



**SOLID PORTFOLIO. SOLID FUTURE.**

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## NOTES:

1. Certain information, including the Company's audited financial statements, required to be included in this Annual Report, is contained in the Form 10-K.

2. We do not own or operate the properties on which we have royalty interests and therefore much of the information in this Annual Report regarding the properties is provided to us by the operators, including reserves, production estimates and the status of development at the properties.

# CORPORATE PROFILE

**Royal Gold, Inc. acquires and manages precious metals royalties and streams, with a primary focus on gold. The Company's portfolio provides investors with a unique opportunity to capture value in the precious metal sector without incurring many of the costs and risks associated with mine operations.**

To acquire a royalty, Royal Gold buys a percentage of the metal produced from a mineral property in exchange for an initial payment. Existing royalties are acquired outright from either a mineral resource company or a private party; new royalties are generally created by providing capital to an operator or explorer in exchange for a royalty. Precious metal streams are obtained by providing financing to operators, allowing them to monetize a portion of their production. A metal stream is similar to a royalty but typically has a smaller front end payment, and requires that payments be made as metal is delivered over the life of the mine. In a royalty or stream investment, Royal Gold does not contribute to the exploration, operating, or capital costs at the mine after the investment is made, and does not assume any responsibility for actual mine operations.

Royal Gold owns a large portfolio of producing, development, evaluation and exploration stage royalties and streams located in some of the world's most prolific gold regions. With this high quality portfolio, Royal Gold maintains upside potential through exploration successes by the operators and generally benefits when new reserves are discovered and produced.

This successful business model generates strong cash flow and high margins with a lower cost structure, providing shareholders with a premium precious metal investment.

Royal Gold is based in Denver, Colorado, and is traded on the NASDAQ Global Select Market, under the symbol "RGLD," and on the Toronto Stock Exchange, under the symbol "RGL."

## BUSINESS STRATEGY

### **THE KEY ELEMENTS OF OUR BUSINESS STRATEGY INCLUDE:**

- 1. FOCUS ON GOLD.** Royal Gold is a precious metals investment vehicle focused on gold.
- 2. BUSINESS MODEL.** Royal Gold's lower risk business model is based on acquiring royalty interests in precious metals properties or entering into precious metals stream transactions rather than engaging in costly and more complex mining operations.
- 3. GROWTH AND DIVERSIFICATION.** Royal Gold is determined to add to its broad-based and geopolitically stable portfolio of precious metals interests through accretive transactions.
- 4. MARGIN ENHANCEMENT.** Royal Gold's unique business model allows us to efficiently grow revenue without adding significant overhead costs.
- 5. FINANCIAL FLEXIBILITY.** Royal Gold's liquidity allows the Company to compete for royalty acquisitions or metal streams by means of a purchase, a corporate transaction, providing financing, or entering into a strategic exploration alliance.

# SELECTED FINANCIAL DATA

## SELECTED STATEMENTS OF OPERATIONS DATA

(Amounts in thousands, except per share data)	Fiscal Years Ended June 30,				
	2014	2013	2012	2011	2010
Revenue	\$ 237,162	\$ 289,224	\$ 263,054	\$ 216,469	\$ 136,565
Adjusted EBITDA <sup>1</sup>	\$ 202,070	\$ 260,469	\$ 237,616	\$ 190,172	\$ 100,068
Operating income	\$ 108,720	\$ 171,167	\$ 156,634	\$ 118,925	\$ 41,035
Net income	\$ 63,472	\$ 73,409	\$ 98,309	\$ 77,299	\$ 29,422
Net income attributable to Royal Gold common stockholders <sup>3, 4, 5, 6</sup>	\$ 62,641	\$ 69,153	\$ 92,476	\$ 71,395	\$ 21,492
Net income per share available to Royal Gold common stockholders:					
Basic	\$ 0.96	\$ 1.09	\$ 1.61	\$ 1.29	\$ 0.49
Diluted	\$ 0.96	\$ 1.09	\$ 1.61	\$ 1.29	\$ 0.49
Dividends declared per common share	\$ 0.83	\$ 0.75	\$ 0.56	\$ 0.42	\$ 0.34

## SELECTED BALANCE SHEET DATA

(Amounts in thousands)	As of June 30,				
	2014	2013	2012	2011	2010
Royalty and stream interests, net	\$ 2,109,067	\$ 2,120,268	\$ 1,890,988	\$ 1,690,439	\$ 1,476,799
Total assets	\$ 2,891,544	\$ 2,905,341	\$ 2,376,366	\$ 1,902,702	\$ 1,865,333
Debt	\$ 311,860	\$ 302,263	\$ 293,248	\$ 226,100	\$ 248,500
Total liabilities	\$ 518,987	\$ 534,705	\$ 512,937	\$ 415,007	\$ 431,785
Total Royal Gold stockholders' equity	\$ 2,354,725	\$ 2,348,887	\$ 1,838,459	\$ 1,460,162	\$ 1,403,716

1. The term "Adjusted EBITDA" is a non-GAAP financial measure. Adjusted EBITDA is defined by the Company as net income plus depreciation, depletion and amortization, non-cash charges, income tax expense, interest and other expense, and any impairment of mining assets, less non-controlling interests in operating income of consolidated subsidiaries, interest and other income, and any royalty portfolio restructuring gains or losses.

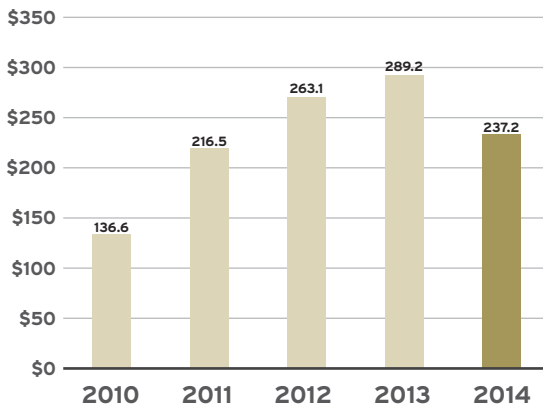
2. The term "net income" represents net income attributable to Royal Gold shareholders as shown on the Company's Consolidated Statement of Operations and Comprehensive Income in our Annual Report on Form 10-K.

3. Net income for FY2010 was impacted by pre-tax effects of severance and acquisition cost of \$19.4 million, or \$0.33 per share, related to the International Royalty Corporation transaction.

# FINANCIAL HIGHLIGHTS

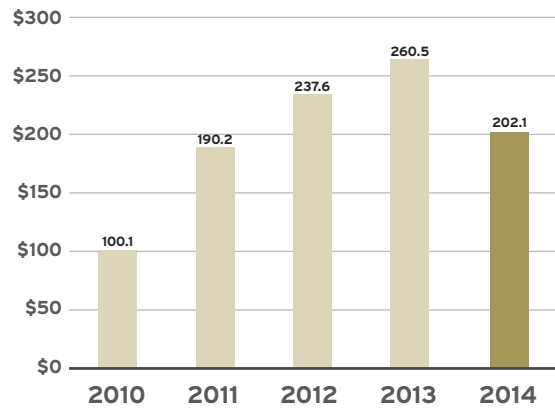
## REVENUE

For the Fiscal Years Ended June 30, (\$Millions)



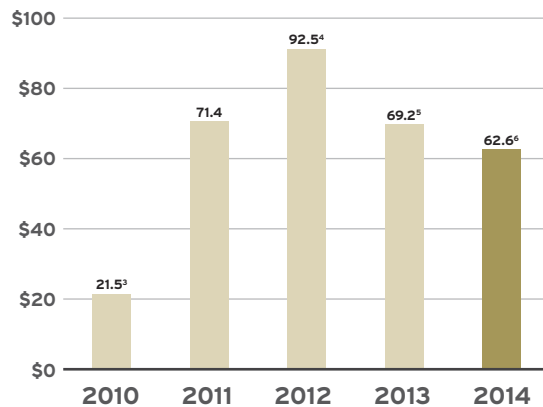
## ADJUSTED EBITDA<sup>1</sup>

For the Fiscal Years Ended June 30, (\$Millions)



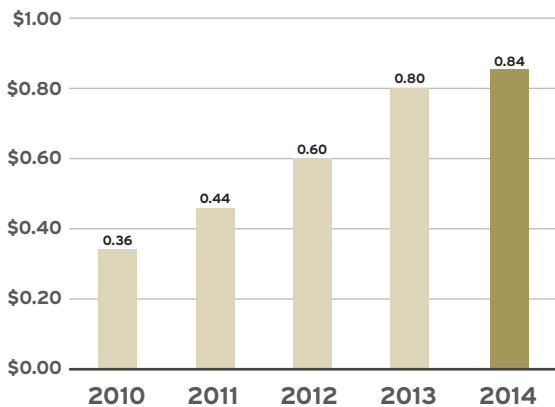
## NET INCOME<sup>2</sup>

For the Fiscal Years Ended June 30, (\$Millions)



## CALENDAR YEAR DIVIDENDS<sup>7</sup>

(\$Per share)



4. Net income for FY2012 was impacted by a royalty restructuring charge at Relief Canyon resulting in a \$0.02 loss per basic share after taxes.

5. Net income for FY2013 was impacted by an impairment loss recognized on available-for-sale securities of \$12.1 million, or \$0.23 per basic share after taxes, in addition to increased depletion expense.

6. Net income for FY2014 was impacted by an impairment loss recognized on available-for-sale securities of \$4.5 million, or \$0.07 per basic share after taxes.

7. Dividends are paid on a calendar year basis and do not correspond with the fiscal year dividend amounts shown in the Selected Financial Data. Fiscal 2014 dividends totaled \$0.83 per share; calendar 2014 total includes the estimated fourth quarter dividend.

# LETTER TO SHAREHOLDERS

## ***Dear Fellow Shareholder,***

During fiscal 2014, our industry adapted to the “new normal” of weaker precious metals prices following the dramatic decline in gold and silver prices in late fiscal 2013. The average gold price for fiscal year 2014 was down 19% relative to the prior year. These prices compressed financial results for all precious metal companies, particularly in high debt and low margin companies. Many operators responded to the lower price environment by cutting operating costs, eliminating growth expenditures, scaling back projects, selling assets, and reducing or eliminating dividends.

### **Royal Gold stands in stark contrast to pressures experienced by others in the precious metal industry:**

- *We are financially robust with over \$700 million in working capital and a \$450 million untapped credit facility, giving us more than \$1 billion in uncommitted liquidity;*
- *We continued to invest in the business, adding four new interests to our portfolio over the fiscal year, consisting of royalties at El Morro, Cortez and Goldrush, as well as a new streaming interest at Phoenix;*
- *We believe this is an excellent time to add new interests to our portfolio as royalty and stream products offer a compelling cost of capital to operators in the current environment;*
- *We experienced significant volume growth as Mt. Milligan entered production during the fiscal year and is now our largest single source of revenue;*
- *We returned over \$53 million to shareholders in the form of dividends, which equates to about 36% of operating cash flow, marking our 13th straight year of increasing dividends;*

- *We achieved a total shareholder return of 84%; and*
- *We added significant talent to our board of directors during the fiscal year.*

### **FINANCIALLY ROBUST**

Prior to the gold price declines experienced in late fiscal 2013, we took several measures that I reported on last year to make sure we were well positioned to grow the company in any metal price environment. We furthered those efforts in fiscal 2014 by increasing our credit line to \$450 million, with improved terms and with an extended maturity.

We funded over \$75 million in new opportunities out of very strong operating cash flow, which totaled \$147 million during the fiscal year. We have slightly less than \$100 million in future commitments, leaving us with one of the strongest uncommitted balance sheets in the business.

### **NEW BUSINESS**

Over the last fiscal year we've given our shareholders exposure to properties with excellent development potential by investing in Goldcorp's and New Gold's El Morro project, Barrick's Cortez mining complex and its nearby Goldrush project and Rubicon Minerals' Phoenix project.

In August 2013, we acquired a royalty from Xstrata covering an estimated one-third of the total reserves at the El Morro copper gold project in Chile. Goldcorp holds 70% of the El Morro project, with the remaining 30% held by New Gold. El Morro is among the world's highest grade undeveloped gold and copper porphyries, with reserves of 9.5 million ounces of gold and 7 billion pounds of copper.

***“As Mt. Milligan production began to ramp up and our other properties continued to perform, investors took note of that growth and rewarded Royal Gold. We outperformed our sector and gold for fiscal 2014, delivering a total shareholder return of approximately 84%.“***

In January 2014, we expanded our business in Nevada. We purchased a royalty on the southern end of Barrick's Goldrush deposit. Goldrush has approximately 15 million ounces of gold resource and the system remains open in multiple directions, including lands subject to Royal Gold's new royalty interest. We also increased our interests in certain portions of the Pipeline complex at Barrick's Cortez gold mine. These new interests complement a host of other royalty interests we have in the area.

In February 2014, we completed a stream financing transaction with Rubicon to help develop its Phoenix gold project in Ontario, Canada. Rubicon projects a total life of mine production of 2.2 million ounces, with average estimated annual production of 165,300 ounces based on a 13 year mine life. The Phoenix project is currently under construction with first production expected in mid-calendar 2015.

#### **EXCELLENT ENVIRONMENT**

Royal Gold is navigating this challenging commodity environment from a position of strength. While many in the industry are seeking capital to advance projects, we have the capital resources to invest in quality projects.

Royal Gold's main competitors are debt and equity financings. Equity financing for many companies today is unavailable and, when available, it is often quite dilutive to per share financial results. Debt also has limited availability for smaller entities and is rarely a complete solution for project financing. By contrast, royalty and stream financing is available, its attributes are well understood by the industry, and it is gaining market share.

Our royalty and streaming products complement the industry's focus on per share returns by limiting dilution and delivering a compelling cost of capital to our counterparties. We do our own due diligence, leveraging our operating experience carefully and seeking out strong management teams for long-term relationships. Our recent transaction with Rubicon at the Phoenix project is an excellent example.

We continue to be encouraged by the amount of deal flow in the business; but we will remain selective in our investments, seeking opportunities that we believe will provide strong total shareholder return.

#### **STRONG VOLUME**

Thompson Creek's Mt. Milligan mine commenced production in September 2013. After three quarters of progressively higher production, it is now our largest single revenue generator even though it ended our fiscal year at only about 65% of design capacity. Thompson Creek expects the mine will be near 80% capacity by calendar 2014 year end, with beginning production capacity scheduled for 2015. We estimate Mt. Milligan, once in full production, could become the largest gold stream in the business, and we are very enthusiastic about the returns we expect Mt. Milligan to generate for our shareholders.

The new production from Mt. Milligan adds to 36 other producing properties also providing revenue to Royal Gold. An operating or investment-oriented metals company would be hard pressed to replicate this level of diversification.

## LETTER TO SHAREHOLDERS *(continued)*

Teck's Andacollo property in Chile and Goldcorp's Peñasquito mine in Mexico were our other top producers. At Andacollo, production was 27% lower than a year ago as a lower grade portion of the deposit was mined according to schedule, while Peñasquito's production increased 44% as Goldcorp accessed a higher grade portion of the deposit.

We continue to monitor progress on more than 160 development, evaluation and exploration investments. This includes our royalty on Barrick's Pascua-Lama project. In late 2013, after investing over \$5.4 billion on project development, Barrick announced the temporary suspension of construction at Pascua-Lama, and noted that a decision to restart development will depend on improved economics and reduced uncertainty related to legal and regulatory requirements. We believe that Pascua-Lama is a world class deposit, with total gold reserves of 15 million ounces subject to our interests. When this project commences production, it has the potential to be among our largest sources of revenue without the need for any additional capital contributions on the part of Royal Gold.

### TOTAL SHAREHOLDER RETURN

We are proud to have developed a business that rewards shareholders with a sustainable dividend. We returned over \$53 million to shareholders in the form of dividends, which equates to about 36% of operating cash flow. This was our 13th consecutive year of increasing dividends.

As Mt. Milligan production began to ramp up and our other properties continued to perform, investors took note of

that growth and rewarded Royal Gold. We outperformed our sector and gold for fiscal 2014, delivering a total shareholder return of approximately 84%.

### TALENT REINFORCED

From a personal standpoint, we bid farewell to our Founder and Chairman Stanley Dempsey, who retired in May 2014, after 31 years of leadership with Royal Gold. Stan was the driving force behind Royal Gold's evolution from an oil and gas company to a gold exploration and production company, and ultimately to one of the world's largest royalty and streaming companies. Jim Stuckert and Denny Howell also retired from the board after decades of service to the company. Both were instrumental in financing the company in its earliest days and each provided excellent guidance over those many years. Our current management team owes a large debt of gratitude to these three gentlemen for establishing a strong and stable base from which the company can continue to grow.

We took this time of change and used it to our advantage by adding two well-respected and experienced gold industry executives to the board. Kevin McArthur joined the board in February. Among other positions, Kevin was the prior President and CEO of Goldcorp and Glamis Gold, and is the current Vice Chairman and CEO of Tahoe Resources. Kevin brings a unique combination of operational and executive-level expertise, as well as common sense cultivated during his involvement in some of the most exciting growth developments in the mining industry over the last three decades. Chris Thompson joined the board in May. He is the prior President and

***"We are financially robust with over \$700 million in working capital and a \$450 million untapped credit facility, giving us more than \$1 billion in uncommitted liquidity."***



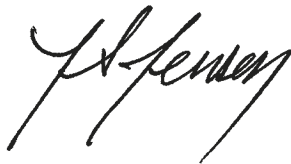
***“Royal Gold is navigating this challenging commodity environment from a position of strength. While many in the industry are seeking capital to advance projects, we have the capital resources to invest in quality projects.”***

CEO of Gold Fields and the Founder and CEO of Castle Group, which managed venture capital funds to finance the development of new gold mines. Chris has vast international transactional and operational experience in the mining industry and we will be well served by his knowledge of the business.

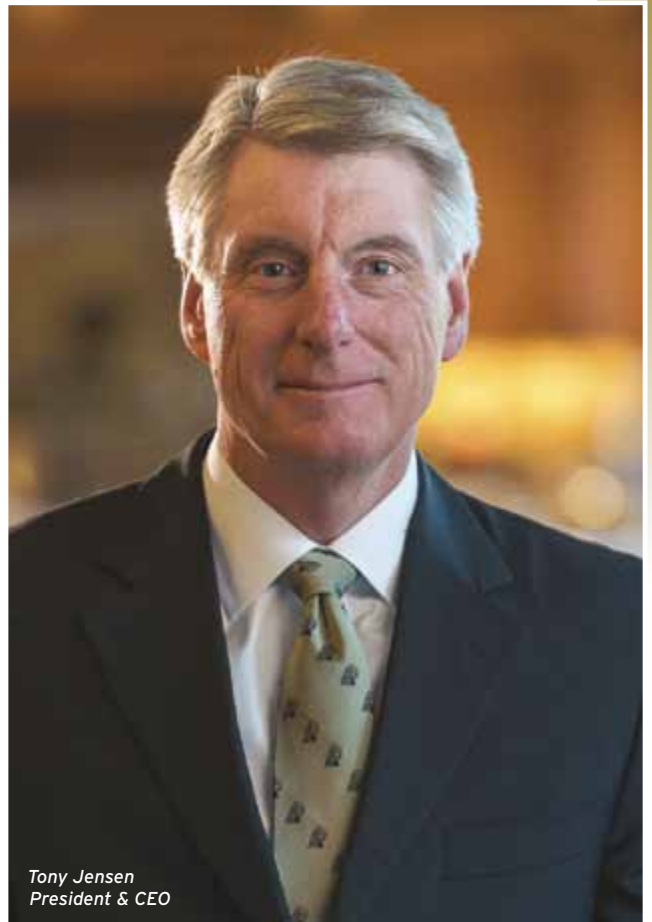
The board appointed William Hayes to lead the company as Chairman. Bill has served on the Royal Gold board of directors since 2008 and knows our business well. We welcome his leadership in this new role.

In closing, let me express my appreciation to all of our shareholders for your support of our efforts. It is a privilege to represent Royal Gold and, on behalf of all of our employees, we thank you for that support.

Sincerely,



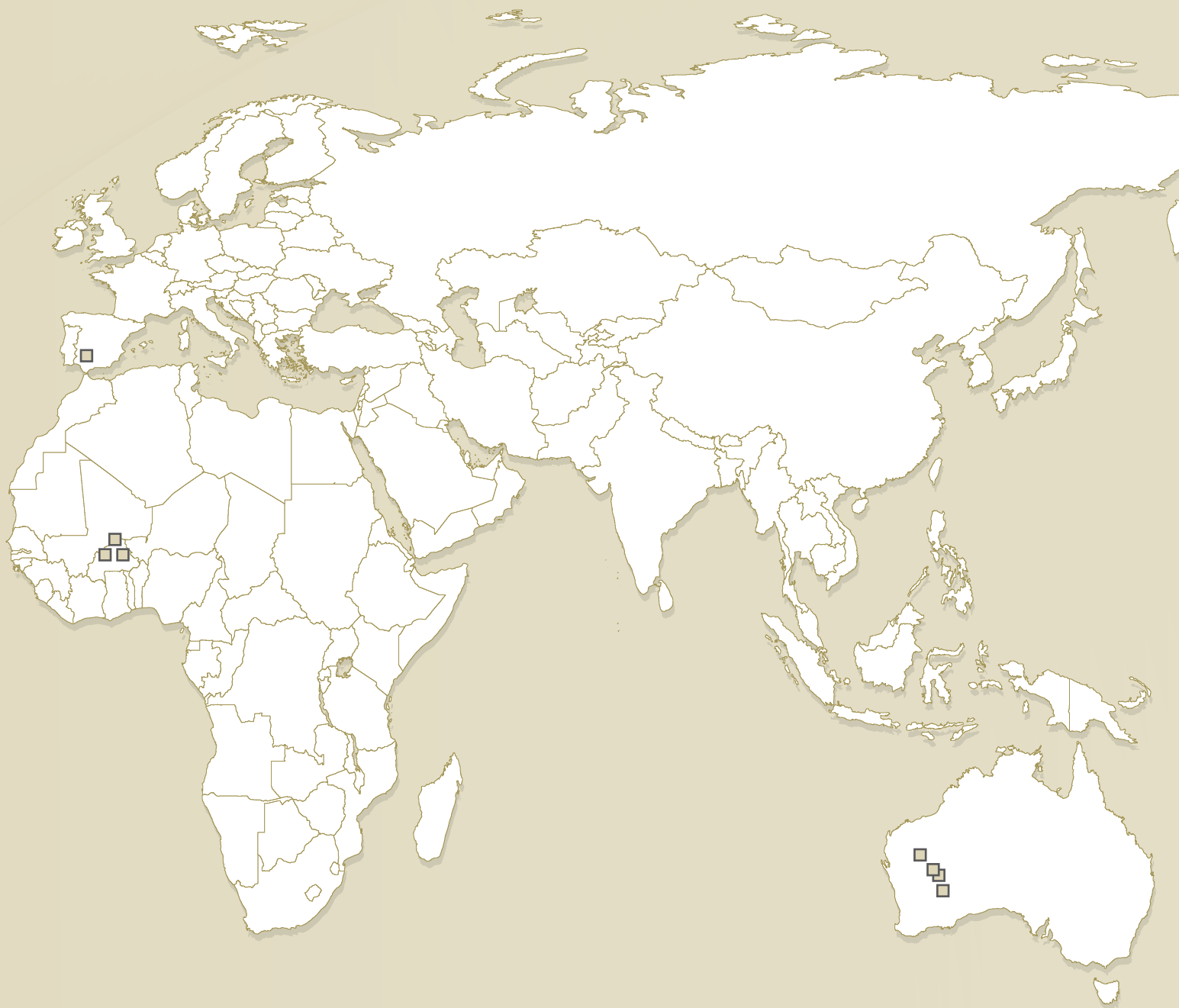
Tony A. Jensen



Tony Jensen  
President & CEO

# PORTFOLIO MAP





## 201 PROPERTIES

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PRINCIPAL PROPERTY



PRODUCING PROPERTY

# PRINCIPAL PRODUCING PROPERTIES



Approximately 71% of Royal Gold's fiscal 2014 revenue was derived from our Principal Producing Properties. This includes Andacollo, Peñasquito, Mt. Milligan, Voisey's Bay, Holt, Mulatos, Cortez and Robinson. The following pages highlight fiscal 2014 performance from each of them.

The Company considers both historical and future potential revenues in determining which interests in our portfolio are principal to our business. Estimated future potential revenues from both producing and development properties are based on a number of factors, including reserves subject to our royalty interests, production estimates, feasibility studies, metal price assumptions, mine life, legal status and other factors and assumptions, any of which could change and could cause the Company to conclude that one or more of such interests are no longer principal to our business.

We also have a principal development property, which is a 0.78% to 5.23% sliding-scale NSR royalty on Barrick's Pascua-Lama project that straddles the border between Argentina and Chile. Our royalty interest is applicable to all gold production from the portion of the Pascua-Lama project lying on the Chilean side of the border. Pascua-Lama is one of the world's largest gold and silver deposits with 15 million ounces of proven and probable gold reserves subject to our interests. During the fourth quarter of calendar 2013, Barrick announced the temporary suspension of construction at Pascua-Lama, except for activities required for environmental and regulatory compliance.

*NOTE: Reserves, estimated production and mine start-up information were provided by the operators and have not been verified by Royal Gold. Metal prices for the reserve figures can be found on page 20, footnote number 3.*



# ANDACOLLO



**FY2014 REVENUE:**  
\$48.8M

**FY2014 PRODUCTION:<sup>2</sup>**  
50,400 oz gold

**RESERVES:<sup>3</sup>**  
1.8M oz gold

Royal Gold owns a net smelter return (“NSR”) royalty equal to 75% of all gold produced from the mine until 910,000 payable ounces have been sold, and 50% of the payable gold thereafter.<sup>1</sup> Andacollo is an open-pit copper mine and milling operation operated by a subsidiary of Teck Resources Limited (“Teck”). Gold is produced as a by-product of copper production. The mine is located in Coquimbo Province, Region IV, Chile, adjacent to the town of Andacollo.

**PRODUCTION STATUS:** Year-over-year production decreased approximately 27% due to lower grades, as expected in the mine plan. Mill throughput averaged approximately 51,000 tonnes per day during the fourth quarter of fiscal 2014. Teck’s full-year calendar 2014 guidance is 38,500 payable ounces.

**Footnotes:**

1. As of June 30, 2014, approximately 217,000 payable ounces of gold have been sold.

2. Reported production for FY2014 relates to the amount of metal sales subject to our royalty interests as reported to us by the operators of the mines.

3. Reserves as of December 31, 2013.

# PEÑASQUITO



## **FY2014 REVENUE:**

\$29.3M

## **FY2014 PRODUCTION:<sup>1</sup>**

534,200 oz gold; 27.7M oz silver;  
175.5M lbs lead; 310.9M lbs zinc

## **RESERVES:<sup>2</sup>**

11.6M oz gold; 605.3M oz silver;  
3.7B lbs lead; 9.0B lbs zinc

Royal Gold owns a 2.0% NSR royalty on all metals at the Peñasquito mine. The open-pit mine, composed of two main deposits, Peñasco and Chile Colorado, hosts one of the world's largest gold, silver, and zinc reserves, while also containing large lead reserves. Peñasquito is operated by a subsidiary of Goldcorp Inc. ("Goldcorp") and is situated in the western half of the Concepción Del Oro district in the northeast corner of Zacatecas State, Mexico.

**PRODUCTION STATUS:** Gold production at Peñasquito increased approximately 44% and reported production for silver, lead and zinc also increased over the prior fiscal year. Goldcorp reported that it is mining in the higher grade portion of the pit, which is expected to continue throughout calendar 2014. Goldcorp's full-year calendar 2014 guidance is between 530,000 and 560,000 ounces of gold.

### *Footnotes:*

- 1. Reported production for FY2014 relates to the amount of metal sales subject to our royalty interests as reported to us by the operators of the mines.*
- 2. Reserves as of December 31, 2013.*



# MT. MILLIGAN



British Columbia, Canada

**FY2014 REVENUE:**  
\$27.2M

**FY2014 PRODUCTION:<sup>1</sup>**  
80,800 oz gold

**RESERVES:<sup>2</sup>**  
6.0M oz gold

Royal Gold's wholly-owned subsidiary owns the right to purchase 52.25% of the payable gold from the Mt. Milligan project, at a cash purchase price of \$435 for each payable ounce of gold delivered to Royal Gold.<sup>1</sup> Mt. Milligan is an open-pit copper-gold mine located in central British Columbia, Canada and operated by a subsidiary of Thompson Creek Metals Company ("Thompson Creek").

**PRODUCTION STATUS:** Thompson Creek reported that the mine reached commercial production, defined as operating the mill at 60% of design capacity for 30 days, on February 18, 2014. The ramp-up at Mt. Milligan continues to progress well with grades and metal recoveries as expected, and mill throughput steadily improving. Thompson Creek expects mill throughput will achieve approximately 80% of design capacity by the end of calendar year 2014.

During our fiscal year 2014, we purchased 25,750 ounces of physical gold, which came from a combination of provisional and final settlements associated with the first seven shipments of concentrate from Mt. Milligan. We sold approximately 21,100 ounces of gold during the year at an average price of \$1,292 per ounce, and had approximately 7,800 ounces of gold in inventory as of June 30, 2014. Thompson Creek expects Mt. Milligan to produce between 185,000 and 195,000 ounces during the 2014 calendar year.

## Footnotes

1. This is a metal stream whereby the purchase price for each gold ounce delivered is \$435 per ounce, or the prevailing market price of gold, if lower; no inflation adjustment. Payable gold for this stream is set at 97% of the contained ounces in concentrate.

