

Global Analyst

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Two of the juniors on our list reported year-end financial results last week, though in both cases, the financials are less important than other potential developments.

OROGEN REVENUES UP AS MARKET FOCUSES ON KEY ROYALTY

Orogen Royalties (OGN, To., 0.90) reported record revenue of \$8 million for the year 2023 when it released preliminary fourth-quarter and full-year financial results. This is up 70% from 2022 revenue, led by royalty revenue from Ermitaño, which was up 58% to \$5.9 million, with prospect generation revenue more than doubling to \$1.8 million. After-tax net income of \$1.8 million was up 114% from 2022. The fourth quarter saw Ermitaño royalty revenue up almost 100% on the prior fourth quarter, continuing a trend of higher production and revenue from that royalty. The company ended the quarter with working capital of \$18.5 million and no debt.

Here we have an unusual beast—a junior exploration company with a strong balance sheet and positive free cash flow. However positive this is, the company's value now is being driven by its 1% royalty over AngloGold's Silicon and Merlin deposits in southern Nevada, with a resource of 13.2 million ounces (see Bulletin #901).

Major companies want that royalty

Clearly, a royalty like this would be very attractive to other major royalty companies who would love to acquire it. Following comments from Altius's CEO Brian Dalton earlier in the month (see Bulletin #903)—Altius holds a royalty of 1.5% on the project—and an arbitration scheduled for next month on Altius's royalty on a wider "area of interest", the process could get underway soon. Clearly, any transaction on Altius's royalty would put Orogen's in play.

We do not know how this will play out, of course, though we can guess at possible outcomes. Whether a large royalty company wants all of Orogen or only the Silicon/Merlin royalty, we suspect the outcome will result in a higher share price. With the possibility the royalty will be in play soon, Orogen remains a buy.

Vista advances project with new funding

Vista Gold (VGZ.NY, 0.49) released its 2023 results, showing a loss of \$6.6 million, 35% greater than the 2022 loss (which included a gain on a property sale). Operating expenses fell by \$1.5 million to \$6.8 million, however. The company ended the year with cash of \$6.1 million, which included the first payment of \$3 million on a \$20 million

royalty sale to Wheaton Precious Metals. It has now received the second of three scheduled payments.

There have been several developments on the Mt Todd project in Australia of late. As discussed, the company has completed an internal study on smaller-scale alternatives to develop Mt Todd, as well as an updated Feasibility Study (see Bulletin #903). The agreement with the Northern Territory government has been extended to 2029. A new drilling program has been initiated, both to add resources to the north and to convert resources in that area to reserves. And finally, the company has published its first ESG report, something I have no doubt investors were waiting for with bated breath.

Most of this is all well and good, but what is lacking is any concrete news that an M&A transaction is in the works, the critical development that the market really wants. The company said that it “continues to host site visits and respond to inquiries,” and that it remains “very focused on achieving a transaction”. We are holding.

Separately, Randy Eppler, a director of the company since 2004, died earlier this month. I met Mr. Eppler many times over the years, and always enjoyed our chats. I recall and appreciate his broad view as well as his sunny disposition. RIP.

TOP BUYS this week, in addition to above, include **Nestlé** (NESN, Switzerland, 94.36); **Kingsmen Creatives** (KMEN, Singapore, 0.265); **Franco-Nevada** (FNV.NY, 114.38); **Royal Gold** (RGLD, Nasdaq, 109.17); and **Lara Exploration** (LRA, To., 0.52).

WEBINAR WEDNESDAY This week my co-host Rich Checkan and I shall be hosting guest Lobo Tiggre, editor of The Independent Speculator, as well as good friend and Puerto Rico neighbour. Among other topics we plan to discuss junior mining stocks, silver, and uranium. In addition to a wealth of knowledge and insight into resource markets and specific companies, Lobo has years of experience into how to be a successful speculator as well as some of the common mistakes that many investors make. It promises to be an insightful and valuable discussion. The webinar is complimentary but you must sign up to ensure a spot; [register here](#).

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