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# BAML 2016 Global Metals, Mining & Steel Conference

Tony Jensen  
President and CEO

May 2016

ROYALGOLD,INC





# Cautionary Statement

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This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from the projections and estimates contained herein and include, but are not limited to: expected gold equivalent ounce production in the March 2016 quarter and beyond; production, cost, reserve and mine life estimates and forecasts from the operators of the Company's royalty and stream properties; reserves and resources, construction progress and projected start-up dates at the Cortez Crossroads, Rainy River and Wassa and Prestea projects; anticipated growth in the volume of metals subject to the Company's royalty and stream interests; the impact of exchange rates on the Company's full year effective tax rate; adequacy of liquidity; statements concerning the Company's dividend rates and market valuation; analyst valuations with and without value for Mount Milligan; statements concerning continued operation of Mount Milligan regardless of Thompson Creek's financial situation; and statements or estimates from operators of properties where we have royalty and stream interests regarding the timing of development, construction and commencement of production, or their projections of steady, increasing or decreasing production once in operation. Factors that could cause actual results to differ materially from these forward-looking statements include, among others: the risks inherent in construction, development and operation of mining properties, including those specific to new mines being developed and operated in foreign countries; changes in gold, silver, copper, nickel and other metals prices; performance of and production at the Company's properties; decisions and activities of the Company's management; unexpected operating costs; decisions and activities of the operators of the Company's royalty and stream properties; changes in operators' mining and processing techniques or royalty calculation methodologies; resolution of regulatory and legal proceedings (including with Vale regarding Voisey's Bay); unanticipated grade, geological, metallurgical, environmental, processing or other problems at the properties; inaccuracies in technical reports and reserve estimates; revisions by operators of reserves, resources, mineralization or production estimates; changes in project parameters as plans of the operators are refined; the results of current or planned exploration activities; discontinuance of exploration activities by operators seeking additional financing from the Company or third parties; economic and market conditions; variations between operators' production estimates and our estimates of net GEOs; operations on lands subject to aboriginal rights; the ability of operators of development properties to finance construction to project completion and bring projects into production and operate them in accordance with feasibility studies; challenges to the Company's royalty interests, or title and other defects in the Company's royalty properties; errors or disputes in calculating royalty payments or stream deliveries, or payments or deliveries not made in accordance with royalty or stream agreements; the liquidity and future financial needs of the Company; the impact of future acquisitions and royalty and stream financing transactions; adverse changes in applicable laws and regulations; litigation; and risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental laws, enforcement and uncertain political and economic environments. These risks and other factors are discussed in more detail in the Company's public filings with the Securities and Exchange Commission. Statements made herein are as of the date hereof and should not be relied upon as of any subsequent date. The Company's past performance is not necessarily indicative of its future performance. The Company disclaims any obligation to update any forward-looking statements.

*Endnotes located on pages 18 and 19.*



# Investment Takeaways

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## Growth

Revenue, volume and EBITDA were up 20-30% from a year ago.



## Quality

Mount Milligan is one of the lowest cost copper mines in the world. Pueblo Viejo is reporting <\$500 per ounce all-in sustaining costs.



## Opportunity

\$50 million of debt paid down in FQ3.  
\$500 million of existing liquidity and revolver extended to 2021.



# Growth

## New Stream Transactions

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Operator	Property	Strategic Rationale	Estimated Annual Net GEOs (first five years) <sup>1</sup>	Current Status
Barrick	Pueblo Viejo	Producing; one of only three mines in the world to produce >1m oz per year; first quartile costs; high quality resources with further exploration potential	50,500	<b>Now receiving regular deliveries</b>
New Gold	Rainy River	Under construction; quality deposit; significant exploration potential; excellent jurisdiction	17,500	<b>Overall construction 35% complete</b>
Teck	Andacollo	Producing; increased economic participation (rate and duration) and expanded area of interest; well regarded jurisdiction	40,000	<b>Now receiving regular deliveries</b>
Golden Star	Wassa, Prestea	Producing and developing low cost projects, large land package with exploration optionality	20,000	<b>Stream upsized, now receiving regular deliveries</b>