2. Reserves as of December 31, 2013.

# VOISEY'S BAY



**FY2014 REVENUE:<sup>1</sup>**  
\$25.1M

**FY2014 PRODUCTION:<sup>2</sup>**  
123.7M lbs nickel; 80.5M lbs  
of copper

**RESERVES:<sup>3</sup>**  
902.2M lbs nickel; 507.6M lbs  
copper; 42.2M lbs cobalt

Royal Gold holds a 2.7% NSR royalty on all metals from the Voisey's Bay mine operated by a subsidiary of Vale S.A. ("Vale"). Voisey's Bay is presently a surface nickel-copper-cobalt mine and will transition into an underground operation in the future. The mine is located in northern Labrador, Canada.

**PRODUCTION STATUS:** Nickel production at Voisey's Bay decreased approximately 14% and copper production decreased approximately 21% compared to the prior fiscal year. Vale reports the decrease in production is due to a combination of items, including a failure in the grinding section of the mill in January 2014, a maintenance stoppage at Sudbury during the June 2014 quarter and decreasing ore grades.

Vale will transition the processing of Voisey's Bay nickel concentrate from its Sudbury and Thompson smelters to its new Long Harbour Hydrometallurgical Plant.<sup>4</sup> Initially, Vale will process a combination of matte from its Indonesian operations and concentrate from Voisey's Bay, moving to processing solely concentrate from Voisey's Bay at a later stage.

**Footnotes:**

1. Revenues consist of provisional payments for concentrates produced during the current period and final settlements for prior production periods.
2. Reported production for FY2014 relates to the amount of metal sales subject to our royalty interests as reported to us by the operators of the mines.
3. Reserves as of December 31, 2013.
4. In anticipation of the transition from processing Voisey's Bay nickel concentrates at Vale's Sudbury and Thompson smelters to processing at the Long Harbour Hydrometallurgical Plant, Royal Gold is engaged in discussions with Vale concerning calculation of the royalty once Voisey's Bay nickel concentrates are processed at Long Harbour. Vale proposed a calculation of the royalty that Royal Gold estimates could result in the substantial reduction of royalty on Voisey's Bay nickel concentrates processed at Long Harbour. For further information, see Royal Gold's Annual Report on Form 10-K.



# OTHER PRINCIPAL PROPERTIES



## **HOLT** (Ontario, Canada)

**FY2014 REVENUE:** \$13.8M | **FY2014 PRODUCTION:**<sup>1</sup> 63,100 oz gold  
**RESERVES:**<sup>2</sup> 0.5M oz gold

Royal Gold holds a sliding-scale NSR royalty derived by multiplying 0.00013 by the quarterly average gold price on the Holt mine operated by St Andrew Goldfields Ltd ("St Andrew").

**PRODUCTION STATUS:** Reported production at Holt increased 12% compared to the prior fiscal year which St Andrew credited to additional mine infrastructure and mine development.



## **MULATOS** (Sonora, Mexico)

**FY2014 REVENUE:** \$9.4M | **FY2014 PRODUCTION:**<sup>1,3</sup> 149,800 oz gold  
**RESERVES:**<sup>2</sup> 1.1M oz gold

Royal Gold holds a 1.0%-5.0% sliding-scale NSR royalty on the Mulatos open-pit mine and heap leach operation, operated by subsidiary of Alamos Gold, Inc. ("Alamos").

**PRODUCTION STATUS:** Production at Mulatos decreased approximately 31% compared to the prior fiscal year, primarily attributable to lower than expected grades from the Escondida deposit.



## **CORTEZ - PIPELINE COMPLEX** (Nevada, United States)

**FY2014 REVENUE:** \$8.1M | **FY2014 PRODUCTION:**<sup>1</sup> 95,400 oz gold  
**RESERVES:**<sup>2</sup> 9.9M oz gold

Royal Gold holds the following royalties at the Cortez open-pit, operated by Barrick: sliding-scale 0.40% to 5.0% GSR1 and GSR2; 0.7125% GSR3; and 1.014% NVR1<sup>4</sup>. In FY2014 Royal Gold increased its ownership interest in the NVR1 royalty.

**PRODUCTION STATUS:** Production at Cortez increased approximately 16% compared to the prior fiscal year, as surface mining activity at the Pipeline and Gap pits increased during the current period.



## **ROBINSON** (Nevada, United States)

**FY2014 REVENUE:** \$6.4M | **FY2014 PRODUCTION:**<sup>1</sup> 27,600 oz gold; 69.6M lbs copper  
**RESERVES:**<sup>2</sup> 0.8M oz gold; 1.3B lbs copper

Royal Gold owns a 3.0% NSR royalty on all mineral production from the Robinson open-pit mine, operated by KGHM International Ltd. ("KGHM").

**PRODUCTION STATUS:** Copper production at Robinson decreased approximately 52% and gold production decreased approximately 44% compared to the prior fiscal year, due to the planned mine sequence moving to the lower grade Kimbley pit during the second half of fiscal 2014.

### Other Principal Property Footnotes:

1. Reported production relates to the amount of metal sales that are subject to our royalty interests for the fiscal year ended June 30, 2014, as reported to us by the operators of the mines.
2. Reserves as of December 31, 2013 - Holt, Mulatos and Cortez; and December 31, 2011 - Robinson.
3. The royalty is capped at 2.0 million ounces of production. As of June 30, 2014, approximately 1.27 million cumulative ounces of gold have been produced.
4. Royalty rate for the Crossroads portion of NVR1 is 0.618%.

# PRODUCING PROPERTIES

PROPERTY	LOCATION	OPERATOR	ROYALTY/METAL STREAM <sup>1</sup> (gold unless otherwise stated)	RESERVES <sup>2,3,4,5</sup> (contained oz or lbs) M <sup>6</sup>	REVENUE FY2014 (\$M)
<b>GWALIA DEEPS</b>	Australia, W. Australia	St Barbara	1.5% NSR	2.220 Au	4.2
<b>KING OF THE HILLS</b>	Australia, W. Australia	St Barbara	1.5% NSR	0.063 Au	1.4
<b>MEEKATHARRA - YALOGINDA</b>	Australia, W. Australia	Metals X	0.45% NSR	0.097 Au	0.2
<b>SOUTH LAVERTON</b>	Australia, W. Australia	Saracen	1.5% NSR; \$6.00/oz <sup>7</sup>	0.747 Au	2.6
<b>DON MARIO</b>	Bolivia, Chiquitos	Orvana	3.0% NSR (gold, silver and copper)	0.073 Au 2.238 Ag 52.407 Cu	1.0
<b>TAPARKO</b>	Burkina Faso, Namantenga	Nord Gold	2.0% GSR; 0.75% GSR (milling royalty) <sup>8</sup>	0.703 Au	3.0
<b>INATA</b>	Burkina Faso, Soum	Avocet	2.5% NSR	0.491 Au	3.4
<b>SEGA</b>	Burkina Faso, Yatenga	Amara Mining	3.0% NSR	N.A.	1.5
<b>MT. MILLIGAN</b>	Canada, British Columbia	Thompson Creek	52.25% of payable gold <sup>9</sup>	5.950 Au	27.2
<b>VOISEY'S BAY</b>	Canada, Labrador	Vale	2.7% NSR (copper, nickel and cobalt)	507.592 Cu 902.220 Ni 42.241 Co	25.1
<b>RAMBLER NORTH</b>	Canada, Newfoundland	Rambler Metals and Mining	1.0% NSR (gold, silver, copper and zinc)	N.A.	0.4
<b>HOLT</b>	Canada, Ontario	St Andrew Goldfields	0.00013 x Au price (NSR)	0.473 Au	13.8
<b>WILLIAMS</b>	Canada, Ontario	Barrick	0.97% NSR	0.703 Au	1.5
<b>CANADIAN MALARTIC</b>	Canada, Quebec	Yamana/Agnico-Eagle	1.0% to 1.5% NSR <sup>10</sup>	3.879 Au	7.8
<b>ALLAN</b>	Canada, Saskatchewan	Potash Corporation of Saskatchewan	\$0.36 to \$1.44 and \$0.25 per ton (potash) <sup>11</sup>	N.A.	1.6
<b>WOLVERINE</b>	Canada, Yukon Territory	Yukon Zinc	0.0% to 9.445% NSR (royalty on gold and silver only) <sup>12</sup>	0.193 Au 39.475 Ag	4.1
<b>ANDACOLLO</b>	Chile, Region IV	Teck	75% gold until 910,000 payable ounces; 50% thereafter (NSR) <sup>13</sup>	1.797 Au	48.8
<b>EL TOQUI</b>	Chile, Region XI	Nyrstar	1.0% to 3.0% NSR (gold, silver, lead and zinc) <sup>14</sup>	0.229 Au 1.369 Ag 27.481 Pb 535.207 Zn	2.0
<b>DOLORES</b>	Mexico, Chihuahua	Pan American Silver	3.25% NSR (gold) 2.0% NSR (silver)	1.752 Au 72.600 Ag	4.4
<b>MULATOS</b>	Mexico, Sonora	Alamos	1.0% to 5.0% NSR <sup>15</sup>	1.140 Au <sup>16</sup>	9.4
<b>PEÑASQUITO</b>	Mexico, Zacatecas	Goldcorp	2.0% NSR (gold, silver, lead and zinc)	11.610 Au <sup>17</sup> 605.270 Ag <sup>17</sup> 3688.000 Pb <sup>17</sup> 8959.000 Zn <sup>17</sup>	29.3
<b>EL LIMON</b>	Nicaragua, El Limon	B2Gold	3.0% NSR	0.289 Au	2.1
<b>LAS CRUCES</b>	Spain, Andalucía	First Quantum Minerals	1.5% NSR (copper) <sup>18</sup>	1520.218 Cu	7.7
<b>JOHNSON CAMP</b>	United States, Arizona	Nord Resources	2.5% NSR (copper)	656.000 Cu	- <sup>19</sup>
<b>TROY</b>	United States, Montana	Revet	3.0% GSR (silver and copper)	17.160 Ag 120.920 Cu	- <sup>20</sup>
<b>BALD MOUNTAIN</b>	United States, Nevada	Barrick	1.75% to 2.5% NSR <sup>21</sup>	0.478 Au	1.7
<b>CORTEZ (PIPELINE MINING COMPLEX)</b>	United States, Nevada	Barrick	GSR1: 0.40% to 5.0% GSR <sup>22</sup> GSR2: 0.40% to 5.0% GSR <sup>22</sup> GSR3: 0.71% GSR NVRT: 1.014% NVR NVRTC: 0.618% NVR <sup>23</sup>	0.896 Au 3.617 Au 1.304 Au <sup>24</sup> 0.874 Au <sup>24</sup> 3.209 Au <sup>24</sup>	8.1
<b>GOLD HILL</b>	United States, Nevada	Kinross/Barrick	1.0% to 2.0% NSR <sup>25, 26</sup> 0.6% to 0.95 NSR (M-ACE) (gold and silver) <sup>27</sup>	0.323 Au 5.696 Ag	0.7
<b>GOLDSTRIKE (SJ CLAIMS)</b>	United States, Nevada	Barrick	0.9% NSR	4.548 Au	4.1
<b>LEEVILLE</b>	United States, Nevada	Newmont	1.8% NSR	1.291 Au	4.3
<b>MARIGOLD</b>	United States, Nevada	Silver Standard	2.0% NSR	3.518 Au	2.5
<b>ROBINSON</b>	United States, Nevada	KGHM	3.0% NSR (gold and copper)	0.812 Au 1329.473 Cu	6.4
<b>RUBY HILL</b>	United States, Nevada	Barrick	3.0% NSR	0.140 Au	3.2
<b>TWIN CREEKS</b>	United States, Nevada	Newmont	2.0% GV	0.181 Au	0.1
<b>WHARF</b>	United States, South Dakota	Goldcorp	0.0% to 2.0% NSR <sup>28</sup>	0.432 Au	1.5
<b>SKYLINE</b>	United States, Utah	Bowie Resources	1.41% GV (coal)	N.A.	1.7

\*One oil and gas royalty is not included

# DEVELOPMENT PROPERTIES

PROPERTY	LOCATION	OPERATOR	ROYALTY/METAL STREAM <sup>1</sup> (gold unless otherwise stated)	RESERVES <sup>2,3,4,5</sup> (contained oz or lbs) M <sup>6</sup>
<b>DON NICOLAS</b>	Argentina, Santa Cruz	Compañía Inversora en Minas	2.0% NSR (gold, silver)	0.196 Au 0.401 Ag
<b>BALCOOMA</b>	Australia, Queensland	Snow Peak Mining	1.5% NSR	0.001 Au 0.380 Ag 32.466 Cu 7.879 Pb 29.274 Zn
<b>CELTIC/WONDER NORTH</b>	Australia, W. Australia	SR Mining	1.5% NSR	0.097 Au
<b>KUNDIP</b>	Australia, W. Australia	Silver Lake Resources	1.0% to 1.5% NSR <sup>7</sup>	0.307 Au
<b>MEEKATHARRA - NANNINE</b>	Australia, W. Australia	Metals X	1.5% NSR	0.021 Au
<b>MEEKATHARRA - PADDY'S FLAT</b>	Australia, W. Australia	Metals X	1.5% NSR; AU\$10 per ounce produced <sup>8</sup>	0.451 Au
<b>MEEKATHARRA - REEDYS</b>	Australia, W. Australia	Metals X	1.5% to 2.5% NSR <sup>9</sup> 1.0% NSR <sup>9</sup> 1.5% NSR	0.114 Au
<b>RED DAM</b>	Australia, W. Australia	Phoenix Gold	2.5% GSR	0.111 Au
<b>SOUTHERN CROSS</b>	Australia, W. Australia	China Hanking Holdings	1.5% NSR	0.119 Au
<b>MARA ROSA</b>	Brazil, Goiás	Amarillo Gold	1.0% NSR	0.946 Au
<b>BELCOURT</b>	Canada, British Columbia	Walter Energy	0.103% GV (coal)	N.A. coal
<b>SCHAFT CREEK</b>	Canada, British Columbia	Copper Fox/ Teck Resources	3.5% NPI (gold, silver, copper and molybdenum)	5.775 Au 51.895 Ag 5630.715 Cu 373.340 Mo
<b>KUTCHO CREEK</b>	Canada, British Columbia	Capstone Mining	2.0% NSR (gold, silver, copper and zinc)	0.124 Au 11.618 Ag 462.678 Cu 734.300 Zn
<b>TULSEQUAH CHIEF</b>	Canada, British Columbia	Chieftain Metals	17.5% of payable gold; <sup>10</sup> 25% of payable silver <sup>11</sup>	0.477 Au 16.870 Ag
<b>PINE COVE</b>	Canada, Newfoundland	Anaconda Mining	7.5% NPI <sup>12</sup>	0.175 Au
<b>BACK RIVER</b>	Canada, Nunavut	Sabina Gold & Silver	George Lake: 2.35% NSR <sup>13</sup> Goose Lake: 1.95% NSR <sup>14</sup>	0.203 Au 2.537 Au
<b>PHOENIX GOLD</b>	Canada, Ontario	Rubicon Minerals	6.3% of payable gold <sup>15</sup>	N.A. Au
<b>CABER</b>	Canada, Quebec	Nyrstar	1.0% NSR (copper and zinc)	11.355 Cu 116.036 Zn
<b>EL MORRO</b>	Chile, Region III	Goldcorp/ New Gold	1.4% NSR (gold, copper) <sup>16</sup>	2.884 Au 2094.000 Cu
<b>PASCUA-LAMA</b>	Chile, Region III	Barrick	0.78% to 5.23% NSR (gold) <sup>17,18</sup> 1.05% NSR (copper) <sup>19</sup>	14.680 Au 548.177 Cu
<b>SVETLOYE</b>	Russia, Khabarovsk Krai	Polymetal International	1.0% NSR (gold and silver)	0.664 Au 0.765 Ag
<b>SOLEDAD MOUNTAIN</b>	United States, California	Golden Queen	3.0% NSR (gold and silver) <sup>20</sup>	1.233 Au 22.396 Ag
<b>PINSON</b>	United States, Nevada	Atna Resources	3.0% NSR - Cordilleran <sup>21</sup> 2.94% NSR - Rayrock <sup>22</sup>	0.645 Au

# EVALUATION PROPERTIES<sup>1</sup>

PROPERTY	LOCATION	OWERSHIP	ROYALTY RATE
<b>CHISPAS</b>	Argentina	Compañía Inversora en Minas	2.0% NSR
<b>MARTHA</b>	Argentina	Coeur Mining	2.0% NSR
<b>AVEBURY</b>	Australia	MMG Limited	2.0% NSR
<b>BELL CREEK</b>	Australia	Metallica Minerals	AUD\$1 to AUD\$2/tonne
<b>BELLEVUE</b>	Australia	Glencore Xstrata	2.0% NSR
<b>BURNAKURA</b>	Australia	Monument Mining	1.5% to 2.5% NSR <sup>2</sup>
<b>CHERITONS FIND</b>	Australia	Riedel Resources	1.5% NSR
<b>EDNA MAY</b>	Australia	Evolution Mining	0.5% GSR
<b>MEEKATHARRA - SABBATH</b>	Australia	Avitus Capital	AUD\$1.00/tonne <sup>3</sup>
<b>MT. FISHER</b>	Australia	Rox Resources	AUD\$5.00/oz <sup>4</sup>
<b>MT. GOODE (COSMOS)</b>	Australia	Glencore Xstrata	1.5% NSR (nickel)
<b>NORTH WELL CHILKOOT</b>	Australia	Saracen Mineral	2.5% to 4.0% NSR <sup>5</sup>
<b>PADDINGTON</b>	Australia	Norton Gold Fields	1.75% NSR
<b>PHILLIPS FIND</b>	Australia	Barra Resources	AUD\$10.00/oz <sup>6</sup>
<b>QUINNS AUSTIN</b>	Australia	Cue Minerals	1.5% NSR
<b>TEMORA</b>	Australia	Straits Resources	12.5% NPI
<b>VAN UDEN GOLD DEPOSIT</b>	Australia	Convergent Minerals/St Barbara	1.5% NSR
<b>WEMBLEY DURACK</b>	Australia	Grosvenor Gold/Horseshoe Gold Mine	1.0% NSR
<b>WESTMORELAND</b>	Australia	Laramide Resources	1.0% NSR
<b>YUNDAMINDERA</b>	Australia	Nex Metals	1.5% NSR
<b>BARRAUTE (SWANSON)</b>	Canada	Agnico-Eagle	1.0% or 2.0% NSR <sup>7</sup>
<b>BERG</b>	Canada	Thompson Creek	1.0% NSR
<b>BOUSQUET-CADILLAC-JOANNES</b>	Canada	Agnico-Eagle	2.0% NSR
<b>FOLLANSBEE</b>	Canada	Goldcorp/Premier Gold	2.0% NSR
<b>GOLD RIVER</b>	Canada	Lake Shore Gold	1.5% NSR
<b>HIGH LAKE</b>	Canada	MMG Limited	1.5% NSR
<b>HORIZON COAL</b>	Canada	Anglo American	0.50% GV (coal)
<b>HUSHAMU</b>	Canada	NorthIsle Copper and Gold	10.0% NPI
<b>ULU</b>	Canada	Mandalay Resources	5.0% NSR <sup>8</sup>
<b>KUBI VILLAGE</b>	Ghana	Asanko Gold	3.0% NPI
<b>TAMBOR</b>	Guatemala	Kappes, Cassiday & Associates	4.0% NSR
<b>NIEVES</b>	Mexico	Quaterra Resources/Blackberry	2.0% NSR
<b>LA INDIA</b>	Nicaragua	Condor Gold	3.0% NSR
<b>FEDOROVA</b>	Russia	Barrick/Pana PGM	0.75% or 1.0% NSR; 0.5% NSR; 1.25% or 1.5% NSR <sup>9</sup>
<b>ALMADEN</b>	United States	Terraco Gold Corp.	1.0% to 2.0% NSR <sup>10</sup>
<b>GOLDRUSH</b>	United States	Barrick	1.0% NVR
<b>HASBROUCK MOUNTAIN</b>	United States	West Kirkland Mining/Allied Nevada	1.5% NSR
<b>ISLAND MOUNTAIN</b>	United States	Victoria Gold	2.0% NSR
<b>LA JARA MESA</b>	United States	Laramide Resources	\$0.25/lb <sup>11</sup> (uranium)
<b>LONG VALLEY</b>	United States	Vista Gold	1.0% NSR
<b>MCDONALD (KEEP COOL)</b>	United States	Newmont	3.0% NSR
<b>NIBLACK</b>	United States	Heatherdale Resources	1.0% to 3.0% NSR <sup>12</sup>
<b>RELIEF CANYON</b>	United States	Pershing Gold	2.0% NSR
<b>ROCK CREEK</b>	United States	Revelt	1.0% NSR
<b>SAN JUAN SILVER (BULLDOG)</b>	United States	Hecla	3.0% NSR <sup>13</sup> ; 1.0% NSR <sup>13</sup>
<b>WILDCAT</b>	United States	Allied Nevada	1.0% NSR <sup>14</sup> ; 1.0% to 2.0% NSR <sup>15</sup>

# EXPLORATION PROPERTIES

PROPERTY	OWNERSHIP	ROYALTY RATE
<b>ARGENTINA</b>		
Michelle	Compañía Inversora en Minas	2.0% NSR
Mina Cancha	Yamana Gold	2.50% NSR
<b>AUSTRALIA</b>		
Abbotts	Doray Minerals	1.5% NSR
Blue Haze Gold	St Barbara	1.5% NSR
Blue Haze Nickel	Hannans Reward/Kagara	1.5% NSR
Bourkes	Doray Minerals	1.5% NSR
Bundarra	Terrain Minerals	1.5% NSR
Buttercup Bore	Panoramic Resources	2.0% GPR
Chesterfield	General Mining	1.5% NSR
Copperhead	St Barbara	1.5% NSR
Croesus	Norton Gold Fields	AUD\$1.25/tonne <sup>1</sup>
Jaguar Nickel	Independence Group	1.5% NSR
Kalgoorlie East	Malanti Pty Ltd	1.125% NSR
Lake Ballard	Swan Gold Mining	0.60% NSR
Lounge Lizard	Western Areas	1.5% NSR <sup>2</sup>
Maori Lass	St Barbara	1.5% NSR
Melba Flats	MMG Limited	2.0% NSR
Merlin Orbit	Merlin Diamonds	1.0% GV
Mt. Goode Bellevue	Glencore Xstrata	2.0% NSR <sup>3</sup> , 1.5% NSR <sup>3</sup>
Mt Newman-Victory	St Barbara	1.5% NSR
Red Hill West	Cullen Resources	2.5% NSR
Southern Cross Nickel (Kagara)	Kagara Nickel	1.5% NSR <sup>4</sup>
Southern Cross Nickel (Western Areas)	Western Areas	1.5% NSR <sup>4</sup>
Stakewell	Munarra Metals	1.5% NSR
West Wyalong	Argent Minerals/ Golden Cross Resources	2.5% NSR
Yagahong	Doray Minerals	1.5% NSR
<b>CANADA</b>		
Afridi Lake	Shear Diamonds	1.5% NSR
Ashmore	HudBay Minerals	1.5% NSR
Aviat One	Stornoway Diamond	1.0% GV
Barrow Lake and North Kellet River	Bluestone Resources/ Hunter Exploration	1.0% GV
Bronson Slope	SnipGold	1.0% NSR
Boothia Peninsula	Bluestone Resources	1.0% GV
Carswell Lake	Talisman Energy/Capstone Mining	5.0% NSR
Churchill	Shear Diamonds/Stornoway Diamond	1.0% GV
Churchill West	Shear Diamonds/ Stornoway Diamond	1.0% GV
Darby (Hayes River)	Teck Resources/ Bluestone Resources/ Hunter Exploration	1.0% GV
Duverny	Hecia Mining	2.0% NSR <sup>5</sup>
Franquet	Nuinsco Resources/ Ocean Partner Holdings	2.0% NSR <sup>6</sup>
Gauthier	Osisko Mining	3.0% NSR
Godfrey II	Moneta Porcupine Mines	2.0% NSR
Gold Dome	Golden Predator	2.0% NSR
Golden Bear	Goldcorp	2.0% NSR
Hickey's Pond	Krinor Resources	1.0% NSR
Hood River	Shear Diamonds	1.0% GV
Jewel	Stornoway Diamond	1.0% GV
Joe Mann	Nuinsco Resources/ Ocean Partner Holdings	0.0% to 2.0% NSR <sup>7</sup>
Jubilee	Stornoway Diamond	1.0% GV
Kizmet	Kiska Metals Corporation	1.0% NSR <sup>8</sup>

PROPERTY	OWNERSHIP	ROYALTY RATE
<b>CANADA (CONTINUED)</b>		
Lazy Edward Bay	Denison Mines	2.5% NSR <sup>9</sup>
McKenzie Red Lake	Goldcorp	1.0% NSR
Mike Lake	Pitchblack Resources	2.0% NSR
Monument	New Nadina Explorations/ Archon Minerals	1.0% GV
Motherlode Greyhound	Veris Gold	2.0% NSR
Nighthawk Lake	Imperial Metals/ Rainy Mountain Royalty/ White Metal	2.5% NSR <sup>10</sup>
Noyon	Nuinsco Resources/ Ocean Partner Holdings	3.0% NSR
Qimmiq	Commander Resources	1.0% to 3.0% NSR <sup>11</sup> 2.0% NSR <sup>11</sup> , 1.0% GV <sup>11</sup>
Railroad	Eastmain Resources	3.0% NSR <sup>12</sup>
Rambler South	Krinor Resources	1.0% NSR
Shasta	Sable Resources	0.5% NSR
TAK	Independence Gold	5.0% NSR <sup>13</sup>
Voisey's Bay Diamonds	Vale	3.0% GV
Wilanour	Goldcorp	5.0% NPI
Yellowknife Lithium	Erex International	2.0% NPI
<b>DOMINICAN REPUBLIC</b>		
Minera Hispanola	Energold Drilling	0.40% NSR <sup>14</sup>
<b>FINLAND</b>		
Kettukuusikko	Taranis Resources	2.0% NSR
Naakenavaara	Taranis Resources	2.0% NSR
<b>HONDURAS</b>		
Vueltas de Rio	Lundin	2.0% NSR
<b>MEXICO</b>		
San Jeronimo	Goldcorp	2.0% NSR
<b>PERU</b>		
Alto Dorado	Candente Gold	2.5% NSR
<b>TUNISIA</b>		
Trozza	China Minmetals	2.5% NSR
<b>UNITED STATES</b>		
Ambrosia Lake	Uranium Resources	2.0% NVR
Apex	Teck/Pennaroya Utah	3.0% NSR <sup>15</sup>
BSC	McEwen Mining	2.5% NSR
Buckhorn South	Barrick	15.0% NPI <sup>16</sup> -14.0% NPI <sup>16</sup>
Cooks Creek/Ferris Creek	Barrick	1.5% NVR
Doby George	Western Exploration	2.0% NSR <sup>17</sup>
Fletcher Junction	Nevada Exploration	1.25% NSR
Horse Mountain	Barrick	0.25% NVR
Hot Pot	Nevada Exploration	1.25% NSR
ICBM	Timberline Resources	0.75% NSR
Keystone	Energy Fuels	2.0% NSR
Mule Canyon	Newmont	5.0% NSR
Oro Blanco	Pan American Silver	3.0% NSR
Pinson - Other	Barrick	0.489% to 5.979% NSR <sup>18</sup>
Reese River	Valor Gold	2.0% NSR
Rye	Barrick	0.5% NSR
San Rafael	Rio Grande Resources	2.0% NVR
Silver Cloud	Rimrock Gold	2.0% NSR
Simon Creek	Barrick	1.0% NSR
Trenton Canyon	Newmont	3.0% GSR <sup>19</sup> 10.0% NPI <sup>19</sup>
Uncle Sam	Coventry Resources	2.0% NSR
Windfall	Timberline Resources	3.2% NSR
Wood Gulch	Western Exploration	5.0% NSR
Woodruff Creek	McEwen Mining	1.0% NSR

# FOOTNOTES

## PRODUCING PROPERTIES

- Royalty and Metal Stream definitions are included in the glossary on page 25 of this annual report.
- Reserves have been reported by the operators of record as of December 31, 2013, with the exception of the following properties: Gwalia Deeps, King of the Hills - June 30, 2014; Red Dam - February 28, 2014; Svetloye - January 1, 2014; Kundip, South Laverton - June 30, 2013; Don Mario - June 1, 2013; Schaft Creek and Williams - December 31, 2012; Soledad - September 6, 2012; Southern Cross - June 30, 2012; Pinson - May 18, 2012; Tulsequah Chief - March 15, 2012; Don Nicolas, Johnson Camp, Pascua-Lama, Robinson and Wolverine - December 31, 2011; Mara Rosa - October 28, 2011; Balcooma - June 30, 2011; Kutcho Creek - February 15, 2011; Pine Cove - June 30, 2010; and Caber - July 18, 2007.

