcrest in its initial 2021 resource estimate, which consists of approximately 1.2 billion tonnes of mineralized material containing approximately 14.9 million ounces of gold and 4.3 million tonnes of copper.
- Excellent exploration prospectivity with potential for substantial resource growth: Recent drill results announced by Newcrest from the Main Zone confirmed the potential for higher grade mineralization beneath and to the southwest of the open pit, and results from the East Ridge target expand the footprint of higher-grade mineralization across the eastern end of the porphyry corridor and highlight the potential for resource growth over time. Newcrest plans further drilling to define the extents of the East Ridge, East Zone and Main Zone areas.
- High quality and well-regarded counterparty: Newcrest is a global leader in building and operating block cave operations, and operates one of the world's deepest block caves at its Cadia mine. Newcrest's approach to community and government relations, its technical depth and financial capacity positions it well to execute on its growth plans at the Red Chris Mine.
- Low-risk and established mining jurisdiction: The Red Chris Mine is located in the "Golden Triangle" region of Northwestern British Columbia, where there are several large mining projects and operations.
- Accretive on per share metrics: The acquisition was funded without equity dilution using available cash and liquidity resources.

Royalty Details

The Royalty is a 1.0% net smelter return royalty that includes all metals produced from the area of interest ("AOI"), and is registered on title to the relevant claims. The AOI covered by the Royalty is approximately 5,100 hectares and includes all of the currently identified resources at the Gully Zone, Main Zone and East

Zone, as well as prospective exploration areas along strike including the recently identified East Ridge target.

Royalty payments are made annually within 90 days of the end of the calendar year. The net smelter return after deductions was approximately 92% of gross revenue in calendar 2020.

The royalty is not subject to buydown or other rights that could reduce the royalty rate.

Background on the Red Chris Mine

The Red Chris Mine is a gold-copper porphyry deposit located on the northern edge of the Skeena Mountains, approximately 1,700 kilometres north of Vancouver and 18 kilometres southeast of the town of Iskut in British Columbia, Canada. The construction of Red Chris was completed in November 2014, with first commercial production from the open pit in July 2015.

The Red Chris JV is owned 70% by Newcrest and 30% by Imperial Metals. Newcrest acquired its interest in, and operatorship of, the Red Chris Mine in August 2019. Since acquisition, Newcrest has undertaken a work program consisting of additional exploration and resource definition drilling, resource optimization for both open pit and underground mining scenarios, advancing a Pre-Feasibility Study ("PFS") to define a high value optimum plan to develop an underground mine, and numerous upgrades to the camp, maintenance workshops and other facilities in readiness for operation of a long-life block cave operation. Newcrest expects to release the PFS by the end of September 2021, and an initial ore reserve estimate within the same timeframe.

The Red Chris deposit, as defined by drilling to date, has dimensions of approximately 0.3 kilometers in width by 3.4 kilometers in length and 1.3 kilometers in vertical extent. Currently three zones of mineralization have been identified including the Gully Zone, Main Zone, and the East Zone where the gold and copper mineralization consists of vein, disseminated and breccia sulfides typical of porphyry-style mineralization. Mineralization is hosted by diorite to quartz monzonite stocks and dykes collectively known as the Redstock Intrusive.

Newcrest announced an initial Mineral Resource estimate² for Red Chris on March 31, 2021. Total Measured and Indicated Mineral Resources were 980 million tonnes grading 0.41 grams per tonne gold and 0.38% copper, split between the open pit (310 million tonnes grading 0.28 grams per tonne gold and 0.34% copper) and underground (670 million tonnes grading 0.46 grams per tonne gold and 0.40% copper). Total contained metal was 13 million ounces of gold and 3.7 million tonnes of copper. Inferred Mineral Resources included an additional 190 million tonnes grading 0.31 grams per tonne gold and 0.30% copper, containing 1.9 million ounces of gold and 0.57 million tonnes of copper.

The existing Red Chris Mine was built and is currently being operated as an open pit, and Newcrest has identified the potential for the Red Chris Mine to have an operating block cave by 2027. With respect to progress of the underground development, on July 22, 2021, Newcrest reported that excavation of the box cut for the exploration decline was complete and the decline had advanced 21 meters as of July 14, 2021. Newcrest also reported that surface earthworks, offices and other infrastructure is in place to support the decline development and pre-permitting activities for the next stages of the early works program are underway.

Also on July 22, 2021, Newcrest reported that actual production from the Red Chris Mine was 45,922 ounces of gold and 23,145 tonnes of copper for the period July 1, 2020, to June 30, 2021.

Background on Newcrest

Newcrest is a multi-asset global gold mining company headquartered in Melbourne, Australia, with operating mines in Australia, Canada and Papua New Guinea. Newcrest has a market capitalization of approximately \$16 billion, and as of December 31, 2020, reported cash and cash equivalents of \$1,744 million and borrowings of \$2,013 million. For the six-month period ended December 31, 2020, Newcrest reported operating cash flow of \$992 million.

Newcrest has significant experience with bulk underground mining, and in Australia currently operates the Telfer mine using the sublevel caving mining method and the Cadia mine using block/panel caving mining methods.

Corporate Profile

Royal Gold is a precious metals stream and royalty company engaged in the acquisition and management of precious metal streams, royalties and similar production-based interests. As of June 30, 2021, the Company owned interests on 187 properties on five continents, including interests on 41 producing mines and 17 development stage projects. Royal Gold is publicly traded on the Nasdaq Global Select Market under the symbol "RGLD." The Company's website is located at www.royalgold.com.

Forward-Looking Statements: This press release includes "forward-looking statements" within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like "will," "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," or negatives of these words or similar expressions. Forward-looking statements include, among others, statements about potential revenue contribution of the Royalty, expected timing and amounts of Royalty payments, growth and development potential of the Red Chris Mine, and Newcrest's expectations relating to the PFS and an initial ore reserve estimate.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others, the following: a lower-price environment for gold or other metals; development and other activities relating to the Red Chris Mine; adverse economic and market conditions; changes in laws or regulations; and other factors described in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended June 30, 2020, and subsequent Forms 10-Q. Most of these factors are beyond our ability to predict or control.

Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

Statement Regarding Third-Party Information: Certain information in this press release, including production estimates and reserve and resource amounts, is publicly available information filed by Newcrest with applicable securities regulatory bodies. 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 any such third-party information and refers the reader to the public reports filed by Newcrest.

¹Newcrest defines a Tier 1 asset as having potential gold production of greater than 300,000 ounces per year, potential mine life of greater than 15 years, AISC of less than \$800 per ounce of gold, and significant resource or exploration upside likely

²The Mineral Resource estimate was completed in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (JORC Code)

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