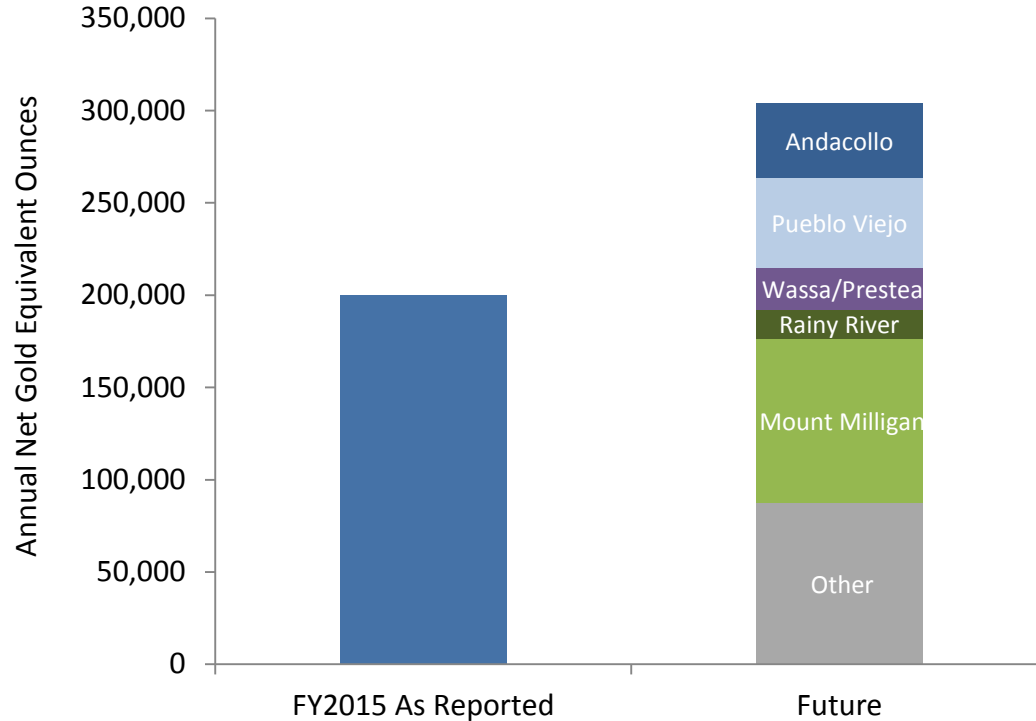
# Growth Diversifying Portfolio

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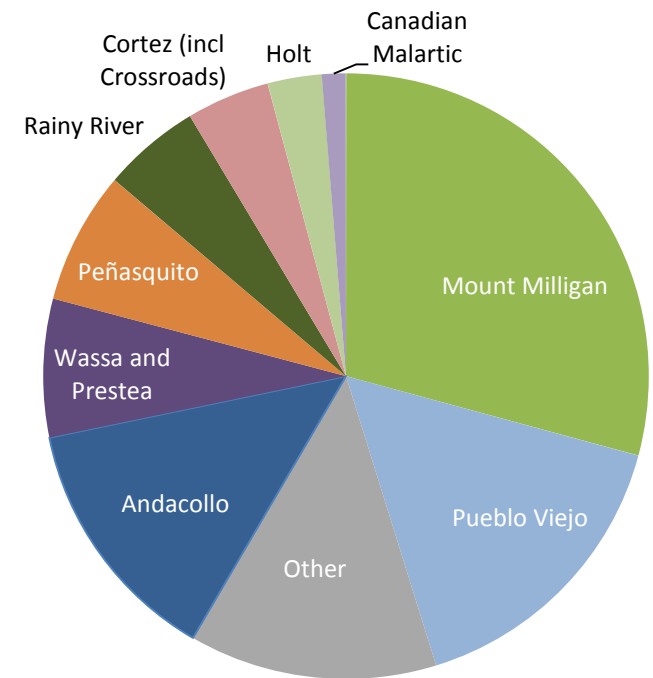


Pueblo Viejo and Rainy River expected to build on FY2015 success

FY2015 GEO Volume Plus Relative Estimated  
Contribution From New and Expanding Streams<sup>1</sup>