- Gold reserves were calculated by the operators at the following per ounce prices: \$1,500 - Williams; \$1,450 - Kundip; A\$1,400 - Celtic/Wonder North, South Laverton and Southern Cross; A\$1,390 - King of the Hills; \$1,366 - Schaft Creek; \$1,350 - El Limon, El Morro, El Toqui and Tulsequah Chief; \$1,310 - Soledad; A\$1,310 - Red Dam; \$1,300 - Canadian Malartic, Dolores, Holt, Leeville, Peñasquito, Pinson, Svetloye, Twin Creeks and Wharf; A\$1,300 - Meekatharra (Nannine, Paddy's Flat; Reedys and Yaloginda); \$1,250 - Back River, Mulatos and Taparko; A\$1,250 - Gwalia Deeps; \$1,200 - Gold Hill and Pascua-Lama; \$1,100 - Andacollo, Bald Mountain, Cortez, Don Mario, Don Nicolas, Goldstrike, Mara Rosa and Ruby Hill; \$1,000 - Robinson; \$950 - Inata; \$983 - Pine Cove; and \$690 - Mt. Milligan. No gold price was reported for Balcooma, Caber, Kutcho Creek, Marigold or Wolverine.

Silver reserves were calculated by the operators at the following prices per ounce: \$25.96 - Schaft Creek; \$25.06 - Troy; \$25.00 - Don Nicolas; \$24.05 - Soledad; \$24.00 - Peñasquito; \$23.00 - El Toqui; \$22.50 - Svetloye; \$22.00 - Dolores, Gold Hill, Peñasquito and Tulsequah Chief; and \$20.00 - Don Mario. No silver price was reported for Balcooma, Kutcho Creek or Wolverine.

Copper reserves were calculated by the operators at the following prices per pound: \$3.64 - Voisey's Bay; \$3.52 - Schaft Creek; \$3.32 - Troy; \$3.10 - Tulsequah Chief; \$3.00 - El Morro; \$2.75 - Don Mario, Robinson and Las Cruces; \$2.50 - Johnson Camp; \$2.00 - Pascua-Lama; and \$1.60 - Mt. Milligan. No copper reserve price was reported for Balcooma, Caber or Kutcho Creek.

Lead reserve price was calculated by the operators at the following prices per pound: \$1.04 - El Toqui; and \$0.90 - Peñasquito. No lead reserve price was reported for Balcooma.

Zinc reserve price was calculated by the operators at the following prices per pound: \$1.13 - El Toqui; and \$0.90 - Peñasquito. No zinc reserve price was reported for Balcooma, Caber, or Kutcho Creek.

Nickel reserve price was calculated by the operator at the following price per pound: \$8.38 - Voisey's Bay.

Cobalt reserve price was calculated by the operator at the following price per pound: \$13.75 - Voisey's Bay.

Molybdenum reserve price was calculated by the operator at Schaft Creek at \$15.30 per pound.

- Set forth below are the definitions of proven and probable reserves used by the U.S. Securities and Exchange Commission.

"Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

"Proven (Measured) Reserves" are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and the grade is computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of the reserves are well established.

"Probable (Indicated) Reserves" are reserves for which the quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.

- Royal Gold has disclosed a number of reserve estimates that are provided by operators that are foreign issuers and are not based on the U.S. Securities and Exchange Commission's definitions for proven and probable reserves. For Canadian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform to the Canadian Institute of Mining, Metallurgy and Petroleum definitions of these terms as of the effective date of estimation as required by National Instrument 43-101 of the Canadian Securities Administrators. For Australian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ("JORC Code"). Royal Gold does not reconcile the reserve estimates provided by the operators with definitions of reserves used by the U.S. Securities and Exchange Commission.

- "Contained ounces" or "contained pounds" do not take into account recovery losses in mining and processing the ore.
- The \$6/ounce royalty applies to Monty's Dam and Elliot Lode properties only and it becomes payable once 265,745 ounces of gold have been produced. This royalty is payable on gold only.
- The 2.0% GSR applies to gold production from defined portions of the Taparko-Bouroum project area. The 0.75% GSR milling royalty applies to ore that is mined outside of the defined area of the Taparko-Bouroum project that is processed through the Taparko facility up to a maximum of 1.1 million tons per year.
- This is a metal stream whereby the purchase price for gold ounces delivered is \$435 per ounce, or the prevailing market price of gold, if lower; not increased for inflation.
- NSR sliding-scale schedule (price of gold per ounce - royalty rate): \$0.00 to \$350 - 1.0%; above \$350 - 1.5%.
- The royalty applies to 40% of production. The royalty rate is \$1.44 per ton for the first 600,000 tons on which the royalty is paid, reducing to \$0.72 per ton on 600,000 to 800,000 tons and to \$0.36 per ton above 800,000 tons, at a price above \$23.00 per ton. A sliding-scale is applicable when the price of potash drops below \$23.00 per ton. Given the current North American market price for potash, the complete sliding-scale schedule is not presented here. In addition, there is a \$0.25 per ton royalty payable on certain production up to 600,000 tons.
- Gold royalty rate is based on the price of silver per ounce. NSR sliding-scale schedule (price of silver per ounce - royalty rate): Below \$5.00 - 0.0%; \$5.00 to \$7.50 - 3.778%; >\$7.50 - 9.445%.
- The royalty rate is 75% until 910,000 payable ounces of gold have been produced; 50% thereafter. There have been approximately 217,000 cumulative payable ounces produced as of June 30, 2014. Gold is produced as a by-product of copper.
- All metals are paid based on zinc prices. NSR sliding-scale schedule (price of zinc per pound - royalty rate): Below \$0.50 - 0.0%; \$0.50 to below \$0.55 - 1.0%; \$0.55 to below \$0.60 - 2.0%; \$0.60 or higher - 3.0%.
- The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 1.27 million ounces of cumulative production as of June 30, 2014. NSR sliding-scale schedule (price of gold per ounce - royalty rate): \$0.00 to \$299.99 - 1.0%; \$300 to \$324.99 - 1.50%; \$325 to \$349.99 - 2.0%; \$350 to \$374.99 - 3.0%; \$375 to \$399.99 - 4.0%; \$400 or higher - 5.0%.
- Reserve shown is "capped" assuming 70% recovery.
- Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.
- Royalty is payable only when LME cash settlement price for Grade A copper is equivalent or greater than \$0.80 per pound of copper.
- The Company has not recognized revenue from this property since the acquisition of International Royalty Corporation in February 2010.
- No revenue received during the fiscal year ended June 30, 2014.
- NSR sliding-scale schedule (price of gold per ounce - royalty rate): Below \$375 - 1.75%; >\$375 to \$400 - 2.0%; >\$400 to \$425 - 2.25%; >\$425 - 2.5%. All price points are stated in 1986 dollars and are subject to adjustment in accordance with a blended index comprised of labor, diesel fuel, industrial commodities and mining machinery.
- GSR sliding-scale schedule (price of gold per ounce - royalty rate): Below \$210 - 0.40%; \$210 to \$229.99 - 0.50%; \$230 to \$249.99 - 0.75%; \$250 to \$269.99 - 1.30%; \$270 to \$309.99 - 2.25%; \$310 to \$329.99 - 2.60%; \$330 to \$349.99 - 3.00%; \$350 to \$369.99 - 3.40%; \$370 to \$389.99 - 3.75%; \$390 to \$409.99 - 4.0%; \$410 to \$429.99 - 4.25%; \$430 to \$449.99 - 4.50%; \$450 to \$469.99 - 4.75%; \$470 and higher - 5.00%.
- NVRIC is the Crossroads portion of NVR1.
- NVR1, NVRIC and GSR3 reserves and additional mineralized material are subsets of the reserves covered by GSR1 and GSR2.
- The royalty is capped at \$10 million. As of June 30, 2014, royalty payments of approximately \$1.7 million have been received.
- The 1.0% to 2.0% sliding-scale NSR royalty will pay 2.0% when the price of gold is above \$350 per ounce and 1.0% when the price of gold falls to \$350 per ounce or below. The 0.6% to 0.9% NSR sliding-scale schedule (price of gold per ounce - royalty rate): Below \$300 - 0.6%; \$300 to \$350 - 0.7%; > \$350 to \$400 - 0.8%; > \$400 - 0.9%. The silver royalty rate is based on the price of gold.
- The 0.6% to 0.9% sliding-scale NSR applies to the M-ACE claims.
- NSR sliding-scale schedule (price of gold per ounce - royalty rate): \$0.00 to under \$350 - 0.0%; \$350 to under \$400 - 0.5%; \$400 to under \$500 - 1.0%; \$500 or higher - 2.0%.



## DEVELOPMENT PROPERTIES

\*For footnotes 1-6, see corresponding footnotes under Producing Footnotes.

7. The royalty rate is 1.0% until 250,000 ounces of gold has been produced, 1.5% thereafter.
8. The A\$10 per ounce royalty applies on production above 50,000 ounces. Royalty payable on gold only.
9. The 1.5% to 2.5% NSR sliding-scale royalty pays at a rate of 1.5% for the first 75,000 ounces produced in any 12 month period and at a rate of 2.5% on production above 75,000 ounces during that 12 month period. The 1.0% NSR royalty applies to the Rand area only.
10. This is a metal stream whereby Royal Gold is entitled to 17.5% of payable gold until 65,000 ounces of payable gold have been delivered; and 8.75% of gold production thereafter, payable at 30% of the daily London price quotation.
11. This is a metal stream whereby Royal Gold is entitled to 25% of payable silver until 3.0 million ounces of payable silver have been delivered; and 12.5% of silver production thereafter, payable at 25% of a recognized silver price quotation.
12. Operation is currently in production; estimated pay-back of capital, a requisite to royalty payments, to occur by 2016.
13. George Lake royalty applies to production above 800,000 ounces.
14. Goose Lake royalty applies to production above 400,000 ounces.
15. This is a metal stream whereby Royal Gold is entitled to 6.3% payable gold until 135,000 ounces of payable gold has been delivered; 3.15% thereafter, whereby the purchase price for gold ounces delivered is 25% of the London PM gold fixing price as quoted in United States dollars per ounce by the LBMA on the Date of Delivery.
16. The royalty covers approximately 30% of the La Fortuna deposit. Reserves attributable to Royal Gold's royalty represent 3/7 of Goldcorp's reporting of 70% of the total reserve.
17. Royalty applies to all gold production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. Approximately 20% of the royalty is limited to the first 14.0 million ounces of gold produced from the project. Also, 24% of the royalty can be extended beyond 14.0 million ounces produced for \$4.4 million. In addition, a one-time payment totaling \$8.4 million will be made if gold prices exceed \$600 per ounce for any six-month period within the first 36 months of commercial production.
18. NSR sliding-scale schedule (price of gold per ounce - royalty rate): less than or equal to \$325 - 0.78%; \$400 - 1.57%; \$500 - \$2.72%; \$600 - 3.56%; \$700 - 4.39%; greater than or equal to \$800 - 5.23%. Royalty is interpolated between lower and upper endpoints.
19. Royalty applies to all copper production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. This royalty will take effect after January 1, 2017.
20. Royalty is capped at \$300,000 plus simple interest.
21. Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. An additional Cordilleran royalty applies to a portion of Section 28.
22. Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. Additional Rayrock royalties apply to Sections 28, 32 and 33; these royalty rates vary depending on pre-existing royalties. The Rayrock royalties take effect once 200,000 ounces of gold have been produced from open pit mines on the property. As of June 30, 2014, approximately 103,000 ounces have been produced.

## EVALUATION PROPERTIES

1. Royal Gold considers and categorizes an exploration stage property to be an "evaluation stage" property if mineralized material has been identified on the property but reserves have yet to be identified. The U.S. Securities and Exchange Commission does not recognize the term "mineralized material." Investors are cautioned not to assume that any part or all of the mineralized material identified on these properties will ever be converted into reserves.
2. The 1.5% to 2.5% NSR sliding-scale royalty pays at a rate of 1.5% for the first 75,000 ounces produced in any 12 month period and at a rate of 2.5% on production above 75,000 ounces during that 12 month period.
3. Royalty applies on production above 10,000 ounces.
4. Royalty is capped at 500,000 ounces.
5. Royalty rate is 4.0% for grades at 1.5 g/t or less and 2.5% at grades above 1.5 g/t.
6. Royalty applies to production above 40,000 ounces and is capped at \$1 million.

7. Royalty rate is 1.0% on Exploration claims and 2.0% on Gold claims. The 2.0% royalty on Gold claims has a 50% buy back for \$1 million.
8. Royalty applies to production above 675,000 ounces.
9. The 0.75% NSR royalty applies to gold and silver and the 1.0% NSR royalty applies to platinum group elements, copper and nickel. The 0.5% NSR royalty applies to gold, silver, platinum group elements, copper and nickel. The 1.25% NSR royalty applies to gold and silver and the 1.5% NSR royalty applies to platinum group elements, copper and nickel. These royalties become payable on commercial production once capital repayment has been made at the project.
10. A \$325,000 payment is due upon production of the first 100,000 ounces. Once production reaches 200,000 ounces, the royalty begins paying at the following rate schedule (price of gold per ounce - royalty rate): \$0.00 to \$425 - 1.0%; \$425 and above - 2.0%.
11. Royalty is payable on per pound of uranium produced above eight million pounds.
12. Royalty rate is 1.0% for each ton of ore having a value of less than \$115 per ton; 2.0% for each ton of ore having a value between \$115 and \$135 per ton; and 3.0% for each ton of ore having a value greater than \$135 per ton.
13. Royalty rate is 3.0% on Homestake and Emerald unpatented claims; 1.0% on Emerald patented claims.
14. The 1.0% royalty rate applies to the SS lode claims only.
15. An additional 1.0% NSR applies to gold production between 500,000 ounces and 1.0 million ounces. The royalty increases to a 2.0% NSR on production in excess of 1.0 million ounces. This royalty applies to various claims on the mining property.

## EXPLORATION PROPERTIES

1. Royalty paid on dollars per tonne of ore above 50,000 tonnes up to 500,000 tonnes.
2. Royalty payable on gold only.
3. Royalty rate is 2.0% for gold and 1.5% for all other metals.
4. Royalty payable on all minerals, except nickel or any by-products in whatever form or state.
5. Royalty rate is equal to 15% of the proceeds of production until \$1,760,000 has been paid. A 2.0% NSR royalty applies to production thereafter.
6. The 2.0% NSR royalty applies to production from an area of the property referred to as the "GeoNova Properties," and the 3.0% NSR royalty applies to production from an area of the property referred to as the "Homestake Properties."
7. Sliding-scale royalty applies to gold only. NSR sliding-scale schedule (price per gold ounce - royalty rate): Below \$325 - 0.0%; \$325 - 1.5%; \$375 - 2.0%. Once \$500,000 has been received in gold royalty payments, the rate will reduce to 1.0% and will only be in effect at a gold price of \$350 per ounce or higher. The 2.0% NSR royalty applies to silver and copper.
8. Operator has the option to purchase the entire 1.0% NSR for \$1 million prior to the development of a mine on the property.
9. Operator has the option to purchase 1.25% of the 2.5% NSR for \$1 million at any time prior to a production decision or within 30 days thereafter.
10. Operator may purchase 1.5% of the 2.5% NSR at any time for CDN\$1.5 million.
11. The 1.0 to 3.0% NSR sliding-scale royalty only applies to gold production. The 2.0% NSR royalty applies to commercial production of all minerals excluding diamonds and industrial minerals. The 1.0% GV royalty applies to commercial production of all diamonds and industrial minerals.
12. Owner has the option to purchase one-third of the 3.0% NSR for \$1 million at any time.
13. Operator has the right to purchase 2.5% of the 5.0% NSR at any time for \$1 million.
14. Royalty on three property packages is capped at an aggregate of \$2 million.
15. Royalty is capped at \$1 million.
16. The 15.0% NPI and the 14.0% NPI apply to different claims on the property.
17. The 2.0% NSR becomes payable once 400,000 ounces have been produced.
18. Royalty rate varies depending on pre-existing royalties (max of 6.0%).
19. The 3.0% GSR applies to production from the properties from which greater than 60% of the revenues are projected to be derived from gold and silver. The 10% NPI applies to production from the properties from which less than 60% of the revenues are projected to be derived from gold and silver.

# THE GOLD MARKET<sup>1</sup>

## GOLD MARKET OVERVIEW

In 2013, gold supply flowed from west to east as lower relative prices fueled record sales for gold bars, jewelry and coins, particularly in Asia and the Middle East. Several central banks in those regions also embraced the opportunity to add to their gold reserves. The gold price was impacted by increased supply from gold exchange-traded funds ("ETFs"), as improved expectations for growth in the US attracted some capital away from gold.

The gold price declined on a year-over-year basis for the first time in 12 years, averaging \$1,411 per ounce in calendar 2013 compared with an average of \$1,669 per ounce in calendar 2012, representing a decrease of 15%. Total gold demand was 3,756 metric tons ("tonnes") in 2013, which is equivalent to \$US170.4 billion.

## CALENDAR YEAR 2013

Jewelry, bar and coin purchases set the pace for gold demand in 2013. Two factors strongly influenced consumers: first, low prices, fueled by ETF selling in April and June 2013, respectively, prompted consumers to take advantage of favorable market rates, particularly in China; second, India imposed import restrictions on gold in 2013, which limited officially imported gold supply, resulting in higher consumer demand for gold.

Jewelry comprised 59% of total gold demand in 2013, up 17% in volume terms from 2012. This was the largest volume increase since 1997, as the sector grew steadily throughout the year. Record gold jewelry demand was reported in India, China, and Turkey, with western markets also noting strength towards the end of the year.

Bar and coin purchases also increased briskly, up 28% in volume terms from 2012. The strongest year on year growth occurred in China, Thailand, Turkey, and India. It was reported that many bar and coin purchases were made by consumers for whom the lower relative prices was a strong incentive for accumulation.

Central banks were net purchasers of gold for the fourth straight year. Russia (77 tonnes), Kazakhstan (28 tonnes), Azerbaijan (20 tonnes) and South Korea (20 tonnes) made large purchases. A 3.5 tonne sale from Germany related to its coin minting program was the lone central bank sale in 2013.

The amount of gold used in technology was stable from 2012, driven by use in smartphones and tablets, offset by lower industrial, decorative, and dental use.

Gold mine production increased 5%. While several new mines ramped up production or expanded capacity around the globe, this new production is exhibiting lower average gold grades, resulting in muted overall production gains. This slightly higher overall gold production was offset by the sixth consecutive year of lower gold recycling, which was down approximately 14% from 2012 levels.

## SIX MONTHS TO JUNE 30, 2014

In the first six months of 2014, the gold market is experiencing a steadier price environment than a year ago, trading within a rather narrow range and averaging \$1,291 per ounce. This is down 15% from the average price of \$1,522 per ounce in the first half of calendar 2013.

Early 2014 reports from the most active gold buying regions such as China and India suggest that consumer demand for jewelry in particular has returned to post-financial crisis levels as the price volatility has moderated.

Investment demand from the combination of bars, coins and ETFs was little changed from a year ago, up 1% from the first half of 2013. Industry analysts suggest this may be a function of the strong bar and coin demand a year ago being absorbed into the market, while gold ETF investors held onto their positions during the period.

Central banks continued to be net buyers, adding 241 tonnes in the first half of 2014, which is in line with the recent historical averages. Notable accumulations came from Russia, Kazakhstan, and Tajikistan, while Ecuador announced it would engage in a 3-year gold swap to help improve its domestic finance situation.

Through the end of June, gold mine production has increased by approximately 58 tonnes over the same period a year ago. However, the World Gold Council predicts that mine supply recently may have peaked, suggesting that the current rate of gold production growth will slow down over the next few quarters as the low gold price environment results in less production from the industry's highest cost operations. Recycling

1. This information is derived from the World Gold Council and represents the data and opinions of that source. Royal Gold has not verified this data and presents this information as a representative overview of views on the gold business from gold industry sources. No assurance can be given that this data or these opinions will prove accurate. Investors are urged to reach their own conclusions regarding the gold market.



activity has also declined to levels not seen since early 2007, as the lower price environment is less advantageous for consumer and industry recycling.

#### **ORGANIZATIONAL INVOLVEMENT**

Royal Gold is an active participant in organizations involved in promoting the mining industry and the use of gold. The Company is a member of the World Gold Council, and is represented by its President and Chief Executive Officer on the board of the National Mining Association; by its Vice President of Operations on the boards of the Nevada and Colorado Mining Associations; by its Chief Financial Officer and Treasurer on the board of the American Exploration and Mining Association; and by its Vice President, Investor Relations who serves as Chairman of the Board of Directors of the Denver Gold Group.

For more information on gold, you can visit the following websites:

#### **AMERICAN EXPLORATION AND MINING ASSOCIATION**

[www.miningamerica.org](http://www.miningamerica.org)

#### **COLORADO MINING ASSOCIATION**

[www.coloradomining.org](http://www.coloradomining.org)

#### **DENVER GOLD GROUP**

[www.denvergold.org](http://www.denvergold.org)

#### **MINERALS INFORMATION INSTITUTE**

[www.mii.org](http://www.mii.org)

#### **NATIONAL MINING ASSOCIATION**

[www.nma.org](http://www.nma.org)

#### **NEVADA MINING ASSOCIATION**

[www.nevadamining.org](http://www.nevadamining.org)

#### **WORLD GOLD COUNCIL**

[www.gold.org](http://www.gold.org)

## **CORPORATE RESPONSIBILITY**

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Royal Gold is committed to preserving and protecting the environment, promoting the health and safety of its employees, respecting local cultures and values, and being an exemplary international corporate citizen. Although Royal Gold does not control or operate any of the properties where we hold royalty interests, we do expect and encourage the operators of such properties to conduct their activities in a responsible manner. As demonstrated by our membership in the World Gold Council, which is an associate member of the International Council on Mining and Metals (ICMM), Royal Gold supports the ten ICMM principles that seek continual improvement in sustainable development performance.

# NON-GAAP FINANCIAL MEASURES

**The Company computes and discloses Adjusted EBITDA.  
Adjusted EBITDA is a non-GAAP financial measure.**

Adjusted EBITDA is defined by the Company as net income plus depreciation, depletion and amortization, non-cash charges, income tax expense, interest and other expense, and any impairment of mining assets, less non-controlling interests in operating income of consolidated subsidiaries, interest and other income, and any royalty portfolio restructuring gains or losses. Other companies may define and calculate this measure differently. Management believes that Adjusted EBITDA is a useful measure of the performance of our royalty portfolio. Adjusted EBITDA identifies the cash generated in a given

period that will be available to fund the Company's future operations, growth opportunities, shareholder dividends and to service the Company's debt obligations. This information differs from measures of performance determined in accordance with U.S. generally accepted accounting principles ("GAAP") and should not be considered in isolation or as a substitute for measures of performance determined in accordance with U.S. GAAP. Adjusted EBITDA, as defined, is most directly comparable to net income in the Company's Statements of Operations. Below is the reconciliation of net income to adjusted EBITDA:

## Adjusted EBITDA Reconciliation

	For the Fiscal Years Ended June 30,				
(Unaudited in thousands)	2014	2013	2012	2011	2010
Net income	\$ 63,472	\$ 73,409	\$ 98,309	\$ 77,299	\$ 29,422
Depreciation, depletion and amortization	91,342	85,020	75,001	67,399	53,793
Non-cash employee stock compensation	2,580	5,701	6,507	6,494	7,279
Restructuring on royalty interests					
in mineral properties	-	-	1,328	-	-
Loss on available-for-sale securities	4,499	12,121	-	-	-
Royalty portfolio restructuring gain	-	-	-	-	-
Interest and other income	(2,132)	(2,902)	(3,836)	(5,088)	(6,360)
Interest and other expense	23,426	24,780	7,705	7,740	3,809
Income tax expense	19,455	63,759	54,710	38,974	14,164
Non-controlling interests in operating income					
of consolidated subsidiaries	(572)	(1,420)	(2,108)	(2,646)	(2,039)
Adjusted EBITDA	\$ 202,070	\$ 260,469	\$ 237,616	\$ 190,172	\$ 100,068

# GLOSSARY

**CONCENTRATE:** A mineral-rich, intermediate, product obtained from processing ore, general by gravity or flotation operations. Concentrates typically require additional processing to obtain refined metal.

**FIXED-RATE ROYALTY:** A royalty rate that stays constant.

**GRADE:** The metal content of ore. With precious metals, grade is expressed as troy ounces per ton of ore or as grams per tonne of ore. A “troy” ounce is one-twelfth of a pound.

**GROSS PROCEEDS ROYALTY (GPR):** A royalty in which payments are made on contained ounces rather than recovered ounces.

**GROSS SMELTER RETURN (GSR) ROYALTY:** A defined percentage of the gross revenue from a resource extraction operation, less, if applicable, certain contract-defined costs paid by or charged to the operator.

**GROSS VALUE (GV) ROYALTY:** A defined percentage of the gross value, revenue or proceeds from a resource extraction operation, without deductions of any kind.

**METAL STREAMING:** A metal purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement.

**MILLING ROYALTY:** A royalty on ore throughput at a mill.

**MINERALIZED MATERIAL:** That part of a mineral system that has potential economic significance but is not included in the proven and probable ore reserve estimates until further drilling and metallurgical work is completed, and until other economic and technical feasibility factors based upon such work have been resolved.

**NET PROFITS INTEREST (NPI) ROYALTY:** A defined percentage of the gross revenue from a resource extraction operation, after recovery of certain contract-defined pre-production costs, and after a deduction of certain contract-defined mining, milling, processing, transportation, administrative, marketing and other costs.

**NET SMELTER RETURN (NSR) ROYALTY:** A defined percentage of the gross revenue from a resource extraction operation, less a proportionate share of incidental transportation, insurance, refining and smelting costs.

**NET VALUE ROYALTY (NVR):** A defined percentage of the gross revenue from a resource extraction operation, less certain contract-defined costs.

**PROBABLE RESERVE:** Ore reserves for which quantity and grade are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume geological continuity between points of observation.

**PROVEN RESERVE:** Ore reserves for which: (a) the quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade is computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

**RESERVE:** That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are categorized as proven or probable reserves (see separate definitions).

**ROYALTY:** The right to receive a percentage or other denomination of mineral production from a mining operation.

**SLIDING-SCALE ROYALTY:** A royalty rate that fluctuates based on contract-specified variables such as metal price or production volume.

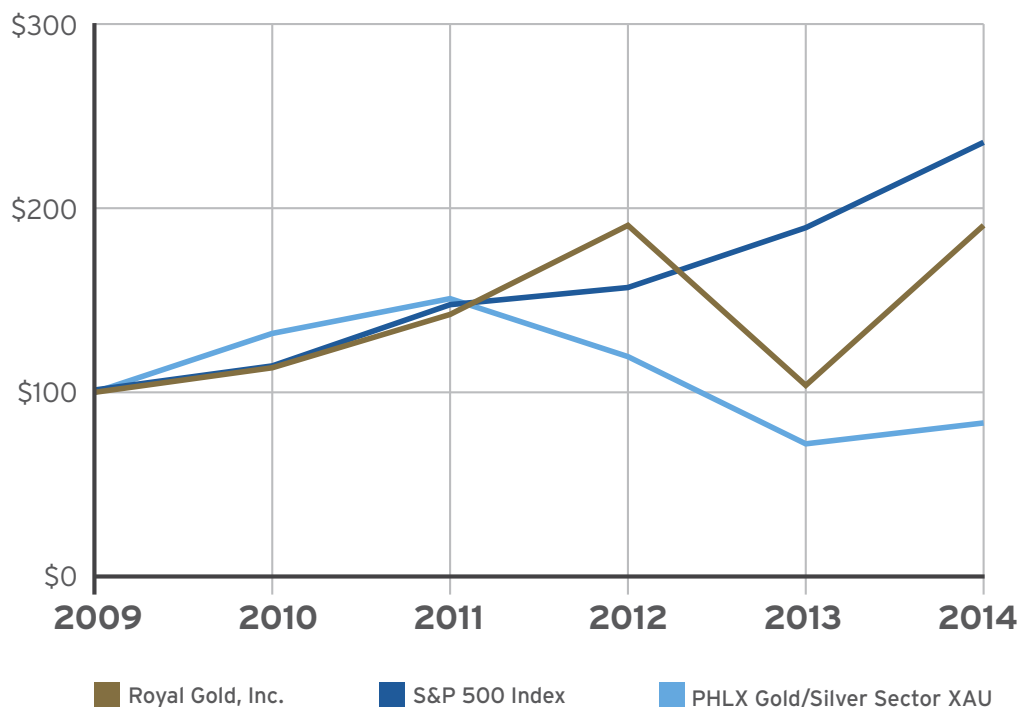
**TON:** A unit of weight equal to 2,000 pounds or 907.2 kilograms.

