



## A Speculative Way to Play Gold

### Description

Investors looking for exposure to the gold and precious metals industry have many ways of [investing](#) in such securities. Among the blue-chip gold producers, gold ETFs, as well as the physical bouillon, investors can choose to buy into gold royalty companies such as **Osisko Gold Royalties Ltd.** ([TSX:OR](#))([NYSE:OR](#)).

I'll be taking a look at Osisko, as the company has recently reported earnings, to give investors insight into what the company does and how this gold play compares with other options.

### Earnings release

Last week, Osisko reported decent earnings results for the first quarter of 2017. Net earnings attributable to shareholders amounted to \$4.1 million this past quarter compared to a marginal loss for the same quarter a year ago. The company's results were boosted by record ounces earned, which drove the top and bottom lines higher year over year.

Osisko's assets include a portfolio of royalties on a number of Canadian miners, including **Veza**, **Island Gold**, **Canadian Malartic**, and its newly acquired royalty stream from **Taseko Mines**, which owns a 75% interest in B.C.-based **Gibraltar Copper Mine**. Increased production from these companies has led to the 9% increase year over year in output that has supported the company's revenue stream and 1.1% dividend.

In addition to these projects, the company also disclosed that it purchased a larger stake in **Barkerville Gold Mines**, bringing its ownership stake to above 35%. Shares in Baskerville have increased substantially on these purchases, and have more than doubled since March on heavier trading volumes related to these share purchases.

### Business model allows for increased exposure to gold prices

Osisko Royalties (not to be confused with **Osisko Mining Corporation**) is involved in the royalty business, receiving royalties from mines in exchange for funding.

The royalty business is often looked to as a source of steady and predictable revenue and can be viewed in a very favourable light from investors looking to cash in on a rally in the price of gold since these companies typically offer exposure to mining operations without much of the idiosyncratic risk there is with owning only one miner.

Osisko has a portfolio of more than 50 royalty streams, which spreads the risk out among a base of mining operations, most of which are located in Canada. That said, the companies that Osisko invests in tend to be venture companies, displaying higher-risk profiles and often more exposed to the price of gold. This increased volatility can indeed be a good thing as gold prices potentially rise; however, the downside for investors looking at a company like Osisko can be higher.

The increased risk profile of Osisko's royalty streams is something investors will have to weigh against the potential rewards.

Stay Foolish, my friends.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:OR (Osisko Gold Royalties)
2. TSX:OR (Osisko Gold Royalties)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

## Category

1. Investing
2. Metals and Mining Stocks

## Date

2025/08/17

## Date Created

2017/05/11

## Author

chrismacdonald

default watermark