Estimated Distribution of Future GEO Volume<sup>1</sup>



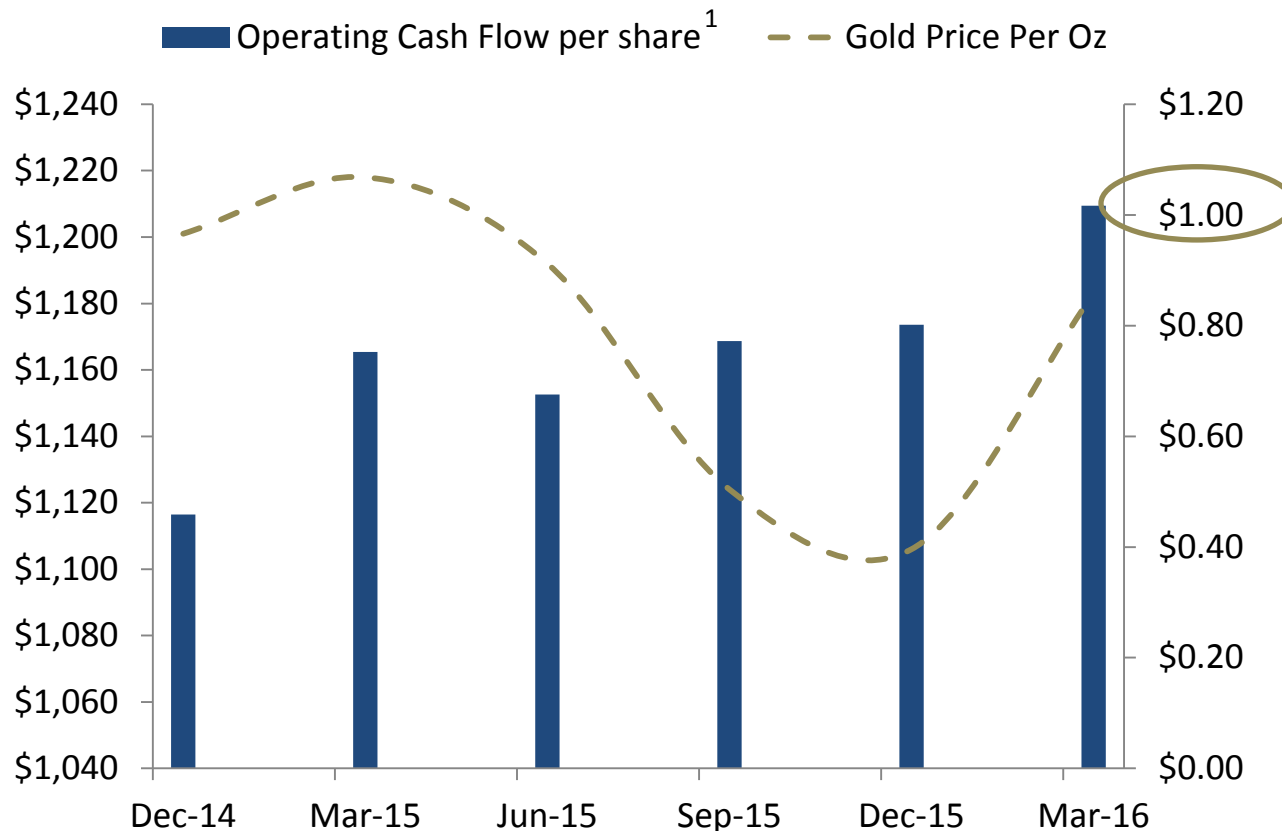


# Growth

## Returns Per Share

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- FQ3 cash flow per share of over \$1.00 as Royal Gold's share count is essentially unchanged in four years; our shareholders directly benefit from the expansion of our business





# Growth

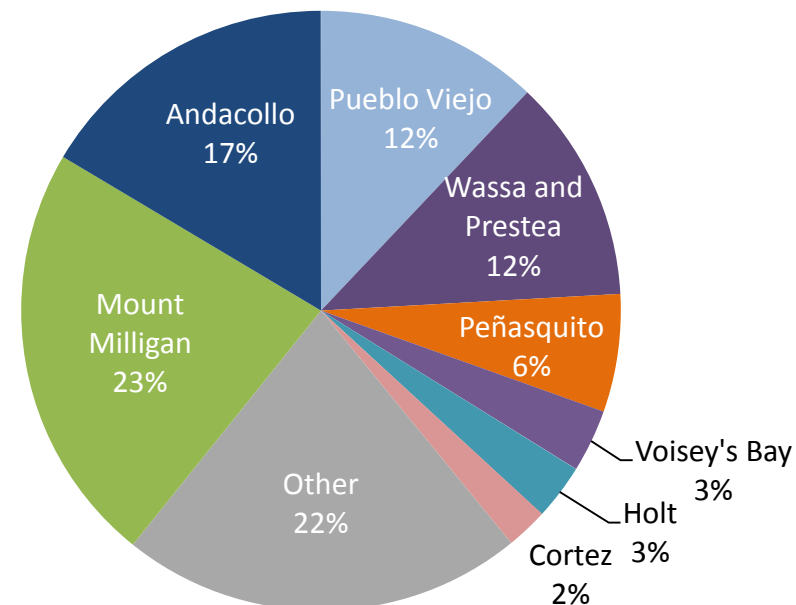
## CY2016 Gold Outlook

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- Our three largest interests—Mount Milligan, Andacollo and Pueblo Viejo—expect notable production increases in CY2016

Royalty/Stream	Calendar 2015 Operator's Actual <sup>1</sup> Gold (oz.)	Calendar 2016 Operator's Estimate <sup>2</sup> Gold (oz.)
Mount Milligan	218,100	240,000-270,000
Andacollo	47,600	57,600
Pueblo Viejo	572,000	600,000-650,000
Peñasquito	690,400	520,000-580,000
Wassa and Prestea	222,400	180,000-205,000
Cortez	148,700	120,500