**TONNE:** A unit of weight equal to 2,204.6 pounds or 1,000 kilograms.

# FIVE-YEAR RETURN TO SHAREHOLDERS

*Includes dividend reinvestment*

## RETURN TO SHAREHOLDERS



Source: S+P Capital IQ

## PHLX GOLD/SILVER SECTOR XAU CONSTITUENTS

Agnico Eagle Mines Ltd  
Allied Nevada Gold Corp  
Anglogold Ltd  
AuRico Gold Inc  
Barrick Gold Corp  
Buenaventura Mining  
Coeur Mining Inc  
Eldorado Gold Corp

First Majestic Silver Corp  
Freeport-McMoRan Inc  
Gold Fields Ltd  
Gold Resource Corp  
Goldcorp Inc.  
Harmony Gold Mining Co Ltd  
Hecla Mining Co  
IAMGold Corp

Kinross Gold Corp  
McEwen Mining Inc  
New Gold Inc  
Newmont Mining Corp  
NovaGold Resources Inc  
Pan American Silver Corp  
Randgold Resources Ltd  
Royal Gold Inc

Seabridge Gold Inc  
Silver Standard Resources Inc  
Silver Wheaton Corp  
Stillwater Mining Co  
Tanzanian Royalty Exploration Corp  
Yamana Gold Inc

## ANNUAL RETURN PERCENTAGE

Company Name / Index	Years Ended June 30,				
	2010	2011	2012	2013	2014
Royal Gold, Inc.	16.00	23.02	34.68	-45.79	83.79
S&P 500 Index	14.43	30.69	5.45	20.60	24.61
PHLX Gold/Silver Sector	32.52	14.24	-20.32	-39.68	15.68

## Indexed Returns

Indexed Returns

	Years Ended June 30,					
	Base Period					
Company Name / Index	2009	2010	2011	2012	2013	2014
Royal Gold, Inc.	100	116.00	142.70	192.19	104.18	191.48
S&P 500 Index	100	114.43	149.55	157.70	190.18	236.98
PHLX Gold/Silver Sector	100	132.52	151.39	120.63	72.77	84.18

## FORWARD LOOKING STATEMENTS

Cautionary "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include statements that Royal Gold's portfolio provides investors an opportunity to capture value in the precious metals sector; that the Company will maintain upside potential through production expansion and reserve increases through exploration; that the Company's business model will generate strong cash flow and high margins with a lower cost structure; that the Company's business model allows revenue growth without adding significant overhead costs; that the Company's business model allows for tight control on costs; that the Company is in an excellent financial position; that this is an excellent time to add new royalty and stream interests; that the Company's fiscal year 2014 investments have excellent development potential; that the Company seeks opportunities believed to provide strong total shareholder return; that Mt. Milligan, once in full production, could become the largest gold stream in the business; that Pascua-Lama is a world class deposit that could become one of the Company's largest sources of revenue; and estimated proven and probable reserves, production estimates, time frames for construction and startup, and mill throughput recovery and grade reported by various operators. Factors that could cause actual results to differ materially from these forward-looking statements include, among others, changes in gold and other metals prices; the performance of the Company's producing royalty properties; unanticipated grade, geological, metallurgical, processing or other problems at the royalty properties; economic and market conditions, changes in operators' mining and processing techniques, as well as other factors described elsewhere in this report and our report on Form 10-K (See Part I, Item 1A, Risk Factors). The reader is urged to read the Risk Factors in connection with the risks inherent in our forward-looking statements. We disclaim any obligation to update any forward looking-statements. Readers are cautioned not to put undue reliance on forward-looking statements.



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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**Form 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended June 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From

to

Commission File Number 001-13357

**Royal Gold, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction  
of Incorporation or Organization)

**1660 Wynkoop Street, Suite 1000**

**Denver, Colorado**

(Address of Principal Executive Offices)

**84-0835164**

(I.R.S. Employer  
Identification No.)

**80202**

(Zip Code)

**(303) 573-1660**

Registrant's telephone number, including area code:

Securities registered pursuant to Section 12(b) of the Act:

**Title of Each Class**

**Name of Each Exchange on Which Registered**

Common stock, \$0.01 par value

NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a  
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Aggregate market value of the voting common stock held by non-affiliates of the registrant, based upon the closing sale price of Royal Gold common stock on December 31, 2013, as reported on the NASDAQ Global Select Market was \$2,891,571,031. There were 64,754,869 shares of the Company's common stock, par value \$0.01 per share, outstanding as of July 28, 2014. In addition, as of such date, there were 380,482 exchangeable shares of RG Exchangeco Inc., a subsidiary of registrant, outstanding which are exchangeable at any time into shares of the Company's common stock on a one-for-one basis and entitle their holders to dividends and other rights economically equivalent to those of the Company's common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement for the 2014 Annual Meeting of Stockholders scheduled to be held on November 14, 2014, and to be filed within 120 days after June 30, 2014, are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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*This document (including information incorporated herein by reference) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve a degree of risk and uncertainty due to various factors affecting Royal Gold, Inc. and its subsidiaries. For a discussion of some of these factors, see the discussion in Item 1A, Risk Factors, of this report. In addition, please see our note about forward-looking statements included in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”), of this report.*

## **PART I**

### **ITEM 1. BUSINESS**

#### **Overview**

Royal Gold, Inc. (“Royal Gold”, the “Company”, “we”, “us”, or “our”), together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties, metal streams, and similar interests. Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. We may use the term “royalty interest” in this Annual Report on Form 10-K to refer to royalties, gold, silver or other metal stream interests, and other similar interests. We seek to acquire existing royalty interests or to finance projects that are in production or in the development stage in exchange for royalty interests. In the ordinary course of business, we engage in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of mine development or exploration, or to acquire companies that hold royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submission of indications of interest, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

As of June 30, 2014, the Company owned royalty interests on 37 producing properties, 23 development stage properties and 141 exploration stage properties, of which the Company considers 46 to be evaluation stage projects. The Company uses “evaluation stage” to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. We do not conduct mining operations nor are we required to contribute to capital costs, exploration costs, environmental costs or other mining, processing and operating costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2014, we focused on the management of our existing royalty and streaming interests and the acquisition of royalty and streaming interests.

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2014 were as follows:

- (1) Production at Mt. Milligan began during the fourth quarter of calendar 2013, with commercial production reached during the first quarter of calendar 2014;
- (2) We acquired a gold stream on the Phoenix Gold Project in Ontario, Canada;
- (3) We acquired a 70% interest in a 2.0% net smelter return royalty (“NSR”) on certain portions of the El Morro copper project in Chile;

- (4) We increased our interest in a net value royalty covering certain portions of the Pipeline mining complex, and we acquired a royalty interest at the Goldrush deposit, both interests in Nevada, USA;
- (5) We expanded and extended our revolving credit facility from a \$350 million facility maturing in May 2017 to a \$450 million facility maturing in January 2019; and
- (6) We increased our calendar year dividend to \$0.84 per basic share, which is paid in quarterly installments throughout calendar year 2014. This represents a 5% increase compared with the dividend paid during calendar year 2013.

## **Certain Definitions**

*Gross Proceeds Royalty (GPR):* A royalty in which payments are made on contained ounces rather than recovered ounces.

*Gross Smelter Return (GSR) Royalty:* A defined percentage of the gross revenue from a resource extraction operation, less, if applicable, certain contract-defined costs paid by or charged to the operator.

*g/t:* A unit representing grams per tonne.

*Gold or Silver Stream:* A gold or silver purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of gold or silver, as applicable, produced from a mine, at a price determined for the life of the transaction by the purchase agreement.

*Mineralized Material:* Mineralized material is mineralization that has been sufficiently sampled at close enough intervals to reasonably assume continuity and support an estimate of tonnage and an average grade of the selected metals or salable product. A deposit of this sort does not qualify as a reserve until a comprehensive evaluation, based upon unit costs, grade, recoveries and other factors, concludes economic and legal feasibility. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

*Net Profits Interest (NPI):* A defined percentage of the gross revenue from a resource extraction operation, after recovery of certain contract-defined pre-production costs, and after deduction of certain contract-defined mining, milling, processing, transportation, administrative, marketing and other costs.

*Net Smelter Return (NSR) Royalty:* A defined percentage of the gross revenue from a resource extraction operation, less a proportionate share of incidental transportation, insurance, refining and smelting costs.

*Net Value Royalty (NVR):* A defined percentage of the gross revenue from a resource extraction operation, less certain contract-defined costs.

*Proven (Measured) Reserves:* Ore reserves for which (a) the quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade is computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of reserves are well established.

*Probable (Indicated) Reserves:* Ore reserves for which quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.

*Payable Metal:* Ounces or pounds of metal in concentrate after deduction of a percentage of metal in concentrate by a third-party smelter pursuant to smelting contracts.

*Reserve:* That part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserve determination.

*Royalty:* The right to receive a percentage or other denomination of mineral production from a resource extraction operation.

*Ton:* A unit of weight equal to 2,000 pounds or 907.2 kilograms.

*Tonne:* A unit of weight equal to 2,204.6 pounds or 1,000 kilograms.

## **Recent Business Development**

### *Tulsequah Chief Gold and Silver Stream Amendment*

On July 4, 2014, the Company, through its wholly-owned subsidiary RGLD Gold AG (“RGLD Gold”) entered into an Amended and Restated Gold and Silver Purchase and Sale Agreement (the “Amended Purchase Agreement”) with Chieftain Metals Inc. (“Chieftain”) whereby the parties amended and restated the terms of their December 22, 2011 Purchase and Sale Agreement in relation to Chieftain’s Tulsequah Chief mining project in British Columbia, Canada. Among other things, the parties agreed to: (i) reduce the aggregate payment advances to Chieftain from \$60 million to \$55 million (of which \$10 million was paid in December 2011, with the remainder payable upon satisfaction of certain conditions set forth in the Amended Purchase Agreement); (ii) increase the gold stream percentage from 12.50% to 17.50% of payable gold until 65,000 ounces have been delivered to RGLD Gold, and 8.75% of payable gold thereafter, up from 7.50%; (iii) increase the silver stream percentage from 22.50% to 25% of payable silver until 3.0 million ounces have been delivered, and 12.50% of payable silver thereafter, up from 9.75%; (iv) revise the cash payments for each ounce of gold and silver delivered to a constant 30% and 25%, respectively, of the spot prices of gold and silver on the date of each delivery, instead of payments of \$450 to \$500 for each payable ounce of gold and \$5.00 to \$7.50 for each payable ounce of silver (or the prevailing market prices, if lower); and (v) increase the area subject to the gold and silver streams to include Chieftain’s Big Bull property. RGLD Gold retains the right to terminate the Amended Purchase Agreement and receive repayment of its initial \$10 million payment advance if certain conditions set forth in the Amended Purchase Agreement are not satisfied before December 22, 2014.

## **Fiscal 2014 Business Developments**

Please refer to Item 7, MD&A, for discussion on recent liquidity and capital resource developments.

### *Phoenix Gold Project Stream Acquisition*

On February 11, 2014, the Company, through its wholly-owned subsidiary RGLD Gold, entered into a \$75 million Purchase and Sale Agreement (the “Agreement”) for a gold stream transaction with Rubicon Minerals Corporation (“Rubicon”). Pursuant to the Agreement, the \$75 million payment deposit from RGLD Gold is to be used by Rubicon to help pay a significant portion of the construction costs of the Phoenix Gold Project located in Ontario, Canada, which is currently in the development stage.

Pursuant to the Agreement, the \$75 million payment deposit to Rubicon as prepayment of the purchase price for refined gold is payable in five installments. The first installment of \$10 million was made in conjunction with execution of definitive documents on February 11, 2014. The second

installment of \$20 million was paid on March 20, 2014, while the third, fourth and fifth installments of \$15 million each are payable upon satisfaction of certain conditions precedent.

Upon commencement of production at the Phoenix Gold Project, RGLD Gold will purchase and Rubicon will sell 6.30% of any gold produced from the Phoenix Gold Project until 135,000 ounces have been delivered, and 3.15% thereafter. For each delivery of gold, RGLD Gold will pay a purchase price per ounce of 25% of the spot price of gold at the time of delivery. In the event that RGLD Gold's interests are subordinated to more than \$50 million of senior debt, RGLD Gold's per ounce purchase price will be reduced by 5.4% times the amount of the senior debt outstanding and drawn in excess of \$50 million, divided by \$50 million.

The Phoenix Gold Project is located in Red Lake, Ontario, Canada. The Red Lake greenstone belt is host to one of Canada's preeminent gold producing districts, the Red Lake District, which also hosts the Red Lake and Cochenour mines. The deposit extends 5,400 feet below surface, and remains open at depth and along strike. The Phoenix Gold Project is fully permitted for initial production at 1,250 tonnes per day. Construction has substantially advanced on the Phoenix Gold Project, with project construction and development remaining on budget and on schedule for projected production in mid-calendar 2015.

#### *Goldrush Royalty Acquisition*

On January 7, 2014, Royal Gold, acquired a 1.0% net revenue royalty on the southern end of Barrick Gold Corporation's ("Barrick") Goldrush deposit in Nevada from a private landowner for total consideration of \$8.0 million, of which \$1.0 million was paid at closing and the remaining \$7.0 million will be paid in seven annual installments. Goldrush is located approximately four miles from the Cortez mine and is currently in the exploration stage. As of December 31, 2013, Barrick reported 75.5 million tons of mineralized material with an average grade of 0.132 ounces of gold per ton. Investors are cautioned not to assume that any part or all of the mineralized material will ever be converted into reserves.

Barrick indicated that as the Goldrush project advances through prefeasibility, a number of development options are being considered, including open pit mining, underground mining, or a combination of both. Drilling currently is focused on establishing confidence in the continuity of high grade portions of the deposit in support of the underground development option.

#### *NVR1 Royalty at Cortez*

On January 2, 2014, Royal Gold, through a wholly-owned subsidiary, increased its ownership interest in the limited partnership that owns the 1.25% net value royalty ("NVR1") covering certain portions of the Pipeline Complex at Barrick's Cortez gold mine in Nevada. As a result of the transaction, the NVR1 royalty rate attributable to our interest increased from 0.39% to 1.014% on production from all of the lands covered by the NVR1 royalty excluding production from the mining claims comprising the Crossroad deposit (the "Crossroad Claims"), and from zero to 0.618% on production from the Crossroad Claims. Total consideration for the transaction was approximately \$11.5 million. Refer to Note 17 of the notes to the consolidated financial statements for a discussion of certain related party interests in this transaction.

#### *El Morro Royalty Acquisition*

In August 2013, Royal Gold, through a wholly-owned Chilean subsidiary, acquired a 70% interest in a 2.0% NSR royalty on certain portions of the El Morro copper gold project in Chile ("El Morro"), from Xstrata Copper Chile S.A., for \$35 million. Goldcorp Inc. ("Goldcorp") holds 70% ownership of the El Morro project and is the operator, with the remaining 30% held by New Gold Inc.

Goldcorp has indicated that all El Morro project field construction activities have been suspended since April 27, 2012, pending the definition and implementation by the Chilean environmental permitting authority (the Servicio de Evaluación Ambiental or SEA) of a community consultation process which corrects certain deficiencies in that process as specifically identified by the Antofagasta Court of Appeals. The project continues with community engagement, optimization of project economics and evaluation of alternatives for a long-term power supply.

During the period of temporary suspension, El Morro worked with the Chilean authorities and local communities to address any perceived deficiencies in respect of the environmental permit. El Morro subsequently filed an addendum to its environmental permit and it was reinstated on October 22, 2013. Certain local communities and groups filed constitutional actions challenging the reinstated permit, and on November 22, 2013, the Copiapo Court of Appeals granted an injunction suspending development of the El Morro project. On April 28, 2014, the Copiapo Court of Appeals rejected the constitutional actions and consequently the injunction was lifted.

## Our Operational Information

### *Operating Segments, Geographical and Financial Information*

The Company manages its business under a single operating segment, consisting of the acquisition and management of royalty interests. Our revenue and long-lived assets (royalty and stream interests, net) are geographically distributed as shown in the following table.

	Revenue			Royalty and Stream Interests, net		
	Fiscal Year Ended June 30,			Fiscal Year Ended June 30,		
	2014	2013	2012	2014	2013	2012
Canada . . . . .	34%	24%	24%	53%	52%	43%
Chile . . . . .	21%	29%	25%	31%	30%	35%
Mexico . . . . .	18%	19%	20%	7%	7%	9%
United States . . . . .	15%	17%	18%	3%	4%	5%
Australia . . . . .	4%	4%	5%	3%	3%	3%
Africa . . . . .	3%	3%	4%	1%	1%	1%
Other . . . . .	5%	4%	4%	2%	3%	4%

Please see “*Operations in foreign jurisdictions are subject to many risks, which could decrease our revenues,*” under Part I, Item 1A, Risk Factors, of this report for a description of the risks attendant to foreign operations.

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver, copper and nickel, together with the amounts of production from our producing stage royalty interests. The prices of gold, silver, copper, nickel and other metals have fluctuated widely in recent years. The marketability and the price of metals are influenced by numerous factors beyond the control of the Company and declines in the price of gold, silver, copper or nickel could have a material and adverse effect on the Company’s results of operations and financial condition. During the fiscal year ended June 30, 2014, we derived approximately 78% of our revenue from precious metals (including 72% from gold and 6% from silver), 8% from copper and 8% from nickel.

### *Competition*

The mining industry in general and the royalty and streaming segment in particular are competitive. We compete with other royalty and streaming companies, mine operators, and financial buyers in efforts to acquire existing royalty interests, and with the lenders, investors, and royalty and



streaming companies providing financing to operators of mineral properties in our efforts to create new royalty interests. Many of our competitors in the lending and mining business are larger than we are and have greater resources and access to capital than we have. Key competitive factors in the royalty and stream acquisition and financing business include the ability to identify and evaluate potential opportunities, transaction structure and consideration, and access to capital.

### *Regulation*

Like all mining operations, the operators of the mines that are subject to our royalty interests must comply with environmental laws and regulations promulgated by federal, state and local governments including, but not limited to, the National Environmental Policy Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Clean Air Act; the Clean Water Act; the Hazardous Materials Transportation Act; and the Toxic Substances Control Act. Mines located on public lands in the United States are subject to the General Mining Law of 1872 (the “General Mining Law”) and are subject to comprehensive regulation by either the United States Bureau of Land Management (an agency of the United States Department of the Interior) or the United States Forest Service (an agency of the United States Department of Agriculture). The mines also are subject to regulations of the United States Environmental Protection Agency (“EPA”), the United States Mine Safety and Health Administration and similar state and local agencies. Operators of mines that are subject to our royalty interests in other countries are obligated to comply with similar laws and regulations in those jurisdictions. Although we are not responsible as a royalty interest owner for ensuring compliance with these laws and regulations, failure by the operators of the mines on which we have royalty interests to comply with applicable laws, regulations and permits can result in injunctive action, damages and civil and criminal penalties on the operators which could reduce or eliminate production from the mines and thereby reduce or eliminate the royalties we receive and negatively affect our financial condition.

### *Corporate Information*

We were incorporated under the laws of the State of Delaware on January 5, 1981. Our executive offices are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202; our telephone number is (303) 573-1660.

### *Available Information*

Royal Gold maintains an internet website at [www.royalgold.com](http://www.royalgold.com). Royal Gold makes available, free of charge, through the Investor Relations section of its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission (“SEC”). Our SEC filings are available from the SEC’s internet website at [www.sec.gov](http://www.sec.gov) which contains reports, proxy and information statements and other information regarding issuers that file electronically. These reports, proxy statements and other information may also be inspected and copied at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The charters of Royal Gold’s key committees of the Board of Directors and Royal Gold’s Code of Business Conduct and Ethics are also available on the Company’s website. Any of the foregoing information is available in print to any stockholder who requests it by contacting our Investor Relations Department at (303) 573-1660. The information on the Company’s website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.



### *Company Personnel*

We currently have 20 employees, 19 of whom are located in Denver, Colorado, and one who is located in Zug, Switzerland. Our employees are not subject to a labor contract or a collective bargaining agreement. We consider our employee relations to be good.

We also retain independent contractors to provide consulting services, relating primarily to geologic and geophysical interpretations and also relating to such metallurgical, engineering, environmental, and other technical matters as may be deemed useful in the operation of our business.

### **ITEM 1A. RISK FACTORS**

*You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations, and cash flows could be materially adversely affected by any of these risks. The market or trading price of our securities could decline due to any of these risks. In addition, please see our note about forward-looking statements included in Part II, Item 7, MD&A of this Annual Report on Form 10-K. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.*

#### **Risks Related to Our Business**

***Volatility in gold, silver, copper, nickel and other metal prices may have an adverse impact on the value of our royalty interests and may reduce our revenues. Certain contracts governing our royalty interests have features that may amplify the negative effects of a drop in metals prices.***

The profitability of our royalty interests is directly related to the market price of gold, silver, copper, nickel and other metals. Our revenue is particularly sensitive to changes in the price of gold, as gold royalty interests represent the majority of our royalty revenue. Market prices may fluctuate widely and are affected by numerous factors beyond the control of Royal Gold or any mining company, including metal supply, industrial and jewelry fabrication, investment demand, central banking economic policy, expectations with respect to the rate of inflation, the relative strength of the dollar and other currencies, interest rates, gold purchases, sales and loans by central banks, forward sales by metal producers, global or regional political, economic or banking conditions, and a number of other factors.

Declines in market prices for gold, silver, copper, nickel and certain other metals such as those experienced during our fiscal years 2013 and 2014, decreased our revenues. Severe declines in market prices could cause an operator to reduce, suspend or terminate production from an operating project or construction work at a development project, which may result in a temporary or permanent reduction or cessation of revenue from those projects, and we might not be able to recover the initial investment in our royalty interests. Our sliding-scale royalties, such as Cortez, Holt, Mulatos, Wolverine and other properties, amplify this effect, because when metal prices fall below certain thresholds in a sliding-scale royalty, a lower royalty rate will apply. Any such price decline may result in a material and adverse effect on our profitability, results of operations and financial condition.

In addition, the selection of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that decisions about exploration, development and construction are made and the commencement of production can have a material adverse effect on the economics of a mine and can eliminate or have a material adverse impact on the value of royalty interests.

Moreover, certain agreements governing our royalty interests, such as those relating to our royalty interests in the Andacollo, Robinson, Peñasquito and Voisey's Bay properties, are based on the operator's concentrate sales to smelters, which include price adjustments between the operator and the

smelter based on metals prices at a later date, typically three to five months after shipment to the smelter. In such cases, our payments from the operator include a component of these later price adjustments, which can result in decreased revenue in later periods if metals prices have fallen.

Volatility in gold, silver, copper and nickel prices is demonstrated by the annual high and low prices for those metals from selected calendar years during the past decade.

- High and low gold prices per ounce, based on the London Bullion Market Association P.M. fix, have ranged from \$454 to \$375 in 2004, from \$725 to \$525 in 2006, from \$1,212 to \$810 in 2009, from \$1,895 to \$1,319 in 2011, from \$1,792 to \$1,540 in 2012, from \$1,694 to \$1,192 in 2013, and \$1,385 to \$1,221 year to date 2014.
- High and low silver prices per ounce, based on the London Bullion Market Association fix, have ranged from \$8.29 to \$5.50 in 2004, from \$14.94 to \$8.83 in 2006, from \$19.18 to \$10.51 in 2009, from \$48.70 to \$26.68 in 2011, from \$37.23 to \$26.67 in 2012, from \$32.23 to \$18.61 year in 2013, and \$22.05 to \$18.76 year to date 2014.
- High and low copper prices per pound, based on the London Metal Exchange cash settlement price for Grade A copper, have ranged from \$1.49 to \$1.06 in 2004, from \$3.99 to \$2.06 in 2006, from \$3.33 to \$1.38 in 2009, from \$4.60 to \$3.08 in 2011, from \$3.93 to \$3.29 in 2012, from \$3.75 to \$3.01 in 2013, and \$3.37 to \$2.92 year to date 2014.
- High and low nickel prices per pound, based on the London Metal Exchange cash settlement price for nickel, have ranged from \$7.79 to \$4.81 in 2004, from \$16.16 to \$6.25 in 2006, from \$9.31 to \$4.25 in 2009, from \$13.17 to \$7.68 in 2011, from \$9.90 to \$6.89 in 2012, from \$8.46 to \$6.00 in 2013, and \$9.62 to \$6.06 year to date 2014.

***We own passive interests in mining properties, and it is difficult or impossible for us to ensure properties are developed or operated in our best interest.***

All of our current revenue is derived from royalty interests on properties operated by third parties. The holder of a royalty interest typically has no authority regarding the development or operation of a mineral property. Therefore, we typically are not in control of decisions regarding development or operation of any of the properties on which we hold a royalty interest, and we have limited legal rights to influence those decisions.

Our strategy of having others operate properties on which we retain a royalty interest puts us generally at risk to the decisions of others regarding all operating matters, including permitting, feasibility analysis, mine design and operation, processing, plant and equipment matters and temporary or permanent suspension of operations, among others. These decisions are likely to be motivated by the best interests of the operator rather than to maximize payments to us. Although we attempt to secure contractual rights when we create new royalty interests, such as audit or access rights, that will permit us to protect our interests to a degree, there can be no assurance that such rights will always be available or sufficient, or that our efforts will be successful in achieving timely or favorable results or in affecting the operation of the properties in which we have a royalty interest in ways that would be beneficial to our stockholders.

***Our revenues are subject to operational and other risks faced by operators of our mining properties.***

Although we are not required to pay capital costs (except for transactions where we finance mine development or actively fund or participate ourselves in exploration or development projects) or operating costs, our financial results are indirectly subject to hazards and risks normally associated with developing and operating mining properties where we hold royalty interests. Some of these risks include:

- insufficient ore reserves;

- increases in production or capital costs incurred by operators or third parties that may impact the amount of reserves available to be mined, cause an operator to delay or curtail mining development and operations or render mining of ore uneconomical and cause an operator to close operations;
- declines in the price of gold, silver, copper, nickel and other metals;
- mine operating and ore processing facility problems;
- economic downturns and operators' insufficient financing;
- insolvency or bankruptcy of the operator;
- significant permitting, environmental and other regulatory requirements and restrictions and any changes in those regulations;
- challenges by non-mining interests to existing permits and mining rights, and to applications for permits and mining rights;
- opposition by local communities, indigenous populations and non-governmental organizations;
- community or civil unrest;
- labor shortages, increased labor costs, and labor disputes, strikes or work stoppages at mines;
- unanticipated geological conditions or metallurgical characteristics;
- unanticipated ground or water conditions;
- pit wall or tailings dam failures or any underground stability issues;
- fires, explosions and other industrial accidents;
- environmental hazards and natural catastrophes such as floods, earthquakes or inclement or hazardous weather conditions;
- injury to persons, property or the environment;
- the ability of operators to maintain or increase production or to replace reserves as properties are mined; and
- uncertain domestic and foreign political and economic environments.

The occurrence of any of the above mentioned risks or hazards could result in an interruption, suspension or termination of operations or development work at any of the properties in which we hold a royalty interest and have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Acquired royalty interests, particularly on development stage properties, are subject to the risk that they may not produce anticipated revenues.***

The royalty interests we acquire may not produce anticipated revenues. The success of our acquisitions of royalty interests is based on our ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from our royalty interests, particularly with respect to acquisitions of royalty interests on development stage properties. If an operator does not bring a property into production and operate in accordance with feasibility studies, technical or reserve reports or other plans due to lack of capital, inexperience, unexpected problems, delays, or otherwise, then the acquired royalty interest may not yield sufficient revenues to be profitable. Furthermore, operators of development stage properties must obtain and maintain all necessary environmental permits and access to water, power and other raw materials needed to begin production, and there can be no assurance that operators will be able to do so.

The Pascua-Lama mining project in Chile and Argentina is among our principal development stage acquisitions. During the fourth calendar quarter of 2013, Barrick announced the suspension of construction at the Pascua-Lama project, except for those activities required for environmental and regulatory compliance. Barrick has indicated that a decision to restart development will depend on improved economics and reduced uncertainty related to legal and regulatory requirements. The failure of the Pascua-Lama project, or any of our other principal properties, to produce anticipated revenues on schedule or at all would have a material adverse effect on our business, results of operations, financial condition or the other benefits we expect to realize from the acquisition of royalty interests.

Further, as mines on which we have royalty interests mature, we can expect overall declines in production over the years unless operators are able to replace reserves that are mined through mine expansion or successful new exploration. There can be no assurance that the operators of properties where we hold royalty interests will be able to maintain or increase production or replace reserves as they are mined.

***Several of our royalty interests are significant to us and any adverse development related to these properties could adversely affect our revenues.***

Our investments in the Mt. Milligan, Andacollo, Voisey's Bay and Peñasquito properties, among others, are currently significant to us, as our interests in these properties generated approximately \$130.4 million in revenue in fiscal year 2014, which was nearly 55% of our revenue for the period. In addition, we anticipate that the portion of our revenue attributable to Mt. Milligan will increase significantly as it reaches full production and that the Pascua-Lama mining project will contribute meaningfully to our revenues if and when it begins producing revenue. Any adverse development affecting the operation of or production from these operations may have a material adverse effect on our business, results of operations, cash flows and financial condition. In addition, we typically have limited or no control over operational decisions made by third party operators of these projects. Any adverse decision made by the operators, such as changes to mine plans, production schedules or metallurgical processes, may impact the timing and amount of revenue that we receive.

***Royalty interests are subject to title and other defects, and these risks may be hard to identify in acquisition transactions.***

While we seek to confirm the existence, validity, enforceability, terms and geographic extent of the royalty interests we acquire, there can be no assurance that disputes over these and other matters will not arise. Confirming these matters, as well as the title to mining property on which we hold or seek to acquire a royalty interest, is a complex matter, and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mining property and to the documents reflecting the royalty interest. Similarly, royalty interests in many jurisdictions are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or insolvency of operators. We often do not have the protection of security interests over property that we could liquidate to recover all or part of our investment in a royalty interest. Even if we retain our royalty interests in a mining project after any change of control, bankruptcy or insolvency of the operator, the project may end up under the control of a new operator, who may or may not operate the project in a similar manner to the current operator, which may positively or negatively impact us. Unknown defects in or disputes relating to the royalty interests we hold or acquire may prevent us from realizing the anticipated benefits from the royalty interests, and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Operators may interpret our royalty interests in a manner adverse to us or otherwise may not abide by their contractual obligations, and we could be forced to take legal action to enforce our contractual rights.***

Our royalty interests generally are subject to uncertainties and complexities arising from the application of contract and property laws in the jurisdictions where the mining projects are located. Operators and other parties to the agreements governing our royalty interests may interpret our royalty interests in a manner adverse to us or otherwise may not abide by their contractual obligations, and we could be forced to take legal action to enforce our contractual rights. We may or may not be successful in enforcing our contractual rights, and our revenues relating to any challenged royalty interests may be delayed, curtailed or eliminated during the pendency of any such dispute or in the event our position is not upheld, which could have a material adverse effect on our business, results of operations, cash flows and financial condition. Disputes could arise challenging, among other things:

- the existence or geographic extent of the royalty interest;
- methods for calculating the royalty interest, including whether certain operator costs may properly be deducted from gross proceeds when calculating royalties determined on a net basis;
- third party claims to the same royalty interest or to the property on which we have a royalty interest;
- various rights of the operator or third parties in or to the royalty interest;
- production and other thresholds and caps applicable to payments of royalty interests;
- the obligation of an operator to make payments on royalty interests; and
- various defects or ambiguities in the agreement governing a royalty interest.

