

Metalla Royalty & Streaming Ltd

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Metalla Royalty & Streaming looks well positioned as it continues to leverage its large gold and silver portfolio

- Now has 50 royalties/streams
- Fosterville royalty deal offers near term cash flow with a Tier-One operator
- Greatest exposure to silver of any publicly-listed royalty company

What Metalla Royalty & Streaming Ltd does:

Metalla Royalty & Streaming Ltd (CVE:MTA) (NYSEAMERICAN:MTA) aims to leverage exposure to gold and silver by acquiring royalties and streams to build value.

Having a royalty means a company has the right to receive a percentage of mineral production from a mining operation, while streaming is the acquisition of all or a portion of a mine's production for both an upfront payment and a fixed price - or fixed percentage - per ounce of metal delivered.

Metalla is at an early stage of its growth but is rapidly expanding. Significantly, the group's business strategy is to acquire third-party royalties on assets of the major miners with strong operational experience and balance sheets.

In just a few years, the group has acquired 50 royalties/streams over 18 transactions and deployed C\$96 million of capital on assets that span the globe.

The firm said it has consistently outperformed its peers since its inception in 2016 with a compound annual growth rate (CAGR) of 65%.

Significantly, it has also listed in New York, on the NYSE American exchange, to widen its US investor base and improve its access to capital.

How is it doing:

In late July, Metalla unveiled a major deal to acquire a 2.5% net smelter royalty (NSR) on the north and south extensions at Kirkland Lake Gold's (TSE:KL) well-known Fosterville mine in Australia for A\$6 million

Fosterville, the largest mine in the Victoria goldfields, produced 619,000 ounces in 2019 at an average grade of 39.6 grams per ton and this year it is anticipated to generate 610,000 ounces. Kirkland Lake also currently has nine drill rigs turning on the property as part of a US\$70 million to US\$80 million exploration program.

The royalty gives Metalla exposure to the southern and northern extensions of the high-grade deposits including the Swan zone, Harrier, and Robbin's Hill, the group said.

The firm also recently boosted its loan facility to over C\$32 million to help fund the acquisition of further royalties and streams. The original facility of \$12 million is from shareholder Beedie Capital, which has said it "looks forward to supporting the acceleration and growth" of Metalla's business.

Price: 15.5
Market Cap: \$614.05 m

Share Information

Code: MTA
Listing: TSX-V
52 week High Low
16.87 4.06

Sector: Gold & silver
Website: www.metallaroyalty.com

Company Synopsis:

Metalla was built to generate leveraged precious metal exposure by acquiring royalties and streams for our shareholders. Our goal is to increase share value by accumulating a diversified portfolio of royalties and streams with attractive returns.

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It also completed a secondary bought deal offering with Coeur Mining Inc (NYSE:CDE) and revealed it had completed the acquisition of a net 1% royalty interest on the operating open pit, heap leach Wharf mine (Wharf) owned by Coeur from third parties for a total consideration of US\$5.77 million.

On August 24, Metalla posted its final results for the fiscal year to end-May, 2020, which showed the group continuing to expand its portfolio during the period. It bought a 2% NSR royalty on future gold production from part of the La Fortuna deposit and prospective ground forming at part of the NuevaUnión project in Chile.

It also consolidated its ownership on St Barbara's Fifteen Mile Stream Gold project (FMS) in Nova Scotia, through the acquisition of a 3% NSR on the Plenty deposit and Seloam Brook prospect for C\$2 million.

Across the group, revenue from royalty and stream interests for the year came in at C\$3.6 million, down from C\$7.9 million in 2019, while the net loss was C\$5.8 million versus a deficit of C\$2.4 million in 2019.

Metalla paid C\$1.6 million in dividends during the year to May 30, 2020. However, no dividends have been paid or declared for the months of June to August due to the impact of coronavirus (COVID-19), it added.

Inflection points:

- More royalty acquisitions
- Gold and silver price moves

What the boss says:

Talking to Proactive after the Fosterville royalty deal, Metalla's chief executive Brett Heath explained: "These are the types of assets that we want to give our shareholders exposure to. These are the strategic assets that are run by the highest quality operators with the best geology on the planet. We think there's a very high probability at this will generate cash for the company in the future."

In the light of the gold bull market, which Heath believes we are now in, he added: "I believe Metalla's just positioned extremely well, with our portfolio, with our development pipeline and the more transactions that we're working on to come."

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