FQ3 2016 Net Revenue



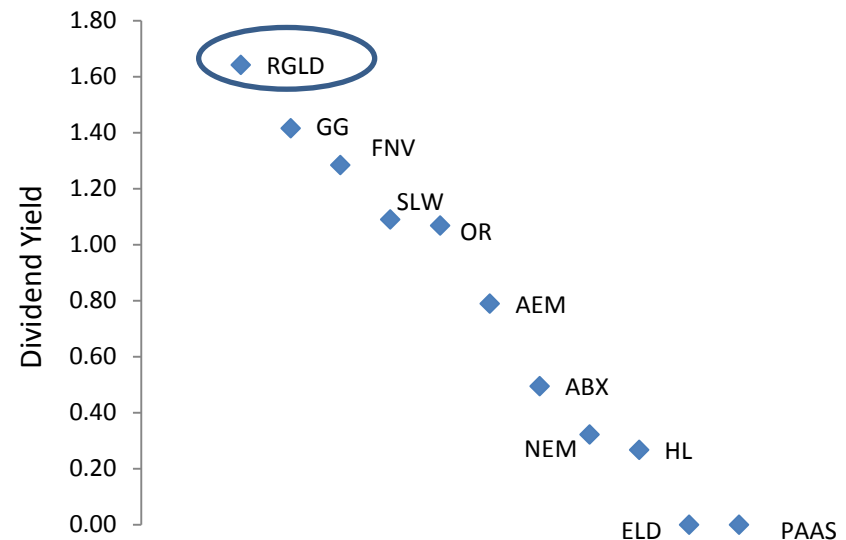
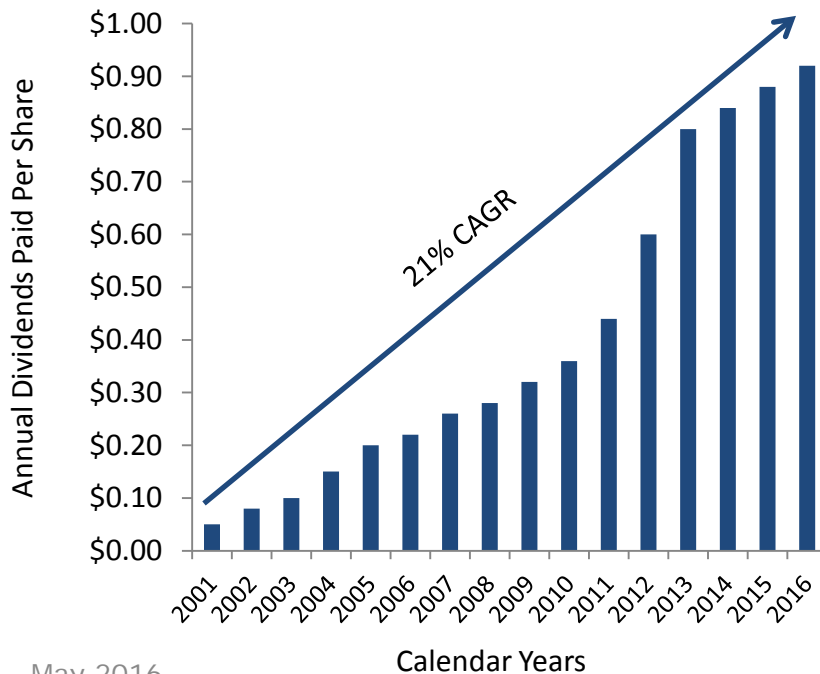


# Growth

## Returning Capital to Shareholders

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- 15 straight years of dividend increases
- Dividend increased in calendar 2016 to \$0.92 per share
- 29% payout ratio of operating cash flow in FY2015<sup>1</sup>
- 21% compound annual growth rate (CAGR) since 2001
- Equates to 1.6% annual yield (*May 5, 2016*)







# Quality

## Mount Milligan World Class Performance

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### Mount Milligan – Thompson Creek, Canada



- 60ktpd design capacity achieved at the end of December 2015
- CY2016 volume guidance of 240,000-270,000 ounces of gold<sup>1</sup>, a 10-15% increase
- Construction of permanent secondary crusher ongoing, commissioning expected at year end
- Mount Milligan ranks 3rd in Wood Mackenzie's list of 255 copper mines ranked by C1 costs<sup>2</sup>
- Over \$210 million in gross revenue received from gold sales through March 31, 2016



# Quality

## Pueblo Viejo Contributions Growing

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Pueblo Viejo – Barrick Gold (60% interest), Dominican Republic



- Expected to deliver ~50,000 GEOs of production per year to Royal Gold<sup>1</sup>
- Gold deliveries began in December 2015; silver deliveries began in January 2016
- Latest Update (Barrick's share)<sup>2</sup>:
  - CQ1 2016 production of 172,000 of gold at all-in sustaining costs of \$496 per ounce
  - Barrick reiterated 2016 production forecast of 600,000-650,000 ounces and reduced guidance for all-in sustaining costs to \$550-\$590 per ounce (from \$570-\$620 per ounce)
  - The mine treated higher grade ore in the first calendar quarter which was not processed in December; maintenance accelerated during shutdown