For example, in October 2009, the Labrador Nickel Royalty Limited Partnership (“LNRLP”), of which the Company is the indirect majority owner, stated a claim in the Supreme Court of Newfoundland and Labrador Trial Division against certain subsidiaries of Vale, alleging that Vale has been incorrectly calculating LNRLP’s 3% NSR royalty on the sale of nickel and copper concentrates from the Voisey’s Bay mine. Vale is commissioning its new Long Harbour Processing Plant with nickel matte from its Indonesian operations and intends to begin introducing nickel concentrates from Voisey’s Bay in coming quarters. In anticipation of the transition from processing Voisey’s Bay nickel concentrates at Vale’s Sudbury and Thompson smelters to processing at the Long Harbour hydrometallurgical plant, the Company is engaged in discussions with Vale concerning calculation of the royalty once Voisey’s Bay nickel concentrates are processed at Long Harbour. Vale proposed a calculation of the royalty that the Company estimates could result in the substantial reduction of royalty payable to LNRLP on Voisey’s Bay nickel concentrates processed at Long Harbour. While the Company may continue to engage in discussions concerning calculation of the royalty on nickel concentrates processed at Long Harbour, there is no guaranty that the Company and Vale will reach agreement on the proper calculation under the terms of the royalty agreement. If no agreement is reached, the Company intends to vigorously pursue all legal remedies to ensure the appropriate calculation of the royalty and to enforce LNRLP’s royalty interests at Voisey’s Bay.

***Potential litigation affecting the properties that we have royalty interests in could have an adverse effect on us.***

Potential litigation may arise between the operators of properties on which we have royalty interests and third parties. For example, Barrick’s Pascua-Lama mining project has been the subject of litigation by local farmers and indigenous communities alleging that the project’s water management system is not in compliance with environmental permits and that the project has damaged glaciers located in the Pascua-Lama project area. As holder of a royalty interest, we generally will not have any influence on the litigation and generally will not have access to non-public information concerning such litigation. Any such litigation that results in the reduction, cessation or termination of production from a property, whether temporary or permanent, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***We may enter into acquisitions or other material transactions at any time.***

In the ordinary course of business, we engage in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of exploration, development or producing mining projects, and to acquire companies that hold royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, technical, financial and other confidential information, submission of indications of interest and participation in discussions or negotiations for acquisitions. We also consider obtaining or providing debt commitments for acquisition financing. Any such acquisition could be material to us. We could issue common stock or incur additional indebtedness to fund our acquisitions. Issuances of common stock may dilute existing stockholders and reduce some or all of our financial measures on a per share basis. In addition, any such acquisition or other transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project, its operators, or the jurisdictions in which the project is located.

In addition, we may consider opportunities to restructure our royalty interests where we believe such restructuring would provide a long-term benefit to the Company, though such restructuring may reduce near-term revenues or result in the incurrence of transaction related costs. We could enter into one or more acquisition or restructuring transactions at any time.

***We may be unable to successfully acquire additional royalty interests at appropriate valuations.***

Our future success largely depends upon our ability to acquire royalty interests at appropriate valuations, including through royalty interest and corporate acquisitions and other financing transactions. Most of our revenues are derived from royalty interests that we acquire or finance. There can be no assurance that we will be able to identify and complete the acquisition of such royalty interests or businesses that own desired interests, at reasonable prices or on favorable terms, or, if necessary, that we will have, or be able to obtain, sufficient financing on reasonable terms to complete such acquisitions. Continued economic volatility or a credit crisis, or severe declines in market prices for gold, silver, copper, nickel and certain other metals, could adversely affect our ability to obtain debt or equity financing for acquisitions of additional royalty interests. In addition, changes to tax rules, accounting policies, or the treatment of royalty interests by ratings agencies could make royalties, streams or other investments by the Company less attractive to counterparties. Such changes could adversely affect our ability to acquire new royalty interests.

We also face competition in the acquisition of royalty interests. We have competitors that are engaged in the acquisition of royalty interests, including companies with greater financial resources, and we may not be able to compete successfully against these companies in acquiring new royalty interests. If we are unable to successfully acquire additional royalty interests, the reserves subject to our royalty interests may decline as the producing properties on which we have such royalty interests are mined or payment or production caps on certain of our royalty interests are met. We also may experience negative reactions from the financial markets or operators of properties on which we seek royalty interests if we are unable to successfully complete acquisitions of royalty interests or businesses that own desired royalty interests. Each of these factors could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***We depend on our operators for the calculation of payments of our royalty interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments.***

The payments of our royalty interests are calculated by the operators of the properties on which we have royalty interests based on their reported production. Each operator's calculation of our payments is subject to and dependent upon the adequacy and accuracy of its production and accounting



functions, and, given the complex nature of mining and ownership of mining interests, errors may occur from time to time in the allocation of production and the various other calculations made by an operator. Any of these errors may render calculations of such payments inaccurate. Certain agreements governing our royalty interests require the operators to provide us with production and operating information that may, depending on the completeness and accuracy of such information, enable us to detect errors in the calculation of payments of royalty interests that we receive. We do not, however, have the contractual right to receive production information for all of our royalty interests. As a result, our ability to detect payment errors through our royalty interest monitoring program and its associated internal controls and procedures is limited, and the possibility exists that we will need to make retroactive revenue adjustments. Some contracts governing our royalty interests provide us the right to audit the operational calculations and production data for the associated payments of royalty interests; however, such audits may occur many months following our recognition of the revenue and may require us to adjust our revenue in later periods, which could require us to restate our financial statements.

***Development and operation of mines is very capital intensive and any inability of the operators of properties where we hold royalty interests to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from our royalty interests.***

The development and operation of mines is very capital intensive, and if operators of properties where we hold royalty interests do not have the financial strength or sufficient credit or other financing capability to cover the costs of developing or operating a mine, the operator may curtail, delay or cease development or operations at a mine site. Operators' ability to raise and service sufficient capital may be affected by, among other things, macroeconomic conditions, future commodity prices of metals to be mined, or further economic volatility in the U.S. and global financial markets as has been experienced in recent years. If certain of the operators of the properties on which we have royalty interests suffer these material adverse effects, then our royalty interests and the value of and revenue from our royalty interests may be materially adversely affected. In addition, continued economic volatility or a credit crisis could adversely affect the ability of operators to obtain debt or equity financing for the exploration, development and operation of their properties.

***Certain of our royalty interests are subject to payment or production caps or rights in favor of the operator or third parties that could reduce the revenues generated from the royalty interest.***

Some of our principal royalty interests are subject to limitations, such that the royalty interest will extinguish or decrease after threshold production is achieved or payments at stated thresholds are made. For example:

- the royalty rate at Andacollo decreases from 75% of payable gold to 50% of payable gold once 910,000 payable ounces of gold have been produced, of which approximately 217,000 cumulative payable ounces have been produced as of June 30, 2014;
- our royalty at Mulatos is subject to a 2.0 million ounce cap on gold production, of which there has been approximately 1.27 million ounces of cumulative production as of June 30, 2014;
- approximately 20% of our royalty at Pascua-Lama is limited to the first 14.0 million ounces of gold produced from the project, and another 24% of the royalty can be extended beyond 14.0 million ounces produced for a payment of \$4.4 million; and
- our stream at the Phoenix Gold project decreases from 6.3% of gold production to 3.15% of gold production once 135,000 payable ounces of gold have been delivered.

Furthermore, certain other agreements governing our royalty interests contain rights that favor the operator or third parties. For example, Round Mountain, a joint venture between Kinross and Barrick, has the right, at any time, to purchase a portion of our Gold Hill royalty interest for \$10.0 million less



any royalty payments paid prior to the purchase option being exercised. Also, certain individuals from whom we purchased portions of our royalties at Pascua-Lama are entitled to one-time payments if the price of gold exceeds certain thresholds. If any of these thresholds are met or similar rights are exercised or we fail to make the required payment, our future revenue could be reduced.

***Estimates of reserves and mineralization by the operators of mines in which we have royalty interests are subject to significant revision.***

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond our control and the control of the operators of properties in which we have royalty interests. Reserve estimates for our royalty interests are prepared by the operators of the mining properties. We do not participate in the preparation or verification of such reports and have not independently assessed or verified the accuracy of such information. The estimation of reserves and of other mineralized material is a subjective process, and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate, may cause a revision of such estimates. The volume and grade of reserves recovered and rates of production may be less than anticipated. Assumptions about gold and other precious metal prices are subject to great uncertainty, and such prices have fluctuated widely in the past. Declines in the market price of gold, silver, copper, nickel or other metals also may render reserves or mineralized material containing relatively lower ore grades uneconomical to exploit. Changes in operating costs and other factors including short-term operating factors, the processing of new or different ore grades, geotechnical characteristics and metallurgical recovery, may materially and adversely affect reserves. Finally, it is important to note that our royalty agreements generally give us interests in only a small portion of the production from the operators' aggregate reserves, and the size of those interests varies widely based on the individual documents governing them.

***Estimates of production by the operators of mines in which we have royalty interests are subject to change, and actual production may vary materially from such estimates.***

Production estimates are prepared by the operators of mining properties. There are numerous uncertainties inherent in estimating anticipated production attributable to our royalty interests, including many factors beyond our control and the control of the operators of the properties in which we have royalty interests. We do not participate in the preparation or verification of production estimates and have not independently assessed or verified the accuracy of such information. The estimation of anticipated production is a subjective process and the accuracy of any such estimates is a function of the quality of available data, reliability of production history, variability in grade encountered, mechanical or other problems encountered, engineering and geological interpretation and operator judgment. Rates of production may be less than expected. Results of drilling, metallurgical testing and production, changes in commodity prices, and the evaluation of mine plans subsequent to the date of any estimate may cause actual production to vary materially from such estimates.

***If title to properties is not properly maintained by the operators, or is successfully challenged by third parties, our royalty interests could become invalid.***

Our business includes the risk that operators of mining projects and holders of mining claims, tenements, concessions, mining licenses or other interests in land and mining rights may lose their exploration or mining rights, or have their rights to mining properties contested by private parties or the government. Internationally, mining tenures are subject to loss for many reasons, including expiration, failure of the holder to meet specific legal qualifications, failure to pay maintenance fees, reduction in geographic extent upon passage of time or upon conversion from an exploration tenure to

a mining tenure, failure of title and similar risks. Unpatented mining claims, for example, which constitute a significant portion of the properties on which we hold royalty interests in the United States, and which are generally considered subject to greater title risk than real property interests held by absolute title, are often uncertain and subject to contest by third parties and the government. If title to patented mining claims or other mining tenures subject to our royalty interests has not been properly established or is not properly maintained, or is successfully contested, our royalty interests could be adversely affected.

***Operations in foreign jurisdictions are subject to many risks, which could decrease our revenues.***

We derived approximately 85% of our revenues from foreign sources during fiscal year 2014, compared to approximately 83% in fiscal year 2013 and 82% in fiscal year 2012. Our principal producing royalty interests on properties outside of the United States are located in Canada, Chile and Mexico. We currently have royalty interests in mines and projects in other countries, including Argentina, Australia, Bolivia, Brazil, Burkina Faso, Dominican Republic, Finland, Ghana, Guatemala, Honduras, Nicaragua, Peru, Russia, Spain and Tunisia. In addition, future acquisitions may expose us to new jurisdictions. Our foreign activities are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, such things as:

- expropriation or nationalization of property;
- exchange and currency controls and fluctuations;
- limitations on foreign exchange and repatriation of earnings;
- increased foreign taxation or imposition of new or increased mining royalty interests;
- restrictions on mineral production and price controls;
- import and export regulations, including restrictions on the export of gold, silver, copper, nickel or other metals;
- changes in legislation, including changes related to taxation, royalty interests, imports, exports, duties, currency, foreign ownership, foreign trade and foreign investment;
- high rates of inflation;
- labor practices and disputes;
- enforcement of unfamiliar or uncertain foreign real estate, mineral tenure, contract, water use, mine safety and environmental laws and policies;
- challenges to mining, processing and related permits and licenses, or to applications for permits and licenses, by or on behalf of regulatory authorities, indigenous populations, non-governmental organizations or other third parties;
- renegotiation, nullification or forced modification of existing contracts, licenses, permits, approvals, concessions or the like;
- war, crime, terrorism, sabotage, civil unrest and uncertain political and economic environments;
- corruption;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act and similar laws and regulations in other jurisdictions to which we, but not necessarily our competitors, may be subject;
- suspension of the enforcement of creditors' rights and stockholders' rights;
- risk of loss due to disease and other potential endemic health issues; and

- loss of access to government controlled infrastructure, such as roads, bridges, rails, ports, power sources and water supply.

For example, in recent years Argentina, where a portion of the Pascua-Lama project is located, has experienced significant economic turmoil and its government has taken several actions that have troubled foreign investors, including the nationalization of YPF S.A., the largest oil and gas company in Argentina, from foreign owner Repsol S.A. and the enactment of a federal glacier protection law that restricts mining activities in areas on or near the nation's glaciers (as discussed below in "*The mining industry is subject to significant environmental risks*"). Our royalties in the Pascua-Lama project, which straddles the border between Chile and Argentina, are on the Chilean side of the project. These actions, or similar future actions, could have a material adverse effect on the feasibility of new mine development and the profitability of existing mining operations in Argentina. In addition, the Pascua-Lama and El Morro projects have been challenged by Chilean indigenous groups and other third parties. During the fourth calendar quarter of 2013, Barrick suspended construction activities at the Pascua-Lama project, except for those activities required for environmental and regulatory compliance, as discussed further in Part I, Item 2, Properties under the heading "Pascua-Lama Project (Region III, Chile)." Similarly, construction activities at the El Morro project were suspended during the same period.

As another example, in March 2012, the Australian federal government adopted new tax legislation that imposes a 30% tax on iron ore and coal mine profits. While the government repealed this tax in July 2014, similar legislation could be adopted in other foreign jurisdictions that could impose new or larger tax obligations or royalty interests on operators. Such legislation could have a material adverse effect on the feasibility of new mine development and the profitability of existing mining operations.

In addition, many of our operators are organized outside of the United States. Our royalty interests may be subject to the application of foreign laws to our operators, and their stockholders, including laws relating to foreign ownership structures, corporate transactions, creditors' rights, bankruptcy and liquidation. Foreign operations also could be adversely impacted by laws and policies of the United States affecting foreign trade, investment and taxation.

These risks may limit or disrupt operating mines or projects on which we hold royalty interests, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and could have a material adverse effect on our business, results of operations, cash flows and financial condition. Certain of these risks may increase in an environment of relatively high metal prices.

***Changes in mining taxes and royalty interests payable to governments could decrease our revenues.***

Changes in mining and tax laws in any of the United States, Canada, Chile, Mexico or any other country in which we have royalty interests in mines or projects could affect mine development and expansion, significantly increase regulatory obligations and compliance costs with respect to mine development and mine operations, increase the cost of holding mining claims or impose additional taxes on mining operations, all of which could adversely affect our revenue from such properties. A number of properties where we hold royalty interests are located on U.S. public lands that are subject to federal mining and other public land laws. In recent years, the United States Congress has considered a number of proposed major revisions to the General Mining Law, which governs the creation, maintenance and possession of mining claims and related activities on public lands in the United States. Congress also has recently considered bills, which if enacted, would impose royalty interests payable to the government on hardrock production, increase land holding fees, impose federal reclamation fees, impose additional environmental operating standards and afford greater public involvement and regulatory discretion in the mine permitting process. Such legislation, if enacted, or similar legislation in other countries, could adversely affect the development of new mines and the

expansion of existing mines, as well as increase the cost of all mining operations, and could materially and adversely affect mine operators and our revenue.

***Changes in United States tax legislation regarding our foreign earnings could adversely impact our business.***

We are subject to income taxes in the United States and various foreign jurisdictions. Currently, the majority of our revenue is generated from royalty interests located outside, and taxed in, the United States. United States income and foreign withholding taxes have not been provided for on specific foreign earnings which are intended to be indefinitely reinvested within a foreign subsidiary. The current Executive branch of government has proposed various international tax measures, some of which, if enacted into law, would substantially reduce our ability to defer United States taxes on such indefinitely reinvested non-United States earnings, eliminate certain tax deductions until foreign earnings are repatriated to the United States and/or otherwise cause the total tax cost of U.S. multinational corporations to increase. If these or similar proposals are enacted in the current or future years, they could have a negative impact on our financial position and results of operations.

***The mining industry is subject to significant environmental risks.***

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations in the United States and abroad intended to ensure the protection of the environment are constantly changing and evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. Furthermore, mining may be subject to significant environmental and other permitting requirements regarding the use of raw materials needed for operations, particularly water and power. Compliance with such laws and regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, which may be material. If an operator is forced to incur significant costs to comply with environmental regulations or becomes subject to environmental restrictions that limit its ability to continue or expand operations, or if an operator were to lose its right to use or access water or other raw materials necessary to operate a mine, our revenues could be reduced, delayed or eliminated. These risks are most salient with regard to our development stage properties where permitting may not be complete and/or where new legislation and regulation can lead to delays, interruptions and significant unexpected cost burdens for mine operators. For example, Argentina passed a federal glacier protection law in 2010 that restricts mining activities in areas on or near the nation's glaciers. We have royalties on the Chilean side of the Pascua-Lama project, which straddles the border between Chile and Argentina, and the glacier law could affect aspects of the design, development and operation of the Pascua-Lama project. In July 2012, the National Supreme Court of Justice of Argentina overturned preliminary injunctions suspending the application of the glacier law in the San Juan Province, where a portion of the Pascua-Lama project is located, but the Supreme Court must still rule on the constitutionality of the glacier law. Further, to the extent that we become subject to environmental liabilities for any time period during which we operated properties, the satisfaction of any liabilities would reduce funds otherwise available to us and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Regulations and pending legislation governing issues involving climate change could result in increased operating costs to the operators of the properties on which we have royalty interests.***

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. The December 1997 Kyoto Protocol, which has been extended to 2020, establishes a set of greenhouse gas emission targets for countries that have ratified the Protocol, which include Ghana, Australia and Peru. Canada ratified the Protocol but renounced its ratification in December 2011. Furthermore, the U.S. Congress and several

states have initiated legislation regarding climate change that will affect energy prices and demand for carbon intensive products. Legislation and increased regulation regarding climate change could impose significant costs on the operators of properties where we hold royalty interests, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. If an operator of a property on which we have a royalty interest is forced to incur significant costs to comply with climate change regulation or becomes subject to environmental restrictions that limit its ability to continue or expand operations, our revenues from that property could be reduced, delayed or eliminated.

***We depend on the services of our President and Chief Executive Officer and other key employees.***

We believe that our success depends on the continued service of our key executive management personnel. Tony Jensen has served as our President and Chief Executive Officer since July 2006. Mr. Jensen's extensive commercial experience, mine operations background and industry contacts give us an important competitive advantage. The loss of the services of Mr. Jensen, other key members of management or other key employees could jeopardize our ability to maintain our competitive position in the industry. From time to time, we may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate our business. The number of persons skilled in the acquisition, exploration and development of royalty interests is limited and there is competition for such persons. Recruiting and retaining qualified personnel is critical to our success and there can be no assurance of such success. If we are not successful in attracting and retaining qualified personnel, our ability to execute our business model and growth strategy could be affected, which could have a material adverse effect on our business, results of operations, cash flows and financial condition. We currently do not have key person life insurance for any of our officers or directors.

***Our disclosure controls and internal control over our financial reporting are subject to inherent limitations.***

Management has concluded that as of June 30, 2014, our disclosure controls and procedures and our internal control over financial reporting were effective. Such controls and procedures, however, may not be adequate to prevent or identify existing or future internal control weaknesses due to inherent limitations therein, which may be beyond our control, including, but not limited to, our dependence on operators for the calculation of payments of royalty interests as discussed above in *"We depend on our operators for the calculation of payments of our royalty interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments"*. Given our dependence on third party calculations, there is a risk that material misstatements in results of operations and financial condition may not be prevented or detected on a timely basis by our internal controls over financial reporting and may require us to restate our financial statements.

***We have incurred indebtedness in connection with our business and may in the future incur additional indebtedness that could limit cash flow available for our operations, limit our ability to borrow additional funds and have a material adverse effect on our business, results of operations, cash flows and financial condition.***

As of June 30, 2014, we had \$370 million aggregate principal amount of our 2.875% convertible senior notes due 2019 (the "2019 Notes") outstanding, which we incurred in June 2012. In addition, we may incur additional indebtedness in connection with financing acquisitions, strategic transactions or for other purposes. As of June 30, 2014, we had \$450 million available for borrowing under our revolving credit facility, which amount we may increase to \$600 million subject to the satisfaction of certain conditions. Our indebtedness increases the risk that we may be unable to generate enough cash to pay amounts due in respect of our indebtedness.



Our indebtedness could have a material adverse effect on our business, results of operations, cash flows and financial condition. For example, it could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions of royalty interests, working capital, pay dividends and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness;
- dilute our existing stockholders if we elect to issue common stock instead of paying cash in the event the holders convert the 2019 Notes, or any other convertible securities issued in the future;
- require the consent of our existing lenders to borrow additional funds, as was required in connection with the issuance of the 2019 Notes; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

In addition, the agreement governing our revolving credit facility contains, and the agreements that may govern any future indebtedness that we may incur may contain, financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Among other restrictions, the agreement governing our revolving credit facility contains covenants limiting our ability to make certain investments, consummate certain mergers, incur certain debt or liens and dispose of assets.

***We may be required to pay a significant amount of money or issue a significant amount of shares of our common stock or both upon the exercise of any put, redemption or call right and conversion of the 2019 Notes, which could dilute existing stockholders and have a material adverse effect on our business, results of operations, cash flows and financial condition.***

Holders of the 2019 Notes may convert their 2019 Notes at their option prior to the close of business on the business day immediately preceding March 15, 2019, but only under the following circumstances: (1) during any fiscal quarter commencing after June 30, 2012 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five consecutive business day period after any five consecutive trading day period (the “measurement period”) in which the trading price per \$1,000 principal amount of notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day; (3) upon the occurrence of certain corporate events; or (4) if we call any 2019 Notes for redemption, at any time until the close of business on the business day preceding the redemption date. On or after March 15, 2019 until the close of business on the scheduled trading day immediately preceding the June 15, 2019 maturity date, holders may convert their 2019 Notes at any time, regardless of the foregoing circumstances.

On or after June 15, 2015, if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending within 10 trading days immediately prior to the date we provide the notice of redemption exceeds 130% of the applicable conversion price of the 2019 Notes on each applicable trading day, subject to certain limited exceptions, we may redeem any or all of the 2019 Notes. The redemption price for the 2019 Notes to be redeemed on any redemption date will equal 100% of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus \$90 per each \$1,000 principal amount of 2019 Notes being redeemed. If we call any 2019 Notes for redemption, holders may convert their 2019 Notes at any time until the close of business on the business day preceding the redemption date.

Upon conversion of any of the 2019 Notes, whether upon maturity, the exercise of any put, call or redemption right, or otherwise, we will be required to pay or deliver, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. Any such payment or delivery of cash, shares or a combination of cash and shares upon conversion of the 2019 Notes could dilute existing stockholders and may have an adverse effect on our business, results of operations, cash flows and financial condition.

***We may not be able to satisfy our debt obligations which could have a material adverse effect on our business, results of operations, cash flows and financial condition.***

We are subject to the risks normally associated with debt financing, including the risk that our cash flows may be insufficient to meet required principal and interest payments and the risk that we will be unable to refinance our indebtedness when it becomes due, or that the terms of such refinancing will not be as favorable as the terms of our indebtedness. As of June 30, 2014, our annual debt service obligation on the 2019 Notes was approximately \$10.6 million. In addition, the 2019 Notes include provisions providing for the lump sum payment of significant amounts of principal, whether upon maturity, upon the exercise of any applicable put, redemption or call rights or otherwise and all amounts, if any, due under our revolving credit facility are due at maturity. Our ability to make these payments when due will depend upon several factors, which may not be in our control. These factors include our liquidity or our ability to liquidate assets owned by us on or prior to such put, redemption, call or maturity dates and the amount by which we have been able to reduce indebtedness prior to such date through exchanges, refinancing, extensions, collateralization or other similar transactions (any of which transactions may also have the effect of reducing liquidity or liquid assets).

If we are unable to maintain cash reserves or generate sufficient cash flow or otherwise obtain funds necessary to make required payments, or if we fail to comply with the various covenants and requirements of the 2019 Notes, our revolving credit facility or any indebtedness which we may incur in the future, this could result in an event of default that, if not cured or waived, could result in the acceleration of all of our debt. Any default under the 2019 Notes, our revolving credit facility or any indebtedness which we may incur in the future could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***The accounting method for convertible debt securities that may be settled in cash, such as the 2019 Notes, could have a material effect on our reported net income, net working capital or other financial results.***

Under the Financial Accounting Standards Board Accounting Standards Codification Section 470-20, *Debt with Conversion and other Options* (“ASC 470-20”), an entity must separately account for the liability and equity components of convertible debt instruments (such as the 2019 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the 2019 Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our consolidated balance sheet and the value of the equity component is

treated as original issue discount for purposes of accounting for the debt component of the 2019 Notes. As a result, we are required to record a greater amount of non-cash interest expense as a result of the amortization of the discounted carrying value of the 2019 Notes to their face amount over the term of the 2019 Notes. We report lower net income in our financial results because ASC 470-20 requires interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the market price of our common stock and the trading price of the 2019 Notes.

In addition, under certain circumstances, convertible debt instruments (such as the 2019 Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the 2019 Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the 2019 Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the 2019 Notes, then our diluted earnings per share would be adversely affected.

### **Risks Related to Our Common Stock**

#### ***Our stock price may continue to be volatile and could decline.***

The market price of our common stock has fluctuated and may decline in the future. The high and low sale prices of our common stock on the NASDAQ Global Select Market were \$83.87 and \$57.00 for the fiscal year ended June 30, 2012, \$100.84 and \$38.63 for the fiscal year ended June 30, 2013, and \$76.85 and \$40.45 for the fiscal year ending June 30, 2014. The fluctuation of the market price of our common stock has been affected by many factors that are beyond our control, including:

- market prices of gold, silver, copper, nickel and other metals;
- Central Bank interest rates;
- expectations regarding inflation;
- ability of operators to advance development projects, produce precious metals and develop new reserves;
- currency values;
- credit market conditions;
- general stock market conditions; and
- global and regional political and economic conditions.

***Additional issuances of equity securities by us could dilute our existing stockholders, reduce some or all of our financial measures on a per share basis, reduce the trading price of our common stock or impede our ability to raise future capital. Substantial sales of shares may negatively impact the market price of our common stock.***

We may issue equity in the future in connection with acquisitions, strategic transactions or for other purposes. To the extent we issue additional equity securities, our existing stockholders could be diluted and some or all of our financial measures on a per share basis could be reduced. In addition, the shares of common stock that we issue in connection with an acquisition may not be subject to resale restrictions. The market price of our common stock could decline if our stockholders sell



substantial amounts of our common stock, including shares issued upon the conversion of the outstanding 2019 Notes or are perceived by the market as intending to sell these shares other than in an orderly manner. In addition, the existence of the 2019 Notes may encourage short selling by market participants because the conversion of the 2019 Notes could depress the price of our common stock. These sales also could impair our ability to raise capital through the sale of additional equity or equity related securities in the future at a time and price that we deem appropriate. We are unable to predict the effect that sales may have on the then-prevailing market price of our common stock.

***Conversion of the 2019 Notes may dilute the ownership interest of existing stockholders.***

At our election, we may settle the 2019 Notes tendered for conversion entirely or partly in shares of our common stock. An aggregate of approximately 3.5 million shares of our common stock are issuable upon conversion of the outstanding 2019 Notes at the initial conversion rate of 9.4955 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$105.31 per share of common stock). In addition, the number of shares of common stock issuable upon conversion of the 2019 Notes, and therefore the dilution of existing common stockholders, could increase under certain circumstances described in the indenture under which the 2019 Notes are governed. We may issue all of these shares without any action or approval by our stockholders. As a result, the conversion of some or all of the 2019 Notes may dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

***We may change our practice of paying dividends.***

We have paid a cash dividend on our common stock for each fiscal year beginning in fiscal year 2000. Our board of directors has discretion in determining whether to declare a dividend based on a number of factors, including prevailing gold prices, economic market conditions, future earnings, cash flows, financial condition, and funding requirements for future opportunities or operations. In addition, there may be corporate law limitations or future contractual restrictions on our ability to pay dividends. If our board of directors declines or is unable to declare dividends in the future or reduces the current dividend level, our stock price could fall, and the success of an investment in our common stock would depend largely upon any future stock price appreciation. We have increased our dividends in prior years. There can be no assurance, however, that we will continue to do so or that we will pay any dividends at all.

