

Maverix Metals Inc

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Maverix Metals is a rapidly growing, cashed up royalty company exposed to a rising gold price

- A pure gold play royalty investment
- A global portfolio and experienced management
- Low overheads and track record of growth

What Maverix Metals does:

Maverix Metals Inc (CVE:MMX) is a rapidly growing gold royalty and streaming firm with high margins and growing free cash flow.

In return for making an upfront payment, Maverix receives a royalty on the underlying precious metal sold by an operator, or in the case of a precious metal stream, the right to purchase an agreed-upon amount of gold, silver or other precious metal, at a significant discount to the spot commodity price.

Such agreements provide Maverix, and its shareholders, with exposure to precious metals price rises and the exploration upside of the mine or project without any additional capital outlay, while also fixing the ongoing costs of acquiring precious metals in the case of a stream.

Since being founded in 2016 by chairman Geoff Burns and CEO Daniel O'Flaherty, Vancouver-based Maverix, with a market cap of US\$750 million, now has 115 royalties and streams, 13 of which are paying. Its assets lie throughout Australia and the Americas.

How is it doing:

The company entered 2021 with a strong financial wind at its back.

On February 16, Maverix announced it had achieved record attributable gold equivalent ounces sold for the fourth quarter and full year ended December 31, 2020, exceeding its guidance for the year.

For 2021, the company is guiding for between 27,000 and 30,000 attributable gold equivalent ounces at around a 90% cash margin. It expects that around 99% of its revenue will be derived from gold and silver, with the majority of its gold equivalent ounces to come in the second half of the year.

"Maverix had another year of tremendous growth in 2020, achieving a new company record for attributable gold equivalent ounces, exceeding our 2020 guidance, and expanding our royalty portfolio with the acquisition of 10 gold royalties. We look forward to building off this performance with further growth in 2021, driven in large part by the push towards development and production at a number of the underlying precious metals assets where we hold royalties," said Dan O'Flaherty, CEO.

On its asset front, Maverix also noted that recently, Agnico Eagle Mines Limited became the owner of Hope Bay following its acquisition of TMAC Resources Inc and announced plans to continue mining the Doris deposit.

The miner expects quarterly production of between 18,000 to 20,000 ounces of gold, with a significant exploration

Price: 6.23

Market Cap: \$875.24 m

1 Year Share Price Graph



February 2020 August 2020 February 2021

Share Information

Code: MMX

Listing: TSX

52 week High Low
7.78 3.1

Sector: Gold & silver

Website: www.maverixmetals.com

Company Synopsis:

Maverix is a gold-focused royalty and streaming company with a globally diversified portfolio of over 100 assets. Maverix's mission is to increase per share value by acquiring precious metals royalties and streams. Its shares trade on both the NYSE American and the TSX under the symbol "MMX".

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program planned for this year.

Elsewhere, at the Moss mine in Arizona, Maverix said that Northern Vertex Mining Corp completed the previously-announced business combination with Eclipse Gold Mining Corp.

Under the terms of the deal, Maverix sold 19,511,041 shares of Northern Vertex and received net proceeds of approximately C\$9.8 million, realizing a gain on the sale of nearly C\$2 million.

In the group's third quarter to September 30, Maverix announced record operating and financial results. Revenue climb by 41% to US\$14.9 million and its adjusted earnings surged by nearly 200% to US\$5.3 million.

Also during the quarter, Maverix Metals acquired a portfolio of 11 gold royalties from mining giant Newmont Corporation (NYSE:NEM) for an upfront consideration of US\$75 million and potential future contingent payments of up to a maximum of US\$15 million. Newmont also plans to increase its ownership stake in Maverix to around 30% by taking on 12 million additional shares at US\$5 per share.

Inflection points:

- Further acquisitions of royalties/streams
- Ongoing gold and precious metals price advances

What the broker says:

Canaccord Genuity in early February 2021 initiated a 'Buy' rating on Maverix with a C\$8 price target and on February 16 repeated that rating and target, saying the firm's Q4 gold-equivalent ounce sales and 2021 guidance were both ahead of the broker's estimates and consensus.

Canaccord noted that the company and Agnico have now completed the previously-announced buy back of a 1.5% NSR for which Maverix received proceeds of C\$50 million on February 12.

Maverix retains a 1% NSR on the Hope Bay mine in Nunavut, which Agnico plans to continue to operate at current run rates while re-evaluating geological potential, mine plans, and processing options.

"Maverix noted it will use part of the proceeds from the Hope Bay buy back transaction to repay the \$35 million outstanding balance on their credit facility, after which the company will have access to the full \$120 million credit facility and cash of around \$50 million," said analyst Carey MacRury.

What the boss says:

Maverix Chief Financial Officer Matt Fargey spoke to Proactive in February this year about the success of 2020 and the excitement surrounding deploying its capital in 2021 on new opportunities.

"Up to Q3 we've had about C\$25 million in operating cash flow come in the door, so while we have these one-off events like the royalty buy-back (re: Agnico Eagle Hope Bay royalty repurchase), we're going to see some really strong cash-flow generation from our underlying portfolio that's also going to help with the treasury," he said.

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