# Quality Rainy River In Construction

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## Rainy River – New Gold, Canada



December 2015



February 2016

### ➤ Latest Update<sup>1</sup>:

- Overall construction progress is currently 35% complete
- Plant site earthworks over 90% complete
- Assembly of initial mine fleet complete
- Installation of mechanical, piping, electrical and instrumentation began in April
- A section of the starter dam, which represents approximately 30% of the initial structure, is expected to be redesigned, requiring amendments to existing permits



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## Wassa and Prestea Transition to Underground

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### Wassa and Prestea – Golden Star Resources, Ghana



#### Latest Update<sup>1</sup>:

- March quarter Wassa and Prestea open pit production of 53,000 ounces at cash costs estimated below \$750 per ounce<sup>1</sup>, in line with full year guidance of 180,000-205,000 ounces of gold production
- Higher quality Wassa and Prestea underground projects under construction
- Expect new sources of ore will increase annual production by ~25% beginning in late 2017





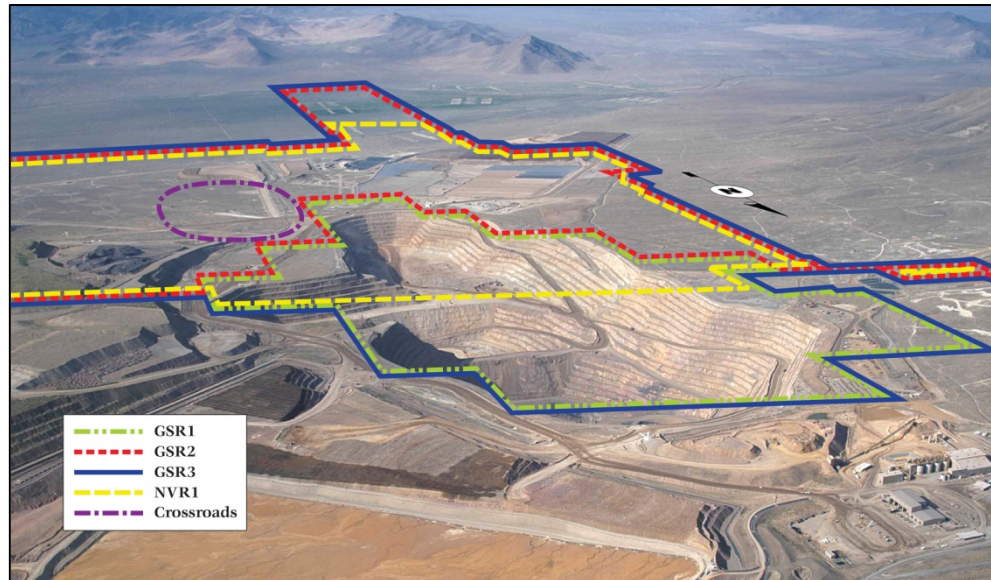
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## Cortez Crossroads On Schedule

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### Cortez Crossroads – Nevada, USA



- Crossroads is an area of approximately 3 million ounces<sup>1</sup> of reserves subject to Royal Gold's 5.6% royalty interest
- Waste stripping in the Crossroads pit began in 2015<sup>2</sup>
- Dewatering wells were completed in 2015
- Production expected in 2018<sup>2</sup>