***Certain provisions of Delaware law, our organizational documents, our rights plan and the indenture governing the 2019 Notes could impede, delay or prevent an otherwise beneficial takeover or takeover attempt of us.***

Certain provisions of Delaware law, our organizational documents, our rights plans and the indenture governing the 2019 Notes could make it more difficult or more expensive for a third party to acquire us, even if a change of control would be beneficial to our stockholders. Delaware law prohibits, subject to certain exceptions, a Delaware corporation from engaging in any business combination with any “interested stockholder,” which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation’s voting stock, for a period of three years following the date that the stockholder became an interested stockholder. Additionally, our certificate of incorporation and bylaws contain provisions that could similarly delay, defer or discourage a change in control of us or management. These provisions could also discourage a proxy contest and make it more difficult for stockholders to elect directors and take other corporate actions. Such provisions provide for the following, among other things: (i) the ability of our board of directors to issue shares of common stock and preferred stock without stockholder approval, (ii) the ability of our board of directors to establish the rights and preferences of authorized and unissued preferred stock, (iii) a board of

directors divided into three classes of directors serving staggered three year terms, (iv) permitting only the chairman of the board of directors, chief executive officer, president or board of directors to call a stockholders' meeting and (v) requiring advance notice of stockholder proposals and related information. Furthermore, we have a stockholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the stockholder rights plan could cause significant dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors. In addition, if an acquisition event constitutes a fundamental change, holders of the 2019 Notes will have the right to require us to purchase their 2019 Notes in cash. If an acquisition event constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their 2019 Notes in connection with such make-whole fundamental change. These provisions could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, which may cause the market price of our common stock to decline.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

We do not own or operate the properties in which we have royalty or streaming interests and therefore much of the information disclosed in this Form 10-K regarding these properties is provided to us by the operators. For example, the operators of the various properties provide us information regarding metals production, estimates of mineral reserves and additional mineralized material and production estimates. A list of our producing and development stage royalties and streams, as well their respective reserves, are summarized below in Table 1 within this Item 2. More information is available to the public regarding certain properties in which we have royalties, including reports filed with the SEC or with the Canadian securities regulatory agencies available at [www.sec.gov](http://www.sec.gov) or [www.sedar.com](http://www.sedar.com), respectively.

The description of our principal royalties and streams set forth below includes the location, operator, royalty rate, access and any material current developments at the property. For any reported production amounts discussed below, the Company considers reported production to relate to the amount of metal sales subject to our royalty interests. Please refer to Item 7, MD&A, for discussion on production estimates, historical production and revenue for our principal properties. The map below illustrates the location of our principal producing and development stage properties.

##### **Principal Royalties on Producing Properties**

The Company considers both historical and future potential revenues in determining which royalty interests in our portfolio are principal to our business. Estimated future potential revenues from both producing and development properties are based on a number of factors, including reserves subject to our royalty interests, production estimates, feasibility studies, metal price assumptions, mine life, legal status and other factors and assumptions, any of which could change and could cause the Company to conclude that one or more of such royalty interests are no longer principal to our business. Currently,

the Company considers the properties discussed below (listed alphabetically) to be principal to our business.



#### *Andacollo (Region IV, Chile)*

We own a royalty on all gold produced from the sulfide portion of the Andacollo copper and gold deposit. The Andacollo royalty equals 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. As of June 30, 2014, approximately 217,000 payable ounces of gold have been sold.

Andacollo is an open-pit copper mine and milling operation located in central Chile, Region IV in the Coquimbo Province and is operated by Compañía Minera Teck Carmen de Andacollo (“Teck”). Andacollo is located in the foothills of the Andes Mountains approximately 1.5 miles southwest of the town of Andacollo. The regional capital of La Serena and the coastal city of Coquimbo are approximately 34 miles northwest of the Andacollo project by road, and Santiago is approximately 215 miles south by air. Access to the mine is provided by Route 43 (R-43) south from La Serena to El Peñon. From El Peñon, D-51 is followed east and eventually curves to the south to Andacollo. Both R-43 and D-51 are paved roads.

Reported production at Andacollo decreased approximately 27% during our fiscal year ended June 30, 2014, when compared to the fiscal year ended June 30, 2013. The decrease in reported production is due to lower grades as expected in the mine plan. Teck continues to expect a lower calendar year 2014 grade profile, with gold production for the year at Andacollo anticipated to be weighted toward the second half of calendar 2014.

*Cortez (Nevada, USA)*

Cortez is a large open-pit and underground mine, utilizing mill and heap leach processing. The operation is located approximately 60 air miles southwest of Elko, Nevada, in Lander County. The site is reached by driving west from Elko on Interstate 80 approximately 46 miles, and proceeding south on State Highway 306 approximately 23 miles. Our royalty interest at Cortez applies to the Pipeline, South Pipeline, part of the Gap pit and Crossroads deposits which are operated by subsidiaries of Barrick.

The royalty interests we hold at Cortez include:

- (a) *Reserve Claims ("GSR1")*. This is a sliding-scale GSR royalty for all products from an area originally known as the "Reserve Claims," which includes the majority of the Pipeline and South Pipeline deposits. The GSR royalty rate on the Reserve Claims is tied to the gold price as shown in the table below and does not include indexing for inflation or deflation.
- (b) *GAS Claims ("GSR2")*. This is a sliding-scale GSR royalty for all products from an area outside of the Reserve Claims, originally known as the "GAS Claims," which encompasses approximately 50% of the Gap deposit and all of the Crossroads deposit. The GSR royalty rate on the GAS Claims, as shown in the table below, is tied to the gold price, without indexing for inflation or deflation.
- (c) *Reserve and GAS Claims Fixed Royalty ("GSR3")*. The GSR3 royalty is a fixed rate GSR royalty of 0.7125% and covers the same cumulative area as is covered by our two sliding-scale GSR royalties, GSR1 and GSR2, except mining claims that comprise the undeveloped Crossroads deposit.
- (d) *Net Value Royalty ("NVR1")*. This is a fixed 1.25% NVR on production from the GAS Claims located on a portion of Cortez that excludes the Pipeline open pit. The Company owns 81.098% of the 1.25% NVR (or 1.014%) while limited partners in the partnership, which is consolidated in our financial statements, own the remaining portion of the 1.25% NVR. A 0.618% portion of our NVR1 royalty covers the mining claims that comprise the undeveloped Crossroads deposit.

We also own three other royalties in the Cortez area where there is currently no production and no reserves attributed to these royalty interests.

The following shows the current sliding-scale GSR1 and GSR2 royalty rates under our royalty agreement with Cortez:

<u>London P.M. Quarterly Average Price of Gold Per Ounce (\$U.S.)</u>	<u>GSR1 and GSR2 Royalty Percentage</u>
Below \$210.00 . . . . .	0.40%
\$210.00 - \$229.99 . . . . .	0.50%
\$230.00 - \$249.99 . . . . .	0.75%
\$250.00 - \$269.99 . . . . .	1.30%
\$270.00 - \$309.99 . . . . .	2.25%
\$310.00 - \$329.99 . . . . .	2.60%
\$330.00 - \$349.99 . . . . .	3.00%
\$350.00 - \$369.99 . . . . .	3.40%
\$370.00 - \$389.99 . . . . .	3.75%
\$390.00 - \$409.99 . . . . .	4.00%
\$410.00 - \$429.99 . . . . .	4.25%
\$430.00 - \$449.99 . . . . .	4.50%
\$450.00 - \$469.99 . . . . .	4.75%
\$470.00 - and above . . . . .	5.00%

Reported production at Cortez increased approximately 16% during our fiscal year ended June 30, 2014, when compared to the fiscal year ended June 30, 2013, as surface mining activity at the Pipeline and Gap pits increased during the current period. Additionally, after deferrals in the first half of our fiscal year ended June 30, 2014, Barrick resumed shipments of roaster ore stockpiled at Cortez to Goldstrike for processing, which occurred during the March 2014 quarter.

*Holt (Ontario, Canada)*

We own a sliding-scale NSR royalty on the Holt portion of the Holloway-Holt mining project located in Ontario, Canada and owned 100% by St Andrew Goldfields Ltd. ("St Andrew"). The Holloway-Holt project straddles Ontario Provincial Highway 101 for approximately 25 miles beginning east of Matheson, Ontario, Canada and extending to the Quebec, Canada border. The sliding-scale NSR royalty rate on gold produced from the Holt portion of the mining project is derived by multiplying 0.00013 by the quarterly average gold price. For example, at a quarterly average gold price of \$1,300 per ounce, the effective royalty rate payable would be 16.9%.

Reported production at Holt increased 12% during our fiscal year ended June 30, 2014, when compared to the fiscal year ended June 30, 2013. Although production at Holt increased, our royalty rate and corresponding revenue decreased due to the decrease in gold price. St Andrew credited additional mine infrastructure and mine development for the operational improvements.

*Mt. Milligan (British Columbia, Canada)*

RGLD Gold, a wholly-owned subsidiary of the Company, owns the right to purchase 52.25% of the payable gold produced from the Mt. Milligan copper-gold project in British Columbia, Canada, which is operated by Thompson Creek. The cash purchase price is equal to the lesser of \$435 per ounce, with no inflation adjustment, or the prevailing market price. The Mt. Milligan project is located within the Omenica Mining Division in North Central British Columbia, approximately 96 miles northwest of Prince George, 53 miles north of Fort St. James, and 59 miles west of Mackenzie. The Mt. Milligan project is accessible by commercial air carrier to Prince George, British Columbia, then by vehicle from the east via Mackenzie on the Finlay Philip Forest Service Road and the North Philip Forest Service Road, and from the west via Fort St. James on the North Road and Rainbow Forest Service Road. Road travel to the Mt. Milligan property site is 482 miles from Prince Rupert and 158 miles from Prince George.

Thompson Creek reported that the mine reached commercial production, defined as operating the mill at 60% of design capacity for 30 days, on February 18, 2014. The ramp-up at Mt. Milligan continues to progress well with mine pit grades and metal recoveries as expected, and mill throughput steadily improving. Thompson Creek expects mill throughput will achieve 75% to 85% of design capacity by the end of calendar year 2014. In August 2014, Thompson Creek announced that estimated calendar 2014 gold production will be between 185,000 and 195,000 ounces of gold compared to earlier guidance of 165,000 and 175,000 ounces of gold.

Deliveries of gold to RGLD Gold are a product of the gold ounces contained in concentrates from Mt. Milligan, a 97% payable factor, and our 52.25% stream interest; and, for the first 12 concentrate shipments from Mt. Milligan, are based on Thompson Creek's receipt of provisional payments under each of its concentrate sales agreements. For shipments 1-4, 75% of the gold is delivered based upon Thompson Creek's receipt of the provisional payment under each concentrate sales agreement and 25% of the gold ounces are delivered based upon final settlement under each agreement. For shipments 5-8, those percentages are 50% and 50%, respectively, and for shipments 9-12, the percentages are 25% and 75%, respectively. Thereafter, all deliveries to RGLD Gold will be based solely on final settlement timing and volumes under Thompson Creek's concentrate sales agreements.

Gold deliveries to RGLD Gold can be affected by several factors that make it difficult to calculate our quarterly Mt. Milligan revenue based solely on Thompson Creek's reported quarterly production. These factors include the timing of Thompson Creek's concentrate shipments, and the provisional and final settlement terms applicable to each shipment, neither of which are known to RGLD Gold prior to the shipment date. RGLD Gold receives physical metal within two days after Thompson Creek records a sale, which in turn can take between five days and several weeks post-shipment. RGLD Gold currently sells most of the delivered gold within three weeks of receipt, and recognizes revenue on its streaming transactions when the metal received is sold.

During the fiscal year ended June 30, 2014, RGLD Gold purchased 25,750 ounces of physical gold, which came from a combination of provisional and final settlements associated with the first seven shipments of concentrate from Mt. Milligan. RGLD Gold sold approximately 21,100 ounces of gold during our fiscal year 2014 at an average price of \$1,292 per ounce, and had approximately 7,800 ounces of gold in inventory as of June 30, 2014. Of the approximately 7,800 ounces of gold in inventory as of June 30, 2014, approximately 3,100 ounces were received but not yet purchased from Thompson Creek per the stream agreement. The Company purchased these ounces on July 2, 2014.

#### *Mulatos (Sonora, Mexico)*

We own a 1.0% to 5.0% sliding-scale NSR royalty on the Mulatos open-pit mine and heap leach operation in southeastern Sonora, Mexico. The Mulatos mine is located approximately 137 miles east of the city of Hermosillo and 186 miles south of the border with the United States and is operated by a subsidiary of Alamos Gold, Inc. ("Alamos"). Access to the mine from the city of Hermosillo is available via private chartered flight or ground transportation on a paved and gravel road.

The sliding-scale NSR royalty is based on the gold price as shown in the following table:

<u>London Bullion Market Association P.M. Monthly Average Price of Gold per Ounce (US\$)</u>	<u>NSR Royalty Percentage</u>
\$0.00 - \$299.99 . . . . .	1.00%
\$300.00 - \$324.99 . . . . .	1.50%
\$325.00 - \$349.99 . . . . .	2.00%
\$350.00 - \$374.99 . . . . .	3.00%
\$375.00 - \$399.99 . . . . .	4.00%
\$400 or greater . . . . .	5.00%

The Mulatos royalty is capped at 2.0 million gold ounces of production. As of June 30, 2014, approximately 1.27 million cumulative ounces of gold have been produced.

Reported production at Mulatos decreased approximately 31% during our fiscal year ended June 30, 2014, when compared to the fiscal year ended June 30, 2013. Alamos reported that the decrease in production was primarily attributable to lower than expected grades from the Escondida deposit. Alamos commenced underground mining at Escondida Deep during the March 2014 quarter and expects to transition to San Carlos in the second half of calendar 2014. Underground throughput rates at San Carlos are expected to gradually ramp-up to mill capacity of 800 tonnes per day in the second half of calendar 2014.

#### *Peñasquito (Zacatecas, Mexico)*

We own a production payment equivalent to a 2.0% NSR royalty on all metal production from the Peñasquito open-pit mine, located in the State of Zacatecas, Mexico, and operated by a subsidiary of Goldcorp. The Peñasquito project is located approximately 17 miles west of the town of Concepción del Oro, Zacatecas, Mexico. The project, composed of two main deposits called Peñasco and Chile



Colorado, hosts large gold, silver, zinc and lead reserves. The deposits contain both oxide and sulfide material, resulting in heap leach and mill processing. There are two access routes to the site. The first is via a turnoff from Highway 54 onto the State La Pardita road, then onto the Mazapil to Cedros State road. The second access is via the Salaverna by-pass road from Highway 54 approximately 16 miles south of Concepción del Oro. There is a private airport on site and commercial airports in the cities of Saltillo, Zacatecas and Monterrey.

Reported production for gold at Peñasquito increased approximately 44% during our fiscal year ended June 30, 2014. Reported production for silver, lead and zinc also increased when compared to our fiscal year ended June 30, 2013. Goldcorp reported that it is mining in the higher grade portion of the pit, which it expects will continue throughout calendar 2014 at a projected throughput of 110,000 tonnes per day.

*Robinson Mine (Nevada, USA)*

We own a 3.0% NSR royalty on all mineral production from the Robinson open-pit mine operated by a subsidiary of KGHM International Ltd. (“KGHM”). Access to the property is via Nevada State Highway 50, 6.5 miles west of Ely, Nevada, in White Pine County.

Reported copper production at Robinson decreased approximately 52% during our fiscal year ended June 30, 2014, when compared to the fiscal year ended June 30, 2013, while reported gold production decreased approximately 44% when compared to the fiscal year ended June 30, 2013. The lower production was due to the planned mine sequence moving to the Kimbley pit, which has lower metal grades. It is expected that mining will return to the higher grade Ruth pit in the second half of calendar 2014.

*Voisey's Bay (Labrador, Canada)*

Labrador Nickel Royalty Limited Partnership (“LNRLP”), of which the Company is the indirect 90% owner, holds a 3.0% NSR royalty (or an effective 2.7% NSR royalty for the Company interest) on the Voisey's Bay nickel-copper-cobalt mine located in Newfoundland and Labrador, Canada and operated by Vale Newfoundland & Labrador Limited (“Vale”). A non-controlling interest owns the remainder of LNRLP. The Voisey's Bay project is located on the northeast coast of Labrador, on a peninsula bordered to the north by Anaktalak Bay and to the south by Voisey's Bay. The property is 560 miles north-northwest of St. John's, the capital of the Province. Access to the property is primarily by helicopter or small aircraft.

In October 2009, LNRLP stated a claim in the Supreme Court of Newfoundland and Labrador Trial Division against certain subsidiaries of Vale, alleging that Vale has been incorrectly calculating LNRLP's 3% NSR royalty on the sale of nickel and copper concentrates from the Voisey's Bay mine. Vale is commissioning its new Long Harbour Processing Plant with nickel matte from its Indonesian operations and intends to begin introducing nickel concentrates from Voisey's Bay in coming quarters. In anticipation of the transition from processing Voisey's Bay nickel concentrates at Vale's Sudbury and Thompson smelters to processing at the Long Harbour hydrometallurgical plant, the Company is engaged in discussions with Vale concerning calculation of the royalty once Voisey's Bay nickel concentrates are processed at Long Harbour. Vale proposed a calculation of the royalty that the Company estimates could result in the substantial reduction of royalty payable to LNRLP on Voisey's Bay nickel concentrates processed at Long Harbour. While the Company may continue to engage in discussions concerning calculation of the royalty on nickel concentrates processed at Long Harbour, there is no guaranty that the Company and Vale will reach agreement on the proper calculation under the terms of the royalty agreement. If no agreement is reached, the Company intends to vigorously pursue all legal remedies to ensure the appropriate calculation of the royalty and to enforce LNRLP's royalty interests at Voisey's Bay.

Reported nickel production at Voisey's Bay decreased approximately 14% during our fiscal year ended June 30, 2014 and reported copper production decreased approximately 21% when compared to the fiscal year ended June 30, 2013.

### Principal Royalties on Development Stage Properties

The following is a description of our principal royalty interest in the development stage. Reserves for our development stage properties are summarized below in Table 1 as part of this Item 2, Properties.

#### *Pascua-Lama Project (Region III, Chile)*

We own a 0.78% to 5.23% sliding-scale NSR royalty on the Pascua-Lama project, which straddles the border between Argentina and Chile, and is being developed by Barrick. The Company owns an additional royalty equivalent to 1.05% of proceeds from copper produced from the Chilean portion of the project, net of allowable deductions, sold on or after January 1, 2017. The Pascua-Lama project is located within 7 miles of Barrick's operating Veladero mine. Access to the project is from the city of Vallenar, Region III, Chile, via secondary roads C-485 to Alto del Carmen, Chile, and C-489 from Alto del Carmen to El Corral, Chile.

Our royalty interest is applicable to all gold production from the portion of the Pascua-Lama project lying on the Chilean side of the border. In addition, our interest at Pascua-Lama contains certain contingent rights and obligations. Specifically, (i) if gold prices exceed \$600 per ounce for any six month period during the first 36 months of commercial production from the project, the Company would make a one-time payment of \$8.4 million, (ii) approximately 20% of the royalty is limited to 14.0 million ounces of gold produced from the project, while 24% of the royalty can be extended beyond 14.0 million ounces of gold produced for a one-time payment of \$4.4 million; and (iii) we also increased our interest in two one-time payments from \$0.5 million to \$1.5 million, which are payable by Barrick upon the achievement of certain production thresholds at Pascua-Lama.

The sliding-scale NSR royalty is based upon the gold price as shown in the following table:

<u>London Bullion Market Association P.M. Monthly Average Price of Gold per Ounce (US\$)</u>	<u>NSR Royalty Percentage</u>
less than \$325 . . . . .	0.78%
\$400 . . . . .	1.57%
\$500 . . . . .	2.72%
\$600 . . . . .	3.56%
\$700 . . . . .	4.39%
\$800 or greater . . . . .	5.23%

Note: Royalty rate is interpolated between the upper and lower endpoints.

Pascua-Lama is one of the world's largest gold and silver deposits with nearly 18 million ounces of proven and probable gold reserves, 676 million ounces of silver contained within the gold reserves, and an expected mine life of 25 years. It is expected to produce an average of 800,000-850,000 ounces of gold and 35 million ounces of silver annually during its first full five years of operation.

During the fourth quarter of calendar 2013, Barrick announced the temporary suspension of construction at Pascua-Lama, except for activities required for environmental and regulatory compliance. The ramp-down is on schedule for completion by mid-2014 and the majority of demobilization has already occurred. Barrick reports that it will incur costs of about \$300 million during calendar 2014 for the ramp-down and environmental and social obligations.



According to Barrick, a decision to restart development will depend on improved economics and reduced uncertainty related to legal and regulatory requirements. Accordingly, the timing of any such decision to restart, permitting timelines, construction schedule and timing of first production are uncertain. Once a decision to restart is taken, remaining development will take place in distinct stages with specific work programs and budgets to facilitate more efficient execution and improved cost control.

## Reserve Information

Table 1 below summarizes proven and probable reserves for gold, silver, copper, nickel, zinc, lead, cobalt and molybdenum that are subject to our royalty interests as of December 31, 2013, as reported to us by the operators of the mines. Properties are currently in production unless noted as development (“DEV”) within the table. The exploration royalties we own do not contain proven and probable reserves as of December 31, 2013. Please refer to pages 33-35 for the footnotes to Table 1.

**Table 1**  
**Proven and Probable Gold Reserves**  
**As of December 31, 2013<sup>(1)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Gold Grade (opt)	Gold Contained Ozs <sup>(6)</sup> (M)
Bald Mountain . . . . .	1.75% - 2.5% NSR <sup>(7)</sup>	Barrick	United States	18.804	0.025	0.478
Cortez (Pipeline) GSR1 . . . . .	0.40 - 5.0% GSR <sup>(8)</sup>	Barrick	United States	29.955	0.030	0.896
Cortez (Pipeline) GSR2 . . . . .	0.40 - 5.0% GSR <sup>(8)</sup>	Barrick	United States	104.467	0.035	3.617
Cortez (Pipeline) GSR3 . . . . .	0.71% GSR	Barrick	United States	50.567	0.026	1.304 <sup>(9)</sup>
Cortez (Pipeline) NVR1 . . . . .	1.01% NVR	Barrick	United States	29.172	0.030	0.874 <sup>(9)</sup>
Cortez (Pipeline) NVR1C . . . . .	0.62% NVR	Barrick	United States	83.855	0.038	3.209 <sup>(9)</sup>
Gold Hill . . . . .	1.0 - 2.0% NSR <sup>(10)(11)</sup> 0.6 - 0.9% NSR <sup>(12)</sup>	Kinross/Barrick	United States	24.607	0.015	0.371
Goldstrike (SJ Claims) . . . . .	0.9% NSR	Barrick	United States	45.848	0.099	4.548
Leeville . . . . .	1.8% NSR	Newmont	United States	6.029	0.214	1.291
Marigold . . . . .	2.0% NSR	Silver Standard	United States	238.354	0.015	3.518
Pinson (DEV) . . . . .	3.0% NSR <sup>(13)</sup> 2.94% NSR <sup>(14)</sup>	Atna	United States	1.746	0.369	0.645
Robinson . . . . .	3.0% NSR	KGHM	United States	143.089	0.006	0.812
Ruby Hill . . . . .	3.0% NSR	Barrick	United States	4.963	0.028	0.140
Soledad Mountain (DEV) . . . . .	3.0% NSR <sup>(15)</sup>	Golden Queen	United States	66.751	0.018	1.233
Twin Creeks . . . . .	2.0% GPR	Newmont	United States	1.694	0.107	0.181
Wharf . . . . .	0.0 - 2.0% NSR <sup>(16)</sup>	Goldcorp	United States	19.630	0.022	0.432
Back River—George Lake (DEV) . . . . .	2.35% NSR <sup>(17)</sup>	Sabina Gold & Silver	Canada	1.404	0.145	0.203
Back River—Goose Lake (DEV) . . . . .	1.95% NSR <sup>(18)</sup>	Sabina Gold & Silver	Canada	15.119	0.168	2.537
Canadian Malartic . . . . .	1.0 - 1.5% NSR <sup>(19)</sup>	Yamana/Agnico Eagle	Canada	128.813	0.030	3.879
Holt . . . . .	0.00013 × gold price	St Andrew	Canada	3.419	0.138	0.473
Kutcho Creek (DEV) . . . . .	2.0% NSR	Capstone Mining	Canada	11.509	0.011	0.124
Mt. Milligan . . . . .	52.25% of payable gold <sup>(20)</sup>	Thompson Creek	Canada	526.311	0.011	5.950
Pine Cove (DEV) . . . . .	7.5% NPI	Anaconda Mining	Canada	2.905	0.060	0.175
Schaft Creek (DEV) . . . . .	3.5% NPI	Copper Fox/Teck	Canada	1037.054	0.006	5.775
Tulsequah Chief (DEV) . . . . .	12.5% payable gold <sup>(21)</sup>	Chieftian Metals	Canada	7.107	0.067	0.477
Williams . . . . .	0.97% NSR	Barrick	Canada	10.449	0.067	0.703
Wolverine . . . . .	0.0 - 9.445% NSR <sup>(22)</sup>	Yukon Zinc	Canada	4.135	0.047	0.193
Dolores . . . . .	3.25% NSR	Pan American	Mexico	75.619	0.023	1.752
Mulatos . . . . .	1.0 - 5.0% NSR <sup>(23)</sup>	Alamos	Mexico	33.939	0.034	1.140
Peñasquito <sup>(24)</sup> . . . . .	2.0% NSR (Oxide)	Goldcorp	Mexico	91.999	0.011	0.990
	2.0% NSR (Sulfide)	Goldcorp	Mexico	584.192	0.018	10.620
Andacollo . . . . .	75% NSR <sup>(25)</sup>	Teck	Chile	525.354	0.003	1.797
El Morro (DEV) . . . . .	1.4% NSR <sup>(26)</sup>	Goldcorp/New Gold	Chile	212.357	0.014	2.884
El Toqui . . . . .	0 - 3.0% NSR <sup>(27)</sup>	Nyrstar	Chile	4.354	0.053	0.229
Pascua-Lama (DEV) <sup>(28)</sup> . . . . .	0.78 - 5.23% NSR <sup>(29)</sup>	Barrick	Chile	320.645	0.046	14.680

**Gold<sup>(2)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Gold Grade (opt)	Gold Contained Ozs <sup>(6)</sup> (M)
Don Mario . . . . .	3.0% NSR	Orvana	Bolivia	2.203	0.033	0.073
Don Nicolas (DEV) . . . . .	2.0% NSR	Minera IRL	Argentina	1.327	0.148	0.196
El Limon . . . . .	3.0% NSR	B2Gold	Nicaragua	1.970	0.147	0.289
Mara Rosa (DEV) . . . . .	1.0% NSR	Amarillo Gold	Brazil	18.868	0.050	0.946
Balcooma (DEV) . . . . .	1.5% NSR	Snow Peak Mining	Australia	0.762	0.002	0.001
Celtic/Wonder North (DEV) . . . . .	1.5% NSR	SR Mining	Australia	1.507	0.064	0.097
Gwalia Deeps . . . . .	1.5% NSR	St . Barbara	Australia	10.077	0.204	2.060
King of the Hills . . . . .	1.5% NSR	St. Barbara	Australia	0.547	0.124	0.068
Kundip (DEV) . . . . .	1.0 - 1.5% GSR <sup>(30)</sup>	Silver Lake Resources	Australia	3.097	0.099	0.307
Meekatharra (Nannine) (DEV) . . . . .	1.5% NSR	Metals X	Australia	0.423	0.051	0.021
Meekatharra (Paddy's Flat) (DEV) . . . . .	1.5% NSR A\$10 per gold ounce produced <sup>(31)</sup>	Metals X	Australia	7.249	0.062	0.451
Meekatharra (Reedys) (DEV) . . . . .	1.5%, 1.5 - 2.5%, 1% NSR <sup>(32)</sup>	Metals X	Australia	1.368	0.083	0.114
Meekatharra (Yaloginda) . . . . .	0.45% NSR	Metals X	Australia	2.027	0.048	0.097
Red Dam (DEV) . . . . .	2.5% NSR	Phoenix Gold	Australia	1.764	0.063	0.111
South Laverton . . . . .	1.5% NSR	Saracen	Australia	14.138	0.053	0.747
Southern Cross (DEV) . . . . .	1.5% NSR	China Hanking Holdings	Australia	1.582	0.075	0.119
Inata . . . . .	2.5% GSR	Avocet	Burkina Faso	7.716	0.064	0.491
Taparko . . . . .	2.0% GSR <sup>(33)</sup>	Nord Gold	Burkina Faso	9.555	0.074	0.703
Svetloye (DEV) . . . . .	1.0% NSR	Polymetal	Russia	8.069	0.082	0.664

