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## Osisko Gold Royalties Ltd.

OR (TSX; NYSE): C\$14.40; US\$11.20

Stock Rating: Outperform

Target: C\$20.50

### Osisko Acquires Royalties on Early Stage Talisker Projects

Impact: Neutral

Before market open, Talisker Resources Ltd. (TSK: TSX, Not Covered) announced entering into a royalty agreement with Osisko Gold Royalties for a one-time payment of \$7.5 mln in cash. The royalties include a 1.7% NSR on all minerals produced from the Bralorne Gold property – a historic mining complex in BC, a 1.5% NSR on the Ladner Gold project, and a future 1% royalty on the Golden Hornet project, which will become effective if Talisker exercises its option to acquire the Golden Hornet Project. All assets are highly prospective at this stage with a maiden resource expected for the Bralorne property in Q1/22.

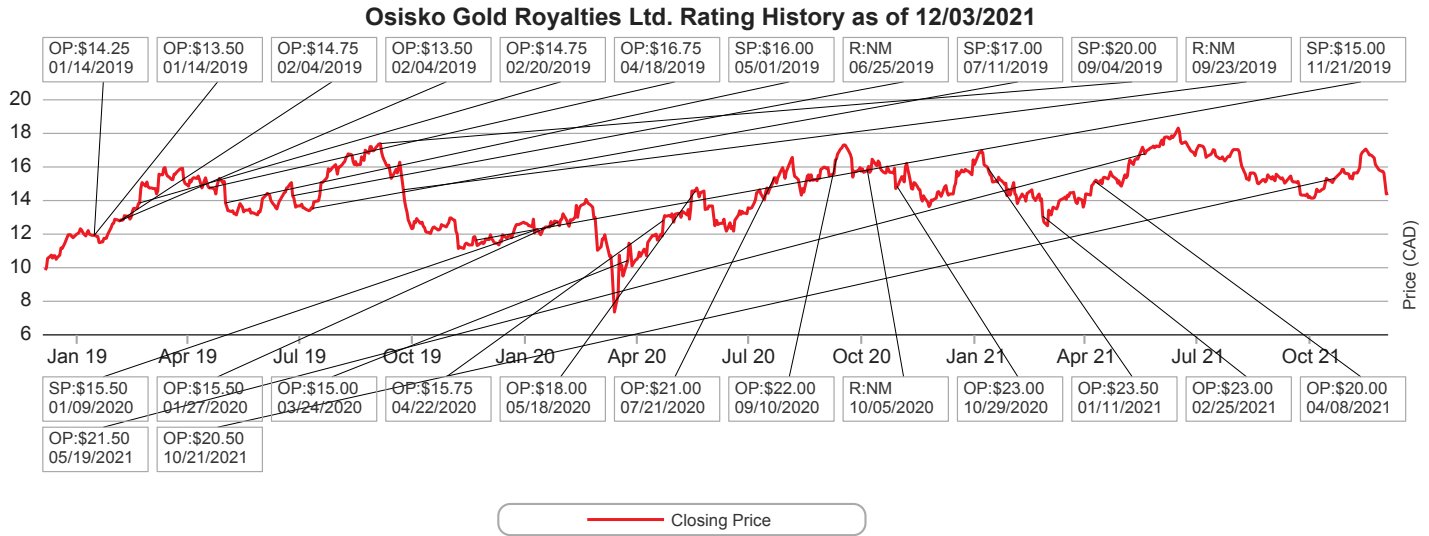
OR ended Q3/21 with \$151.9 mln in cash including \$72.2 mln within the fully consolidated Osisko Development Corp. (ODV: TSX.V, \$9.50 Target, Outperform, Analyst: D. DeMarco), \$117.9 mln in working capital and \$406.3 mln in long-term debt – the company has ~\$436 mln available on its credit facility excluding the \$100 mln accordion.

We reiterate our Outperform rating given Osisko's growth pipeline remains a free option at the current valuation. OR is trading at 1.04x NAV under our Base Case assumptions, a discount of 1.12x relative to larger-cap peers compared with -0.4x historically. Following the ongoing advancement of Osisko Development Corp., OR has a pathway in place to become a pure-play royalty/streaming company, which we expect will be more supportive of a re-rating as its currently discounted growth profile continues to advance.

Our target price remains based on a weighted multiple of 1.3x NAV (33%) and 18.0x EV/2022E CF (67%)

**Disclosures**

PRICE, RATING AND TARGET HISTORY: I = Initiation, OP = Outperform, SP = Sector Perform, UP = Underperform, UR = Under Review, R = Restricted; T = Tender (Source: Factset, NBF)



**RISKS:**

**Commodity Risk:** By purchasing streaming and royalty interests, Osisko's cash flow is levered to fluctuations in commodity prices, primarily gold and silver.

**Tax/Regulatory:** As a royalty and streaming company, Osisko is subject to various tax and regulatory risks. Streaming income earned by foreign subsidiaries may be subject to revisions in either domestic or foreign laws governing taxation/transfer pricing.

**Non-Operator:** By not operating the assets within its royalty portfolio, Osisko does not directly control the production or development of each asset and any delays in the forecasted production schedule could negatively impact revenue and indirectly impact the valuation of the company.

**ADDITIONAL COMPANY RELATED DISCLOSURES**

Osisko Gold Royalties Ltd. 2, 3, 5, 7  
Osisko Development Corp. 2, 3, 4, 5, 7

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RATING DISTRIBUTION			
	Outperform	Sector Perform	Underperform
Coverage Universe Ratings Distribution	65%	33%	0%
Investment Banking Distribution	74%	68%	100%

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