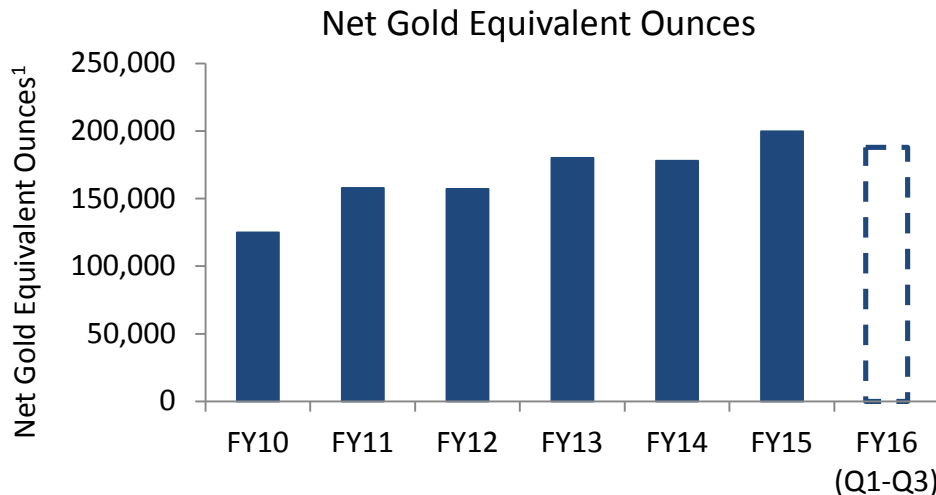


# Opportunity

## Investment Summary

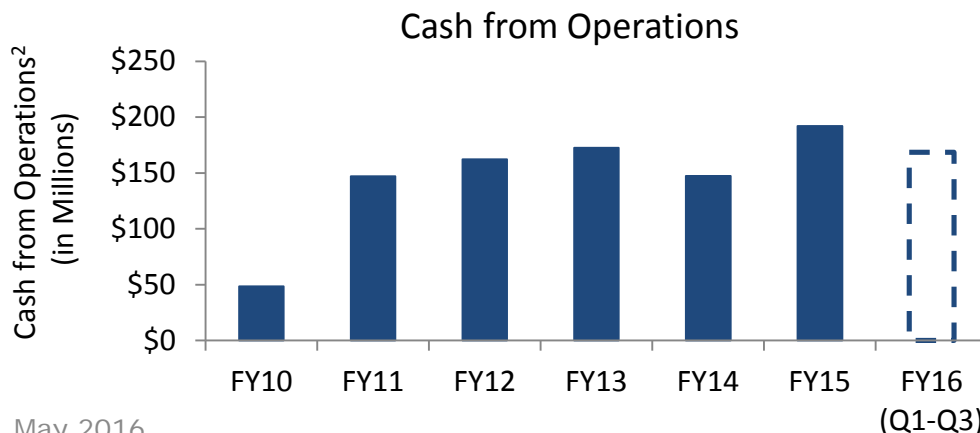
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38 producing mines driving growth beyond FY15's record volume and cash flow



Record volume of nearly 200,000 net gold equivalent ounces (GEOs) in FY2015

- 8% CAGR since FY2010
- Higher volume offsets lower gold price
- **Net GEO volume through Q3 FY2016 grew to nearly 188,000**



Record operating cash flow of \$192 million, or \$2.95/share in FY2015

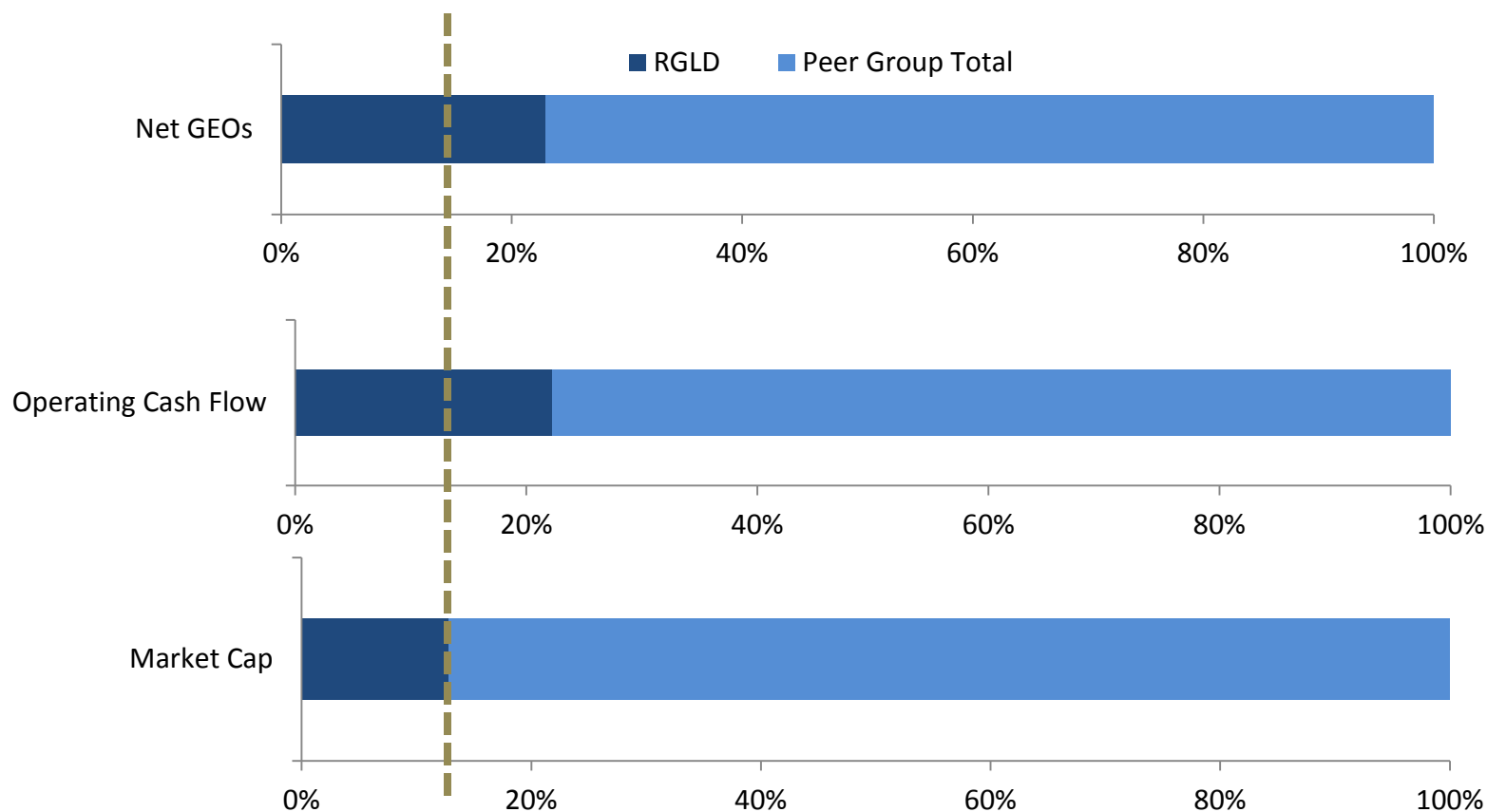
- 31% increase over FY2014
- Impressive growth profile not reflected in share price
- **Operating cash flow topped \$168 million and is growing with both new streams and legacy properties**