**Proven and Probable Silver Reserves  
As of December 31, 2013<sup>(1)</sup>**

**Silver<sup>(34)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Silver Grade (opt)	Silver Contained Ozs <sup>(6)</sup> (M)
Gold Hill . . . . .	1.0 - 2.0% NSR <sup>(10)(11)</sup> 0.6 - 0.9% NSR <sup>(12)</sup>	Kinross/Barrick	United States	24.607	0.211	5.203
Soledad Mountain (DEV) . . . . .	3.0% NSR <sup>(15)</sup>	Golden Queen	United States	66.751	0.336	22.396
Troy . . . . .	3.0% GSR	Revelt	United States	16.570	1.036	17.160
Kutcho Creek (DEV) . . . . .	2.0% NSR	Capstone Mining	Canada	11.509	1.009	11.618
Schaft Creek (DEV) . . . . .	3.5% NPI	Copper Fox/Teck	Canada	1037.054	0.050	51.895
Tulsequah Chief (DEV) . . . . .	22.5% payable Ag <sup>(35)</sup>	Chieftain Metals	Canada	7.107	2.374	16.870
Wolverine . . . . .	0.0 - 9.445% NSR <sup>(22)</sup>	Yukon Zinc	Canada	4.135	9.546	39.475
Dolores . . . . .	2.0% NSR	Pan American	Mexico	75.619	0.960	72.600
Peñasquito <sup>(24)</sup> . . . . .	2.0% NSR (Oxide)	Goldcorp	Mexico	91.999	0.836	76.940
Peñasquito <sup>(24)</sup> . . . . .	2.0% NSR (Sulfide)	Goldcorp	Mexico	584.192	0.905	528.330
Don Mario . . . . .	3.0% NSR	Orvana	Bolivia	2.203	1.016	2.238
Don Nicolas (DEV) . . . . .	2.0% NSR	Minera IRL	Argentina	1.327	0.302	0.401
El Toqui . . . . .	0 - 3.0% NSR <sup>(27)</sup>	Nyrstar	Chile	4.354	0.315	1.369
Balcooma (DEV) . . . . .	1.5% NSR	Snow Peak Mining	Australia	0.762	0.498	0.380
Svetloye (DEV) . . . . .	1.0% NSR	Polymetal	Russia	8.069	0.095	0.765

**Proven and Probable Base Metal Reserves**  
**As of December 31, 2013<sup>(1)</sup>**

**Copper<sup>(36)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
Johnson Camp . . . . .	2.5% NSR	Nord Resources	United States	111.200	0.295%	656.000
Robinson . . . . .	3.0% NSR	KGHM	United States	143.089	0.465%	1329.473
Troy . . . . .	3.0% GSR	Revelt	United States	16.570	0.365%	120.920
Caber (DEV) . . . . .	1.0% NSR	Nyrstar	Canada	0.676	0.839%	11.355
Kutcho Creek (DEV) . . . . .	2.0% NSR	Capstone Mining	Canada	11.509	2.010%	462.678
Schaft Creek (DEV) . . . . .	3.5% NPI	Copper Fox/Teck	Canada	1037.054	0.271%	5630.715
Voisey's Bay . . . . .	2.7% NSR	Vale	Canada	18.960	1.339%	507.592
Balcooma (DEV) . . . . .	1.5% NSR	Snow Peak Mining	Australia	0.762	2.130%	32.466
Don Mario . . . . .	3.0% NSR	Orvana	Bolivia	2.203	1.189%	52.407
El Morro (DEV) . . . . .	1.4% NSR <sup>(26)</sup>	Goldcorp/New Gold	Chile	212.357	0.493%	2094.000
Pascua-Lama (DEV) <sup>(37)</sup> . . . . .	1.05% NSR	Barrick	Chile	320.645	0.085%	548.177
Las Cruces . . . . .	1.5% NSR	First Quantum	Spain	14.415	5.273%	1520.218

**Lead<sup>(38)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
Balcooma (DEV) . . . . .	1.5% NSR	Snow Peak Mining	Australia	0.762	0.517%	7.879
Peñasquito <sup>(24)</sup> . . . . .	2.0% NSR (Sulfide)	Goldcorp	Mexico	584.192	0.284%	3688.000
El Toqui . . . . .	0 - 3.0% NSR <sup>(27)</sup>	Nyrstar	Chile	4.354	0.316%	27.481

**Zinc<sup>(39)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
Caber (DEV) . . . . .	1.0% NSR	Nyrstar	Canada	0.676	8.577%	116.036
Kutcho Creek (DEV) . . . . .	2.0% NSR	Capstone Mining	Canada	11.509	3.190%	734.300
Balcooma (DEV) . . . . .	1.5% NSR	Snow Peak Mining	Australia	0.762	1.921%	29.274
Peñasquito <sup>(24)</sup> . . . . .	2.0% NSR (Sulfide)	Goldcorp	Mexico	584.192	0.694%	8959.000
El Toqui . . . . .	0 - 3.0% NSR <sup>(27)</sup>	Nyrstar	Chile	4.354	6.146%	535.207

**NICKEL<sup>(40)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
Voisey's Bay . . . . .	2.7% NSR	Vale	Canada	18.960	2.379%	902.220

**COBALT<sup>(41)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
Voisey's Bay . . . . .	2.7% NSR	Vale	Canada	18.960	0.111%	42.241

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
Schaft Creek (DEV) . . . . .	3.5% NPI	Copper Fox/Teck	Canada	1037.054	0.018%	373.340

- <sup>(1)</sup> Reserves have been reported by the operators of record as of December 31, 2013, with the exception of the following properties: Red Dam—February 28, 2014; Svetloye—January 1, 2014; Gwalia Deeps, King of the Hills, Kundip, South Laverton—June 30, 2013; Don Mario—June 1, 2013; Schaft Creek and Williams—December 31, 2012; Soledad—September 6, 2012; Southern Cross—June 30, 2012; Pinson—May 18, 2012; Tulsequah Chief—March 15, 2012; Don Nicolas, Gold Hill, Johnson Camp, Pascua-Lama, Robinson and Wolverine—December 31, 2011; Mara Rosa—October 28, 2011; Balcooma—June 30, 2011; Kutcho Creek—February 15, 2011; Pine Cove—June 30, 2010; and Caber—July 18, 2007.
- <sup>(2)</sup> Gold reserves were calculated by the operators at the following per ounce prices: \$1,500—Williams; \$1,450—Kundip; A\$1,400—Celtic/Wonder North, South Laverton and Southern Cross; \$1,366—Schaft Creek; \$1,350—El Limon, El Morro, El Toqui and Tulsequah Chief; \$1,310—Soledad; A\$1,310—Red Dam; \$1,300—Canadian Malartic, Dolores, Holt, Leeville, Peñasquito, Pinson, Svetloye, Twin Creeks and Wharf; A\$1,300—Meekatharra (Nannine, Paddy's Flat; Reedys and Yaloginda); \$1,250—Back River, Martha, Mulatos and Taparko; A\$1,250—Gwalia Deeps and King of the Hills; \$1,200—Gold Hill and Pascua-Lama; \$1,100—Andacollo, Bald Mountain, Cortez, Don Mario, Don Nicolas, Goldstrike, Mara Rosa and Ruby Hill; \$1,000—Robinson; \$950—Inata; \$983—Pine Cove; and \$690—Mt. Milligan. No gold price was reported for Balcooma, Caber, Kutcho Creek, Marigold or Wolverine.
- <sup>(3)</sup> Set forth below are the definitions of proven and probable reserves used by the U.S. Securities and Exchange Commission. "Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. "Proven (Measured) Reserves" are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and the grade is computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of the reserves are well established.
- "Probable (Indicated) Reserves" are reserves for which the quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.
- <sup>(4)</sup> Royal Gold has disclosed a number of reserve estimates that are provided by operators that are foreign issuers and are not based on the U.S. Securities and Exchange Commission's definitions for proven and probable reserves. For Canadian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform to the Canadian Institute of Mining, Metallurgy and Petroleum definitions of these terms as of the effective date of estimation as required by National Instrument 43-101 of the Canadian Securities Administrators. For Australian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ("JORC Code"). Royal Gold does not reconcile the reserve estimates provided by the operators with definitions of reserves used by the U.S. Securities and Exchange Commission.
- <sup>(5)</sup> The reserves reported are either estimates received from the various operators or are based on documentation provided to Royal Gold or which is derived from recent publicly-available information from the operators of the various properties or various recent National Instrument 43-101 or JORC Code reports filed by operators. Accordingly, Royal Gold is not able to reconcile the reserve estimates prepared in reliance on National Instrument 43-101 or JORC Code with definitions of the U.S. Securities and Exchange Commission.
- <sup>(6)</sup> "Contained ounces" or "contained pounds" do not take into account recovery losses in mining and processing the ore.
- <sup>(7)</sup> NSR sliding-scale schedule (price of gold per ounce—royalty rate): Below \$375—1.75%; >\$375 to \$400—2.0%; >\$400 to \$425—2.25%; >\$425—2.5%. All price points are stated in 1986 dollars and are subject to adjustment in accordance with a blended index comprised of labor, diesel fuel, industrial commodities and mining machinery.
- <sup>(8)</sup> GSR sliding-scale schedule (price of gold per ounce—royalty rate): Below \$210—0.40%; \$210 to \$229.99—0.50%; \$230 to \$249.99—0.75%; \$250 to \$269.99—1.30%; \$270 to \$309.99—2.25%; \$310 to \$329.99—2.60%; \$330 to \$349.99—3.00%; \$350 to \$369.99—3.40%; \$370 to \$389.99—3.75%; \$390 to \$409.99—4.0%; \$410 to \$429.99—4.25%; \$430 to \$449.99—4.50%; \$450 to \$469.99—4.75%; \$470 and higher—5.00%.
- <sup>(9)</sup> NVR1 and GSR3 reserves are subsets of the reserves covered by GSR1 and GSR2.
- <sup>(10)</sup> The royalty is capped at \$10 million. As of June 30, 2014, royalty payments of approximately \$1.7 million have been received.
- <sup>(11)</sup> The 1.0% to 2.0% sliding-scale NSR royalty will pay 2.0% when the price of gold is above \$350 per ounce and 1.0% when the price of gold falls to \$350 per ounce or below. The 0.6% to 0.9% NSR sliding-scale schedule (price of gold per ounce—royalty rate): Below \$300—0.6%; \$300 to \$350—0.7%; > \$350 to \$400—0.8%; > \$400—0.9%. The silver royalty rate is based on the price of gold.
- <sup>(12)</sup> The 0.6% to 0.9% sliding-scale NSR applies to the M-ACE claims. The operator did not break out reserves or resources subject to the M-ACE claims royalty.

- (13) Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. An additional Cordilleran royalty applies to a portion of Section 28.
- (14) Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. Additional Rayrock royalties apply to Sections 28, 32 and 33; these royalty rates vary depending on pre-existing royalties. The Rayrock royalties take effect once 200,000 ounces of gold have been produced from open pit mines on the property. As of June 30, 2014, approximately 103,000 ounces have been produced.
- (15) Royalty is capped at \$300,000 plus simple interest.
- (16) NSR sliding-scale schedule (price of gold per ounce—royalty rate): \$0.00 to under \$350—0.0%; \$350 to under \$400—0.5%; \$400 to under \$500—1.0%; \$500 or higher—2.0%.
- (17) George Lake royalty applies to production above 800,000 ounces.
- (18) Goose Lake royalty applies to production above 400,000 ounces.
- (19) NSR sliding-scale schedule (price of gold per ounce—royalty rate): \$0.00 to \$350—1.0%; above \$350—1.5%.
- (20) This is a metal stream whereby the purchase price for gold ounces delivered is \$435 per ounce, or the prevailing market price of gold, if lower; no inflation.
- (21) This is a metal stream whereby Royal Gold is entitled to 12.5% of payable gold until 48,000 ounces of payable gold have been delivered; 7.5% thereafter, whereby the purchase price for gold ounces delivered is \$450 per ounce on the first 48,000 ounces of gold; \$500 per ounce thereafter, or the prevailing market price, if lower.
- (22) Gold royalty rate is based on the price of silver per ounce. NSR sliding-scale schedule (price of silver per ounce—royalty rate): Below \$5.00—0.0%; \$5.00 to \$7.50—3.778%; >\$7.50—9.445%.
- (23) The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 1.27 million ounces of cumulative production as of June 30, 2014. NSR sliding-scale schedule (price of gold per ounce—royalty rate): \$0.00 to \$299.99—1.0%; \$300 to \$324.99—1.50%; \$325 to \$349.99—2.0%; \$350 to \$374.99—3.0%; \$375 to \$399.99—4.0%; \$400 or higher—5.0%.
- (24) Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.
- (25) The royalty rate is 75% until 910,000 payable ounces of gold have been produced; 50% thereafter. There have been approximately 217,000 cumulative payable ounces produced as of June 30, 2014. Gold is produced as a by-product of copper.
- (26) The royalty covers approximately 30% of the La Fortuna deposit. Reserves attributable to Royal Gold's royalty represent approximately  $\frac{3}{4}$  of Goldcorp's reporting of 70% of the total reserve.
- (27) All metals are paid based on zinc prices. NSR sliding-scale schedule (price of zinc per pound—royalty rate): Below \$0.50—0.0%; \$0.50 to below \$0.55—1.0%; \$0.55 to below \$0.60—2.0%; \$0.60 or higher—3.0%.
- (28) Royalty applies to all gold production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. Approximately 20% of the royalty is limited to the first 14.0 million ounces of gold produced from the project. Also, 24% of the royalty can be extended beyond 14.0 million ounces produced for \$4.4 million. In addition, a one-time payment totaling \$8.4 million will be made if gold prices exceed \$600 per ounce for any six-month period within the first 36 months of commercial production.
- (29) NSR sliding-scale schedule (price of gold per ounce—royalty rate): less than or equal to \$325—0.78%; \$400—1.57%; \$500—2.72%; \$600—3.56%; \$700—4.39%; greater than or equal to \$800—5.23%. Royalty is interpolated between lower and upper endpoints.
- (30) Royalty pays 1.0% for the first 250,000 ounces of production and then 1.5% for production above 250,000 ounces.
- (31) The A\$10 per ounce royalty applies on production above 50,000 ounces.
- (32) The 1.5% to 2.5% NSR sliding-scale royalty pays at a rate of 1.5% for the first 75,000 ounces produced in any 12 month period and at a rate of 2.5% on production above 75,000 ounces during that 12 month period. The 1.0% NSR royalty applies to the Rand area only.
- (33) There is a 0.75% GSR milling royalty that applies to ore that is mined outside of the defined area of the Taparko-Bouroum project that is processed through the Taparko facilities up to a maximum of 1.1 million tons per year.
- (34) Silver reserves were calculated by the operators at the following prices per ounce: \$30.00—Gold Hill; \$25.96—Schaft Creek; \$25.06—Troy; \$25.00—Don Nicolas; \$24.05—Soledad; \$24.00—Peñasquito; \$23.00—El Toqui; \$22.50—Svetloye; \$22.00—Dolores, Peñasquito and Tulsequah Chief; and \$20.00—Don Mario. No silver price was reported for Balcooma, Kutcho Creek or Wolverine.
- (35) This is a metal stream whereby Royal Gold is entitled to 22.5% of payable silver until 2.78 million ounces of payable silver have been delivered; 9.75% thereafter, whereby the purchase price for silver ounces delivered is \$5.00 per ounce on the first 2.78 million ounces of silver; \$7.50 per ounce thereafter, or the prevailing market price of the metal, if lower.
- (36) Copper reserves were calculated by the operators at the following prices per pound: \$3.64—Voisey's Bay; \$3.52—Schaft Creek; \$3.32—Troy; \$3.10—Tulsequah Chief; \$3.00—El Morro; \$2.75—Don Mario, Robinson and Las Cruces; \$2.50—Johnson Camp; \$2.00—Pascua-Lama; and \$1.60—Mt. Milligan. No copper reserve price was reported for Balcooma, Caber or Kutcho Creek.
- (37) Royalty applies to all copper production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. This royalty will take effect after January 1, 2017.

- <sup>(38)</sup> Lead reserve price was calculated by the operators at the following prices per pound: \$1.04—El Toqui; and \$0.90—Peñasquito. No lead reserve price was reported for Balcooma.
- <sup>(39)</sup> Zinc reserve price was calculated by the operators at the following prices per pound: \$1.13—El Toqui; and \$0.90—Peñasquito. No zinc reserve price was reported for Balcooma, Caber, or Kutcho Creek.
- <sup>(40)</sup> Nickel reserve price was calculated by the operator at the following price per pound: \$8.38—Voisey's Bay.
- <sup>(41)</sup> Cobalt reserve price was calculated by the operator at the following price per pound: \$13.75—Voisey's Bay.
- <sup>(42)</sup> Molybdenum reserve price was calculated by the operator at Schaft Creek at \$15.30 per pound.

### **ITEM 3. LEGAL PROCEEDINGS**

Refer to Note 16 of the notes to consolidated financial statements for a discussion on litigation associated with our Voisey's Bay royalty.

### **ITEM 4. MINE SAFETY DISCLOSURE**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information and Current Stockholders

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "RGLD" and on the TSX under the symbol "RGL." The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices, in U.S. dollars, for our common stock on NASDAQ for each quarter since July 1, 2012.

Fiscal Year:		Sales Prices	
		High	Low
2014	First Quarter (July, Aug., Sept.—2013) . . . . .	\$ 67.25	\$40.45
	Second Quarter (Oct., Nov., Dec.—2013) . . . . .	\$ 53.76	\$42.56
	Third Quarter (Jan., Feb., March—2014) . . . . .	\$ 72.90	\$47.02
	Fourth Quarter (April, May, June—2014) . . . . .	\$ 76.85	\$58.86
2013	First Quarter (July, Aug., Sept.—2012) . . . . .	\$100.71	\$71.36
	Second Quarter (Oct., Nov., Dec.—2012) . . . . .	\$100.84	\$76.17
	Third Quarter (Jan., Feb., March—2013) . . . . .	\$ 83.44	\$62.67
	Fourth Quarter (April, May, June—2013) . . . . .	\$ 71.33	\$38.63

As of July 28, 2014, there were 986 stockholders of record of our common stock.

#### Dividends

We have paid a cash dividend on our common stock for each year beginning in calendar year 2000. Our board of directors has discretion in determining whether to declare a dividend based on a number of factors including prevailing gold prices, economic market conditions and funding requirements for future opportunities or operations.

For calendar year 2014, our annual dividend is \$0.84 per share of common stock and exchangeable shares. We paid the first payment of \$0.21 per share on January 17, 2014, to common stockholders and the holders of exchangeable shares of record at the close of business on January 3, 2014. We paid the second payment of \$0.21 per share on April 18, 2014, to common stockholders and the holders of exchangeable shares of record at the close of business on April 4, 2014. We paid the third payment of \$0.21 per share on July 18, 2014 to common stockholders and holders of exchangeable shares of record at the close of business on July 3, 2014. Subject to board approval, we anticipate paying the fourth payment of \$0.21 per share on October 17, 2014, to common shareholders and holders of exchangeable shares of record at the close of business on October 3, 2014.

For calendar year 2013, our annual dividend was \$0.80 per share of common stock and exchangeable shares, paid on a quarterly basis of \$0.20 per share. For calendar year 2012, we paid an annual dividend of \$0.60 per share of common stock and exchangeable shares in four quarterly payments of \$0.15 each.



## ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Years Ended June 30,				
	2014	2013	2012	2011	2010
	(Amounts in thousands, except per share data)				
Revenue <sup>(1)</sup>	\$237,162	\$289,224	\$263,054	\$216,469	\$136,565
Operating income	\$108,720	\$171,167	\$156,634	\$118,925	\$ 41,035
Net income	\$ 63,472	\$ 73,409	\$ 98,309	\$ 77,299	\$ 29,422
Net income available to Royal Gold common stockholders	\$ 62,641	\$ 69,153	\$ 92,476	\$ 71,395	\$ 21,492
Net income per share available to Royal Gold common stockholders:					
Basic	\$ 0.96	\$ 1.09	\$ 1.61	\$ 1.29	\$ 0.49
Diluted	\$ 0.96	\$ 1.09	\$ 1.61	\$ 1.29	\$ 0.49
Dividends declared per common share <sup>(2)</sup>	\$ 0.83	\$ 0.75	\$ 0.56	\$ 0.42	\$ 0.34

	As of June 30,				
	2014	2013	2012	2011	2010
	(Amounts in thousands)				
Royalty and stream interests, net	\$2,109,067	\$2,120,268	\$1,890,988	\$1,690,439	\$1,476,799
Total assets	\$2,891,544	\$2,905,341	\$2,376,366	\$1,902,702	\$1,865,333
Debt	\$ 311,860	\$ 302,263	\$ 293,248	\$ 226,100	\$ 248,500
Total liabilities	\$ 518,987	\$ 534,705	\$ 512,937	\$ 415,007	\$ 431,785
Total Royal Gold stockholders' equity	\$2,354,725	\$2,348,887	\$1,838,459	\$1,460,162	\$1,403,716

- <sup>(1)</sup> Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 18% decrease in revenue during fiscal year 2014 when compared to fiscal year 2013 and the 10% increase in revenue during fiscal year 2013 when compared to fiscal year 2012.
- <sup>(2)</sup> The 2014, 2013, 2012, 2011 and 2010 calendar year dividends were \$0.84, \$0.80, \$0.60, \$0.44 and \$0.36, respectively, as approved by our board of directors. Please refer to Item 5 of this report for further information on our dividends.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

Royal Gold, Inc. ("Royal Gold", the "Company", "we", "us", or "our"), together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties, metal streams, and similar interests. Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. We may use the term "royalty interest" in this Annual Report on Form 10-K to refer to royalties, gold, silver or other metal stream interests, and other similar interests. We seek to acquire existing royalty interests or to finance projects that are in production or in the development stage in exchange for royalty interests. In the ordinary course of business, we engage in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of mine development or exploration, or to acquire companies that hold royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential

information, submission of indications of interest, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

As of June 30, 2014, the Company owned royalty interests on 37 producing properties, 23 development stage properties and 141 exploration stage properties, of which the Company considers 46 to be evaluation stage projects. The Company uses “evaluation stage” to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. We do not conduct mining operations nor are we required to contribute to capital costs, exploration costs, environmental costs or other mining, processing and operating costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2014, we focused on the management of our existing royalty interests and the acquisition of royalty interests.

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver, copper and nickel, together with the amounts of production from our producing stage royalty interests. The price of gold, silver, copper, nickel and other metals have fluctuated widely in recent years and most recently have experienced declines from highs experienced in the first half of our fiscal year 2013. The marketability and the price of metals are influenced by numerous factors beyond the control of the Company and significant declines in the price of gold, silver, copper or nickel could have a material and adverse effect on the Company’s results of operations and financial condition.

For the fiscal years ended June 30, 2014, 2013 and 2012, gold, silver, copper and nickel price averages and percentage of revenue by metal were as follows:

Metal	Fiscal Year Ended					
	June 30, 2014		June 30, 2013		June 30, 2012	
	Average Price	Percentage of Revenue	Average Price	Percentage of Revenue	Average Price	Percentage of Revenue
Gold (\$/ounce . . . . .	\$1,296	72%	\$1,605	70%	\$1,673	68%
Silver (\$/ounce) . . . . .	\$20.57	6%	\$28.97	7%	\$33.26	7%
Copper (\$/pound) . . . . .	\$ 3.18	8%	\$ 3.48	11%	\$ 3.71	11%
Nickel (\$/pound) . . . . .	\$ 6.89	8%	\$ 7.44	8%	\$ 8.77	11%
Other . . . . .	N/A	6%	N/A	4%	N/A	3%

#### **Operators’ Production Estimates by Royalty for Calendar Year 2014**

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2014. The following table shows such production estimates for our principal producing properties for calendar 2014 as well as the actual production reported to us by the various operators through June 30, 2014. The estimates and production reports are prepared by the operators of the mining properties. We do not participate in the preparation or calculation of the operators’ estimates or production reports and have not independently assessed or verified the accuracy of such information. Please refer to Part I, Item 2, Properties, of this report for further discussion on any updates at our principal producing and development properties.

**Operators' Production Estimate by Royalty for Calendar Year 2014 and Reported Production  
Principal Producing Properties  
For the period January 1, 2014 through June 30, 2014**

Royalty/Stream	Calendar 2014 Operator's Production Estimate <sup>(1)</sup>			Reported Production through June 30, 2014 <sup>(2)</sup>		
	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)
Andacollo <sup>(3)</sup> . . . . .	38,500	—	—	20,500	—	—
Canadian Malartic . . .	344,000	—	—	214,900	—	—
Cortez GSR1 . . . . .	125,000	—	—	21,000	—	—
Cortez GSR2 . . . . .	151,000	—	—	60,400	—	—
Cortez GSR3 . . . . .	276,000	—	—	81,400	—	—
Cortez NVR1 . . . . .	228,000	—	—	69,400	—	—
Holt . . . . .	66,000	—	—	33,200	—	—
Las Cruces						
<i>Copper</i> . . . . .	—	—	152 - 159 million	—	—	82.7million
Mt. Milligan <sup>(3)</sup> . . . . .	185,000 - 195,000	—	—	75,300	—	—
Mulatos . . . . .	150,000 - 170,000	—	—	68,000	—	—
Peñasquito . . . . .	530,000 - 560,000	22 - 25 million	—	286,900	14.9million	—
<i>Lead</i> <sup>(3)</sup> . . . . .	—	—	135 - 145 million	—	—	88.6million
<i>Zinc</i> <sup>(3)</sup> . . . . .	—	—	315 - 325 million	—	—	167.1million
Robinson <sup>(3)(4)</sup> . . . . .	N/A	N/A	—	9,700	—	—
<i>Copper</i> . . . . .	—	—	N/A	—	—	29.8million
Voisey's Bay <sup>(3)(4)</sup>						
<i>Copper</i> . . . . .	—	—	N/A	—	—	19.4million
<i>Nickel</i> <sup>(5)</sup> . . . . .	—	—	N/A	—	—	66.8million

- (1) 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 following this MD&A, as well as the Risk Factors identified in Part I, Item 1A, of this report for information regarding factors that could affect actual results.
- (2) Reported production relates to the amount of metal sales, subject to our royalty interests, for the period January 1, 2014 through June 30, 2014, as reported to us by the operators of the mines. For our streaming interest at Mt. Milligan, reported production represents payable gold shipped, subject to our stream interest, during the January 1, 2014 through June 30, 2014 period.
- (3) Payable metal and deliveries are subject to shipping and settlement schedules.
- (4) The operator did not release public production guidance for calendar 2014.
- (5) Vale is commissioning its new Long Harbour Processing Plant and intends to begin introducing nickel concentrates from Voisey's Bay in coming quarters. In anticipation of the transition from processing Voisey's Bay nickel concentrates at Vale's Sudbury and Thompson smelters to processing at the Long Harbour hydrometallurgical plant, the Company is engaged in discussions with Vale concerning calculation of the royalty once Voisey's Bay nickel concentrates are processed at Long Harbour. Vale proposed a calculation of the royalty that the Company estimates could result in the substantial reduction of royalty payable to LNRLP on Voisey's Bay nickel concentrates processed at Long Harbour. Please see "Principal Royalties on Producing Properties—Voisey's Bay (Labrador, Canada)" in Part I, Item 2, for further information.

## Historical Production

The following table discloses historical production for the past three fiscal years for the principal producing properties that are subject to our royalty interests, as reported to us by the operators of the mines:

### Historical Production<sup>(1)</sup> by Property Principal Producing Properties For the Fiscal Years Ended June 30, 2014, 2013 and 2012

Property	Metal	2014	2013	2012
Andacollo . . . . .	Gold	50,400 oz.	68,600 oz.	51,400 oz.
Canadian Malartic . . . . .	Gold	417,800 oz.	347,000 oz.	297,500 oz.
Cortez GSR1 . . . . .	Gold	7,600 oz.	81,200 oz.	115,900 oz.
Cortez GSR2 . . . . .	Gold	87,800 oz.	900 oz.	800 oz.
Cortez GSR3 . . . . .	Gold	95,400 oz.	82,100 oz.	116,700 oz.
Cortez NVR1 . . . . .	Gold	84,400 oz.	60,400 oz.	82,000 oz.
Holt . . . . .	Gold	63,100 oz.	56,400 oz.	41,200 oz.
Las Cruces . . . . .	Copper	161.2 Mlbs.	153.4 Mlbs.	119.1 Mlbs.
Mt. Milligan . . . . .	Gold	80,800 oz.	N/A	N/A
Mulatos . . . . .	Gold	149,800 oz.	218,000 oz.	169,300 oz.
Peñasquito . . . . .	Gold	534,200 oz.	371,100 oz.	294,500 oz.
	Silver	27.7 Moz.	21.1 Moz.	21.5 Moz.
	Lead	175.5 Mlbs.	126.3 Mlbs.	164.0 Mlbs.
	Zinc	310.9 Mlbs.	282.3 Mlbs.	312.6 Mlbs.
Robinson . . . . .	Gold	27,600 oz.	49,100 oz.	31,000 oz.
	Copper	69.6 Mlbs.	146.2 Mlbs.	105.3 Mlbs.
Voisey's Bay . . . . .	Nickel	123.7 Mlbs.	143.9 Mlbs.	131.6 Mlbs.
	Copper	80.5 Mlbs.	101.9 Mlbs.	107.2 Mlbs.

<sup>(1)</sup> Historical production relates to the amount of metal sales, subject to our royalty interests for each fiscal year presented, as reported to us by the operators of the mines.

## Critical Accounting Policies

Listed below are the accounting policies that the Company believes are critical to its financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. Please refer to Note 2 of the notes to consolidated financial statements for a discussion on recently issued accounting pronouncements.

### *Use of Estimates*

The preparation of our financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Our most critical accounting estimates relate to our assumptions regarding future gold, silver, nickel, copper and other metal prices and the estimates of reserves, production and recoveries of third-party mine operators. We rely on reserve estimates reported by the operators on the properties in which we have royalty interests. These estimates and the underlying assumptions affect the potential impairments of long-lived assets and the ability to realize income tax benefits associated with deferred

tax assets. These estimates and assumptions also affect the rate at which we recognize revenue or charge depreciation, depletion and amortization to earnings. On an ongoing basis, management evaluates these estimates and assumptions; however, actual amounts could differ from these estimates and assumptions. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

#### *Royalty and Stream Interests*

Royalty and stream interests include acquired royalty and stream interests in production, development and exploration stage properties. The costs of acquired royalty and stream interests are capitalized as tangible assets as such interests do not meet the definition of a financial asset under the Accounting Standards Codification (“ASC”) guidance.