# Opportunity Valuation

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 Nearly 25% of the industry's economics, trading at less than 15% of the market cap<sup>1</sup>



*Peer group includes Franco Nevada and Silver Wheaton for the trailing 12 months ended March 31, 2016; Market Cap as of May 10, 2016.*



# Investment Takeaways

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## Growth

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## Opportunity

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## Endnotes

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# Endnotes

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Many of the matters in these endnotes and the accompanying slides constitute forward looking statements and are subject to numerous risks, which could cause actual results to differ. See complete Cautionary Statement on page 2.

## PAGE 4 GROWTH – NEW STREAM TRANSACTIONS

1. Estimates are based on future projections provided to Royal Gold by the operators and assuming constant \$1,200 gold. There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements at the beginning of this presentation.

## PAGE 5 GROWTH – DIVERSIFYING PORTFOLIO

1. Estimates are based on future projections provided to Royal Gold by the operators and assuming constant \$1,250 per ounce gold price. There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements at the beginning of this presentation.

## PAGE 6 GROWTH – RETURNS PER SHARE

1. March and September 2015 reported operating cash flow adjusted for one-time tax items related to a foreign exchange gain and gain on the sale of the Andacollo royalty, respectively.

## PAGE 7 GROWTH – CY2016 GOLD OUTLOOK

1. Actual production figures shown are for the period January 1, 2015 through December 31, 2015, unless otherwise noted.
2. Production estimates received from our operators are for calendar 2016. There can be no assurance that production estimates received from our operators will be achieved. Please refer to Risk Factors identified in Part I, Item 1A, of our Fiscal 2015 10-K for information regarding factors that could affect actual results. The estimated and actual production figures shown for Andacollo are contained gold in concentrate. The estimated and actual production figures shown for Mount Milligan and Peñasquito are payable gold in concentrate. The estimated production figure shown for Wassa and Prestea is payable gold in doré.

## PAGE 8 GROWTH – RETURNING CAPITAL TO SHAREHOLDERS

1. Payout ratio of operating cash flow calculated as dividends paid divided by cash from operations for the fiscal year ended June 30, 2015.

## PAGE 9 QUALITY – MOUNT MILLIGAN WORLD CLASS PERFORMANCE

1. See Thompson Creek Metals' press release dated February 24, 2016.
2. See Wood Mackenzie's updated of Q4 2015 Cash Costs.



# Endnotes (cont).

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## PAGE 10 QUALITY – PUEBLO VIEJO CONTRIBUTIONS GROWING

1. Estimates are based on future projections provided to Royal Gold by the operators and assuming constant \$1,200 gold. There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements at the beginning of this presentation.
2. See Barrick's press release dated April 26, 2016.

## PAGE 11 QUALITY– RAINY RIVER IN CONSTRUCTION

1. See New Gold's press release dated April 27, 2016.

## PAGE 12 QUALITY – WASSA AND PRESTEA TRANSITION TO UNDERGROUND

1. See Golden Star's press release dated April 13, 2016.

## PAGE 13 QUALITY – CORTEZ CROSSROADS ON SCHEDULE

1. See the Company's reserve release dated April 27, 2016.
2. See Barrick's 43-101 report for Cortez dated March 29, 2016.

## PAGE 14 OPPORTUNITY – INVESTMENT SUMMARY

1. Royal Gold defines net Gold Equivalent Ounces as revenue divided by the average gold price for the same period, less the purchase price per ounce in the case of streams.
2. H1 FY16 Cash from Operations adjusted for the tax gain on sale of the Andacollo royalty.

## PAGE 15 OPPORTUNITY – VALUATION

1. Source is S&P CapitaliQ for market capitalization. Royal Gold operating cash flow adjusted for the gain on the sale of the Andacollo royalty.

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## Appendix

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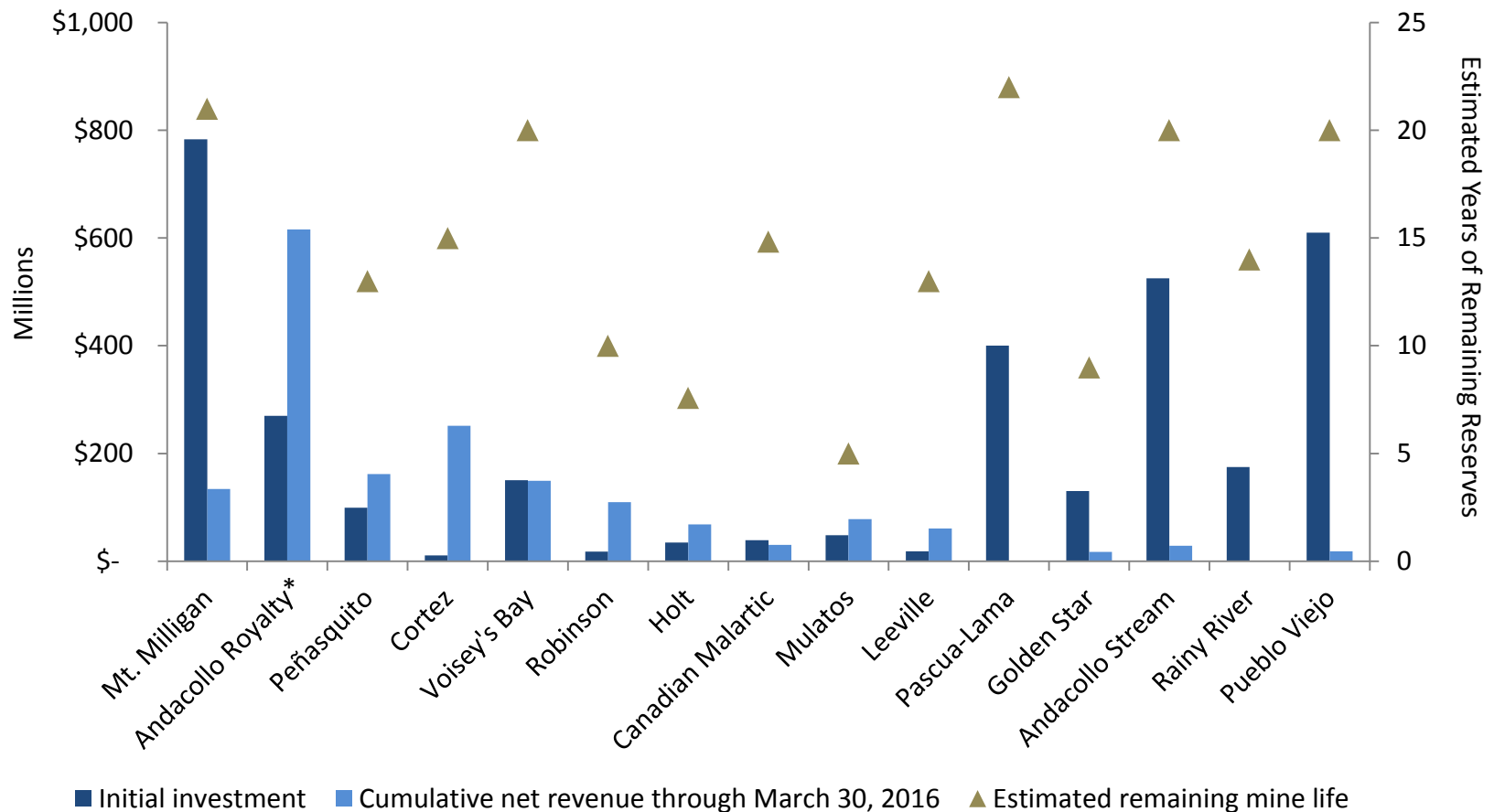
# Quality

## Investment Returns and Thesis

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### History of generating strong returns



\* Includes proceeds from sale of the Andacollo Royalty; see Andacollo Stream



# Opportunity

## Strong Balance Sheet

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Date	Item	(\$USD millions)
March 31, 2016	Undrawn Revolver	\$350.0m
March 31, 2016	Working Capital	\$151.0m
<b>March 31, 2016</b>	<b>Total Available Liquidity</b>	<b>\$501.0m</b>
Strong and Growing Operating Cash Flow	Fiscal 3Q Operating Cash Flow Increased 27% from the December quarter	\$66.1m
Near-Term Conditional Commitments	Existing conditional commitments at Rainy River and Golden Star expected to be funded primarily through cash flow from operations (net of \$20m payment to GSR in April 2016)	\$125m

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