Acquisition costs of production stage royalty and stream interests are depleted using the units of production method over the life of the mineral property (as royalty payments are recognized or sales occur under stream interests), which are estimated using proven and probable reserves as provided by the operator. Acquisition costs of royalty and stream interests on development stage mineral properties, which are not yet in production, are not amortized until the property begins production. Acquisition costs of royalty interests on exploration stage mineral properties, where there are no proven and probable reserves, are not amortized. At such time as the associated exploration stage mineral interests are converted to proven and probable reserves, the cost basis is amortized over the remaining life of the mineral property, using proven and probable reserves. The carrying values of exploration stage mineral interests are evaluated for impairment at such time as information becomes available indicating that the production will not occur in the future. Exploration costs are expensed when incurred.

#### *Asset Impairment*

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts of an asset or group of assets may not be recoverable. The recoverability of the carrying value of royalty interests in production and development stage mineral properties is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves and other relevant information received from the operators. We evaluate the recoverability of the carrying value of royalty interests in exploration stage mineral properties in the event of significant decreases in the price of gold, silver, copper, nickel and other metals, and whenever new information regarding the mineral properties is obtained from the operator indicating that production will not likely occur or may be reduced in the future, thus affecting the future recoverability of our royalty interests. Impairments in the carrying value of each property are measured and recorded to the extent that the carrying value in each property exceeds its estimated fair value, which is generally calculated using estimated future discounted cash flows.

Our estimates of gold, silver, copper, nickel and other metal prices, operator’s estimates of proven and probable reserves related to our royalty or streaming properties, and operator’s estimates of operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these royalty interests in mineral properties. Although we have made our best assessment of these factors based on current market conditions, it is possible that changes could occur, which could adversely affect the net cash flows expected to be generated from these royalty interests.

#### *Available-for-Sale Securities*

Investments in securities that management does not have the intent to sell in the near term and that have readily determinable fair values are classified as available-for-sale securities. Unrealized gains

and losses on these investments are recorded in accumulated other comprehensive income as a separate component of stockholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income. When investments are sold, the realized gains and losses on these investments, determined using the specific identification method, are included in determining net income.

The Company's policy for determining whether declines in fair value of available-for-sale securities are other than temporary includes a quarterly analysis of the investments and a review by management of all investments for which the cost exceeds the fair value. Any temporary declines in fair value are recorded as a charge to other comprehensive income. This evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, and management's ability and intent to hold the securities until fair value recovers. If such impairment is determined by the Company to be other-than-temporary, the investment's cost basis is written down to fair value and recorded in net income during the period the Company determines such impairment to be other-than-temporary. The new cost basis is not changed for subsequent recoveries in fair value. Please refer to Note 5 of our notes to consolidated financial statements for further information on our available-for-sale securities.

### *Revenue*

Revenue is recognized pursuant to guidance in ASC 605 and based upon amounts contractually due pursuant to the underlying royalty or streaming agreement. Specifically, revenue is recognized in accordance with the terms of the underlying royalty or stream agreements subject to (i) the pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the royalty or stream being fixed or determinable; and (iv) the collectability being reasonably assured. For royalty payments received in-kind, revenue is recorded at the average spot price of gold for the period in which the royalty was earned. For our streaming agreements, we sell most of the delivered gold within three weeks of receipt and recognize revenue when the metal received is sold.

### *Gold Sales*

Gold received under our metal streaming agreements is sold primarily in the spot market or using average rate gold forward contracts. For our gold sold in the spot market, the sales price is fixed at the delivery date based on the gold spot price, while the sales price for our gold sold in average rate gold forward contracts is determined by the average gold price under the term of the contract, typically 15 consecutive trading days shortly after the receipt and purchase of the gold. Revenue from gold sales is recognized on the date of the settlement, which is also the date that title to the gold passes to the purchaser.

### *Cost of Sales*

Cost of sales is specific to our streaming agreement for Mt. Milligan and is the result of the Company's purchases of gold for a cash payment of the lesser of \$435 per ounce, or the prevailing market price of gold when purchased.

### *Income Taxes*

The Company accounts for income taxes in accordance with the guidance of Accounting Standards Codification Topic 740. The Company's annual tax rate is based on income, statutory tax rates in effect and tax planning opportunities available to us in the various jurisdictions in which the Company operates. Significant judgment is required in determining the annual tax expense, current tax assets and liabilities, deferred tax assets and liabilities, and our future taxable income, both as a whole and in various tax jurisdictions, for purposes of assessing our ability to realize future benefit from our deferred

tax assets. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate or unpredicted results from the final determination of each year's liability by taxing authorities.

The Company's deferred income taxes reflect the impact of temporary differences between the reported amounts of assets and liabilities for financial reporting purposes and such amounts measured by tax laws and regulations. In evaluating the realizability of the deferred tax assets, management considers both positive and negative evidence that may exist, such as earnings history, reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies in each tax jurisdiction. A valuation allowance may be established to reduce our deferred tax assets to the amount that is considered more likely than not to be realized through the generation of future taxable income and other tax planning strategies.

The Company has asserted the indefinite reinvestment of certain foreign subsidiary earnings as determined by management's judgment about and intentions concerning the future operations of the Company. As a result, the Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign corporations to the extent that the basis difference results from earnings that meet the indefinite reversal criteria. Refer to Note 12 of our notes to consolidated financial statements for further discussion on our assertion.

The Company's operations may involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, state, and international tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these reserves in light of changing facts and circumstances, such as the progress of a tax audit; however, due to the complexity of some of these uncertainties, the ultimate resolution could result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period which they are determined. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

## **Liquidity and Capital Resources**

### *Overview*

At June 30, 2014, we had current assets of \$736.0 million compared to current liabilities of \$22.5 million for a current ratio of 33 to 1. This compares to current assets of \$744.5 million and current liabilities of \$35.1 million at June 30, 2013, resulting in a current ratio of approximately 21 to 1. The increase in our current ratio was primarily attributable to a decrease in the amount of foreign withholding taxes payable on certain of our foreign royalty interests. This decrease in foreign withholding taxes was partially offset by a decrease in our cash and equivalents and royalty receivables during the period. Please refer to "Summary of Cash Flows" below for further discussion on changes to our cash and equivalents during the period.

During the fiscal year ended June 30, 2014, liquidity needs were met from \$237.2 million in revenue and our available cash resources. As of June 30, 2014, the Company had \$450 million available and no amounts outstanding under its revolving credit facility. The Company was in compliance with each financial covenant under its revolving credit facility as of June 30, 2014. Refer to Note 6 of our notes to consolidated financial statements and below ("Recent Liquidity and Capital Resource Developments") for further discussion on our long-term debt.



We believe that our current financial resources and funds generated from operations will be adequate to cover anticipated expenditures for debt service, general and administrative expense costs and capital expenditures for the foreseeable future. Our current financial resources are also available to fund dividends and for acquisitions of royalty and stream interests, including the remaining commitments incurred in connection with the Phoenix Gold Project and Tulsequah Chief stream acquisitions. Our long-term capital requirements are primarily affected by our ongoing acquisition activities. The Company currently, and generally at any time, has acquisition opportunities in various stages of active review. In the event of one or more substantial royalty interest or other acquisitions, we may seek additional debt or equity financing as necessary.

Please refer to our risk factors included in Part I, Item 1A of this report for a discussion of certain risks that may impact the Company's liquidity and capital resources.

#### *Recent Liquidity and Capital Resource Developments*

##### Amendment to Revolving Credit Facility

On January 29, 2014, Royal Gold entered into a Sixth Amended and Restated Revolving Credit Agreement (the "revolving credit facility") among Royal Gold, as the borrower, certain subsidiaries of Royal Gold, as guarantors, HSBC Bank USA, National Association, as administrative agent and a lender, The Bank of Nova Scotia, Goldman Sachs Bank USA, Bank of America, N.A., and Canadian Imperial Bank of Commerce and such other banks and financial institutions from time to time party thereto, as lenders, HSBC Securities (USA) Inc., as the sole lead arranger and joint bookrunner, and Scotiabank, as syndication agent and joint bookrunner. The revolving credit facility replaces Royal Gold's \$350 million revolving credit facility under the Fifth Amended and Restated Revolving Credit Agreement, dated as of May 30, 2012.

Key modifications to the revolving credit facility include, among other items: (1) an increase in the maximum availability from \$350 million to \$450 million; (2) an extension of the final maturity from May 2017 to January 2019; (3) an increase of the accordion feature from \$50 million to \$150 million which allows the Company to increase availability under the revolving credit facility at its option, subject to satisfaction of certain conditions, to \$600 million; (4) a reduction in the commitment fee from 0.375% to 0.25%; (5) a reduction in the drawn interest rate from LIBOR + 1.75% to LIBOR + 1.25%; (6) removal of the secured debt ratio covenant, and (7) maintaining the leverage ratio (as defined therein) less than or equal to 3.5 to 1.0, with an increase to 4.0 to 1.0 for the two quarters following the completion of a material permitted acquisition, as defined in the revolving credit facility.

##### Dividend Increase

On November 20, 2013, we announced an increase in our annual dividend for calendar 2014 from \$0.80 to \$0.84, payable on a quarterly basis of \$0.21 per share. The newly declared dividend is 5% higher than the dividend paid during calendar 2013. Royal Gold has steadily increased its annual dividend since calendar 2001. The quarterly dividend of US\$0.21 is also payable to holders of exchangeable shares of RG Exchangeco Inc. ("RG Exchangeco").

#### *Summary of Cash Flows*

##### Operating Activities

Net cash provided by operating activities totaled \$147.2 million for the fiscal year ended June 30, 2014, compared to \$172.6 million for the fiscal year ended June 30, 2013. The decrease was primarily due to a decrease in proceeds received from our royalty interests, net of production taxes, of

approximately \$58.1 million. This decrease was partially offset by a decrease in income and other foreign withholding tax payments of \$15.9 million.

Net cash provided by operating activities totaled \$172.6 million for the fiscal year ended June 30, 2013, compared to \$162.2 million for the fiscal year ended June 30, 2012. The increase was primarily due to an increase in proceeds received from our royalty interests, net of production taxes, of approximately \$14.8 million. The increase was partially offset by an increase in interest payments made of approximately \$5.9 million.

#### Investing Activities

Net cash used in investing activities totaled \$84.8 million for the fiscal year ended June 30, 2014, compared to \$309.4 million for the fiscal year ended June 30, 2013. The decrease in cash used in investing activities is primarily due to a decrease in funding for the Mt. Milligan streaming interest compared to the prior fiscal year. This decrease was offset by the Company's acquisition of the Phoenix Gold Project gold stream and El Morro royalty of approximately \$30.6 million and \$35 million, respectively, in the current fiscal year. The Company made its final commitment payment to Thompson Creek as part of the Mt. Milligan gold stream acquisition during the quarter ended September 30, 2013.

Net cash used in investing activities totaled \$309.4 million for the fiscal year ended June 30, 2013, compared to \$271.4 million for the fiscal year ended June 30, 2012. The increase in cash used in investing activities is primarily due to an increase in acquisitions of royalty interests in mineral properties (primarily Mt. Milligan funding) compared to our fiscal year 2012.

#### Financing Activities

Net cash used in financing activities totaled \$66.9 million for the fiscal year ended June 30, 2014, compared to cash provided by financing activities of \$425.4 million for the fiscal year ended June 30, 2013. The decrease in cash provided by financing activities is primarily due to the sale of 5,250,000 shares of our common stock, resulting in proceeds of \$472.5 million, during the prior fiscal year. This decrease is also due to an increase in the common stock dividend payment, which was the result of an increase in the dividend rate and an increase in the total number of common shares outstanding when compared to the prior fiscal year.

Net cash provided by financing activities totaled \$425.4 million for the fiscal year ended June 30, 2013, compared to cash provided by financing activities of \$370.5 million for the fiscal year ended June 30, 2012. The increase is primarily attributable to proceeds received (\$472.5 million) from our October 2012 equity offering compared to proceeds received (\$370.0 million) from our June 2012 offering of the 2019 Notes. During the fiscal year ended June 30, 2013 and 2012, the Company made debt repayments of \$0 and \$326.1 million, respectively, and paid common stock dividends of \$43.9 million and \$29.5 million, respectively.

### ***Contractual Obligations***

Our contractual obligations as of June 30, 2014, are as follows:

<u>Contractual Obligations</u>	<u>Payments Due by Period (in thousands)</u>				
	<u>Total</u>	<u>Less than 1 Year</u>	<u>1 - 3 Years</u>	<u>3 - 5 Years</u>	<u>More than 5 Years</u>
2019 Notes <sup>(1)</sup> . . . . .	\$423,187	\$10,637	\$21,275	\$391,275	\$—
Total . . . . .	<u>\$423,187</u>	<u>\$10,637</u>	<u>\$21,275</u>	<u>\$391,275</u>	<u>\$—</u>

<sup>(1)</sup> Amounts represent principal (\$370 million) and estimated interest payments (\$53.2 million) assuming no early extinguishment.

For information on our contractual obligations, see Note 6 of the notes to consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data” of this report. The above table does not include royalty or stream commitments as discussed in Note 16 of the notes to consolidated financial statements. The Company believes it will be able to fund all existing obligations from net cash provided by operating activities.

### ***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

### **Results of Operations**

#### ***Fiscal Year Ended June 30, 2014, Compared with Fiscal Year Ended June 30, 2013***

For the fiscal year ended June 30, 2014, we recorded net income available to Royal Gold common stockholders of \$62.6 million, or \$0.96 per basic share and diluted share, compared to net income available to Royal Gold common stockholders of \$69.2 million, or \$1.09 per basic share and diluted share, for the fiscal year ended June 30, 2013. The decrease in our earnings per share was primarily attributable to a decrease in revenue and an increase in certain costs and expenses, as discussed further below.

For the fiscal year ended June 30, 2014, we recognized total revenue of \$237.2 million, at an average gold price of \$1,296 per ounce, an average silver price of \$20.57 per ounce, an average nickel price of \$6.89 per pound and an average copper price of \$3.18 per pound, compared to total revenue of \$289.2 million, at an average gold price of \$1,605 per ounce, an average silver price of \$28.97 per ounce, an average nickel price of \$7.44 per pound and an average copper price of \$3.48 per pound, for the fiscal year ended June 30, 2013. Revenue and the corresponding production, attributable to our

royalty and stream interests, for the fiscal year ended June 30, 2014 compared to the fiscal year ended June 30, 2013 is as follows:

**Revenue and Reported Production Subject to our Royalty and Stream Interests**  
**Fiscal Years Ended June 30, 2014 and 2013**  
(In thousands, except reported production in ozs. and lbs.)

		Fiscal Year Ended June 30, 2014		Fiscal Year Ended June 30, 2013	
Royalty/Stream	Metal(s)	Revenue	Reported Production <sup>(1)</sup>	Revenue	Reported Production <sup>(1)</sup>
<b>Royalty:</b>					
Andacollo . . . . .	Gold	\$ 48,777	50,400 oz.	\$ 82,272	68,600 oz.
Peñasquito . . . . .		\$ 29,281		\$ 28,005	
	Gold		534,200 oz.		371,100 oz.
	Silver		27.7M oz.		21.1M oz.
	Lead		175.5 Mlbs.		126.3 Mlbs.
	Zinc		310.9 Mlbs.		282.3 Mlbs.
Voisey’s Bay . . . . .		\$ 25,128		\$ 32,517	
	Nickel		123.7 Mlbs.		143.9 Mlbs.
	Copper		80.5 Mlbs.		101.9 Mlbs.
Holt . . . . .	Gold	\$ 13,813	63,100 oz.	\$ 19,028	56,400 oz.
Mulatos . . . . .	Gold	\$ 9,443	149,800 oz.	\$ 17,376	218,000 oz.
Las Cruces . . . . .	Copper	\$ 7,743	161.2 Mlbs.	\$ 8,012	153.4 Mlbs.
Canadian Malartic . . . . .	Gold	\$ 7,758	417,800 oz.	\$ 8,043	347,000 oz.
Robinson . . . . .		\$ 6,354		\$ 15,664	
	Gold		27,600 oz.		49,100 oz.
	Copper		69.6 Mlbs.		146.2 Mlbs.
Cortez . . . . .	Gold	\$ 8,138	95,400 oz.	\$ 8,980	82,100 oz.
Other <sup>(2)</sup> . . . . .	Various	\$ 53,518	N/A	\$ 69,327	N/A
<b>Stream:</b>					
Mt. Milligan <sup>(3)</sup> . . . . .	Gold	\$ 27,209	80,800 oz.	\$ —	N/A
<b>Total Revenue</b> . . . . .		<b>\$237,162</b>		<b>\$289,224</b>	

<sup>(1)</sup> Reported production relates to the amount of metal sales, subject to our royalty interests, for the twelve months ended June 30, 2014 and June 30, 2013, as reported to us by the operators of the mines.

<sup>(2)</sup> Individually, no royalty included within the “Other” category contributed greater than 5% of our total revenue for either period.

<sup>(3)</sup> For our streaming interest at Mt. Milligan, our revenue is a product of the reported production, our 52.25% stream interest, an applicable provisional percentage (for the first 12 shipments only) and an average gold sale price of \$1,292 per ounce. During the fiscal year 2014, the Company sold approximately 21,100 ounces and had approximately 7,800 ounces of gold in inventory as of June 30, 2014.

The decrease in total revenue for the fiscal year ended June 30, 2014, compared with the fiscal year ended June 30, 2013, resulted primarily from a decrease in the average gold, silver, copper and nickel prices and decreases in production primarily at Andacollo, Voisey's Bay, Mulatos, and Robinson. These decreases during the current period were partially offset by new production at Mt. Milligan and

production increases at Peñasquito. Refer to Part I, Item 2, Properties, for discussion and any updates on our principal producing properties.

Cost of sales were approximately \$9.2 million for the fiscal year ended June 30, 2014, compared to zero for the fiscal year ended June 30, 2013. Cost of sales for our fiscal year 2014 is specific to our streaming agreement for Mt. Milligan, which began production during the current period, and is the result of the Company's purchases of gold for a cash payment of the lesser of \$435 per ounce, or the prevailing market price of gold when purchased.

General and administrative expenses decreased to \$21.2 million for the fiscal year ended June 30, 2014, from \$24.0 million for the fiscal year ended June 30, 2013. The decrease was primarily due to a decrease in non-cash stock based compensation expense of approximately \$3.1 million as a result of management's change in estimate for the number of performance shares that are expected to vest in future periods.

Production taxes decreased to \$6.8 million for the fiscal year ended June 30, 2014, from \$9.0 million for the fiscal year ended June 30, 2013. The decrease is primarily due to a decrease in the mining proceeds tax expense associated with our Voisey's Bay royalty, which was due to decreased revenue from the Voisey's Bay royalty during the current period.

Depreciation, depletion and amortization expense increased to \$91.3 million for the fiscal year ended June 30, 2014, from \$85.0 million for the fiscal year ended June 30, 2013. The increase was primarily attributable to new production at Mt. Milligan and a production increase at Peñasquito, which resulted in additional depletion expense of approximately \$9.8 million during the period. The increase was also attributable to an increase in depletion rates at certain of our non-principal properties, which resulted in additional depletion of approximately \$7.6 million. These increases were partially offset by decreases in production primarily at Andacollo, Voisey's Bay, Mulatos and Robinson, which resulted in a decrease in depletion expense of approximately \$10.8 million during the period.

During the fiscal years ended June 30, 2014 and 2013, the Company recognized losses of \$4.5 million and \$12.1 million on available-for-sale securities, respectively, related to other-than-temporary impairments on its investment in Seabridge common stock. The effect of the recognized loss, net of any tax, during the fiscal years ended June 30, 2014 and 2013, was \$0.07 and \$0.23 per basic share, respectively. Refer to Note 5 of the notes to consolidated financial statements in this Annual Report on Form 10-K for further discussion on the other-than-temporary impairment loss.

During the fiscal year ended June 30, 2014, we recognized income tax expense totaling \$19.5 million compared with \$63.8 million during the fiscal year ended June 30, 2013. This resulted in an effective tax rate of 23.5% during the current period, compared with 46.5% in the prior period. The decrease in the effective tax rate for the fiscal year ended June 30, 2014, is primarily attributable to (i) a favorable tax rate associated with certain operations in lower tax jurisdictions, (ii) a decrease in tax expense resulting from a reduction in uncertain tax positions, (iii) an increase in foreign tax credits claimed, and (iv) a reduction of the tax effect on the recognized loss on available-for-sale securities when compared to the prior period.

#### *Fiscal Year Ended June 30, 2013, Compared with Fiscal Year Ended June 30, 2012*

For the fiscal year ended June 30, 2013, we recorded net income available to Royal Gold common stockholders of \$69.2 million, or \$1.09 per basic share and diluted share, compared to net income available to Royal Gold common stockholders of \$92.5 million, or \$1.61 per basic share and diluted share, for the fiscal year ended June 30, 2012. The decrease in our net income available to Royal Gold common stockholders and earnings per share were primarily attributable to an other-than-temporary impairment loss recognized on our available-for-sale securities, an increase in general and administrative expense, an increase in depletion expense, and an increase in interest expense associated

with our 2019 Notes, each of which are discussed below. The decrease in our earnings per share was also attributable to the issuance of 5.25 million shares of common stock in October 2012 as part of a registered offering. The forgoing factors were partially offset by an increase in royalty revenue during the period, which is discussed below.

For the fiscal year ended June 30, 2013, we recognized total revenue of \$289.2 million, at an average gold price of \$1,605 per ounce, an average silver price of \$28.97 per ounce, an average nickel price of \$7.44 per pound and an average copper price of \$3.48 per pound, compared to total royalty revenue of \$263.1 million, at an average gold price of \$1,673 per ounce, an average silver price of \$33.26 per ounce, an average nickel price of \$8.77 per pound and an average copper price of \$3.71 per pound, for the fiscal year ended June 30, 2012. Revenue and the corresponding production, attributable to our royalty interests, for the fiscal year ended June 30, 2013 compared to the fiscal year ended June 30, 2012 is as follows:

**Revenue and Reported Production Subject to our Royalty Interests**  
**Fiscal Years Ended June 30, 2013 and 2012**  
(In thousands, except reported production in ozs. and lbs.)

		Fiscal Year Ended June 30, 2013		Fiscal Year Ended June 30, 2012	
Royalty/Stream	Metal(s)	Revenue	Reported Production <sup>(1)</sup>	Revenue	Reported Production <sup>(1)</sup>
<b>Royalty:</b>					
Andacollo . . . . .	Gold	\$ 82,272	68,600 oz.	\$ 64,075	51,400 oz.
Voisey’s Bay . . . . .		\$ 32,517		\$ 36,030	
	Nickel		143.9 Mlbs.		131.6 Mlbs.
	Copper		101.9 Mlbs.		107.2 Mlbs.
Peñasquito . . . . .		\$ 28,005		\$ 28,468	
	Gold		371,100 oz.		294,500 oz.
	Silver		21.1 Moz.		21.5 Moz.
	Lead		126.3 Mlbs.		164.0 Mlbs.
	Zinc		282.3 Mlbs.		312.6 Mlbs.
Holt . . . . .	Gold	\$ 19,028	56,400 oz.	\$ 14,966	41,200 oz.
Mulatos . . . . .	Gold	\$ 17,376	218,000 oz.	\$ 13,794	169,300 oz.
Robinson . . . . .		\$ 15,664		\$ 11,687	
	Gold		49,100 oz.		31,000 oz.
	Copper		146.2 Mlbs.		105.3 Mlbs.
Cortez . . . . .	Gold	\$ 8,980	82,100 oz.	\$ 13,160	116,700 oz.
Canadian Malartic . . . . .	Gold	\$ 8,043	347,000 oz.	\$ 7,133	297,500 oz.
Las Cruces . . . . .	Copper	\$ 8,012	153.4 Mlbs.	\$ 6,448	119.1 Mlbs.
Other <sup>(2)</sup> . . . . .	Various	\$ 69,327	N/A	\$ 67,293	N/A
<b>Total Revenue . . . . .</b>		<b>\$289,224</b>		<b>\$263,054</b>	

<sup>(1)</sup> Reported production relates to the amount of metal sales, subject to our royalty interests, for the twelve months ended June 30, 2013 and June 30, 2012, as reported to us by the operators of the mines.

<sup>(2)</sup> Individually, no royalty included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

The increase in total revenue for the fiscal year ended June 30, 2013, compared with the fiscal year ended June 30, 2012, resulted primarily from reported production increases at Andacollo, Holt,



Las Cruces, Mulatos and Robinson and the continued ramp-up at Canadian Malartic. These increases were partially offset by a decrease in the average gold, silver, copper and nickel prices and decreases in reported production at Voisey's Bay (copper) and Cortez. Refer to Part I, Item 2, Properties, for discussion and any updates on our principal producing properties.

General and administrative expenses increased to \$24.0 million for the fiscal year ended June 30, 2013, from \$20.4 million for the fiscal year ended June 30, 2012. The increase was primarily due to an increase in legal fees, tax consulting and general consulting fees associated with business development activities during the period.

Depreciation, depletion and amortization expense increased to \$85.0 million for the fiscal year ended June 30, 2013, from \$75.0 million for the fiscal year ended June 30, 2012. The increase was primarily attributable to production increases at Andacollo, Holt, Las Cruces, Mulatos and Robinson, which resulted in additional depletion expense of approximately \$6.9 million during the period. The increase was also attributable to the continued ramp-up at Canadian Malartic and Wolverine, which resulted in additional depletion expense of approximately \$5.0 million during the period. These increases were partially offset by production decreases at Leeville and certain of the Company's non-principal properties, which resulted in a decrease in depletion expense of \$1.9 million during the period.

During the fiscal year ended June 30, 2013, the Company recognized a \$12.1 million loss on available-for-sale securities related to an other-than-temporary impairment on its investment in Seabridge common stock. The effect of the recognized loss, net of tax, during the fiscal year ended June 30, 2013, was \$0.23 per basic share. Refer to Note 5 of the notes to consolidated financial statements in this Annual Report on Form 10-K for further discussion on the other-than-temporary impairment loss.

Interest and other expense increased to \$24.8 million for the fiscal year ended June 30, 2013, from \$7.7 million for the fiscal year ended June 30, 2012. The increase was primarily attributable to interest expense associated with our 2019 Notes issued in June 2012. Interest expense recognized on the 2019 Notes for the fiscal year ended June 30, 2013, was \$20.7 million and included the contractual coupon interest (\$10.6 million), the accretion of the debt discount (\$9.0 million) and amortization of the debt issuance costs (\$1.1 million). During the fiscal year ended June 30, 2013, the Company made \$10.5 million in interest payments on our 2019 Notes. The Company is required to make semi-annual interest payments on the outstanding principal balance of the 2019 Notes on June 15 and December 15 of each year.

During the fiscal year ended June 30, 2013, we recognized income tax expense totaling \$63.8 million compared with \$54.7 million during the fiscal year ended June 30, 2012. This resulted in an effective tax rate of 46.5% during the fiscal year ended June 30, 2013, compared with 35.8% in the prior period. The increase in the effective tax rate for the twelve months ended June 30, 2013 is primarily related to (i) no tax benefit on the recognized loss on available-for-sale securities, (ii) an increase in tax expense associated with the increase in foreign currency exchange gains, and (iii) an increase in tax expense related to changes in estimates for uncertain tax positions. Excluding the recognized loss on available-for-sale securities, the effective tax rate for the fiscal year ended June 30, 2013 would have been 40.9%.

### **Forward-Looking Statements**

Cautionary "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this Annual Report on Form 10-K are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include, without limitation, statements regarding projected production estimates and estimates pertaining to



timing and commencement of production from the operators of properties where we hold royalty and stream interests; effective tax rate estimates; the adequacy of financial resources and funds to cover anticipated expenditures for general and administrative expenses as well as costs associated with exploration and business development and capital expenditures, and our expectation that substantially all our revenues will be derived from royalty interests. Words such as “may,” “could,” “should,” “would,” “believe,” “estimate,” “expect,” “anticipate,” “plan,” “forecast,” “potential,” “intend,” “continue,” “project” and variations of these words, comparable words and similar expressions generally indicate forward-looking statements, which speak only as of the date the statement is made. Do not unduly rely on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- changes in gold and other metals prices on which our royalty interests are paid or changes in prices of the primary metals mined at properties where we hold royalty interests;
- the production at or performance of properties where we hold royalty interests;
- the ability of operators to bring projects, particularly development stage properties, into production on schedule or operate in accordance with feasibility studies;
- challenges to mining, processing and related permits and licenses, or to applications for permits and licenses, by or on behalf of indigenous populations, non-governmental organizations or other third parties;
- decisions and activities of the operators of properties where we hold royalty interests;
- liquidity or other problems our operators may encounter;
- hazards and risks at the properties where we hold royalty interests that are normally associated with developing and mining properties, including unanticipated grade and geological, metallurgical, processing or other problems, mine operating and ore processing facility problems, pit wall or tailings dam failures, industrial accidents, environmental hazards and natural catastrophes such as floods or earthquakes and access to raw materials, water and power;
- changes in project parameters as plans of the operators of properties where we hold royalty interests are refined;
- changes in estimates of reserves and mineralization by the operators of properties where we hold royalty interests;
- contests to our royalty interests and title and other defects to the properties where we hold royalty interests;
- economic and market conditions;
- future financial needs;
- federal, state and foreign legislation governing us or the operators of properties where we hold royalty interests;
- the availability of royalty interests for acquisition or other acquisition opportunities and the availability of debt or equity financing necessary to complete such acquisitions;
- our ability to make accurate assumptions regarding the valuation, timing and amount of revenue to be derived from our royalty interests when evaluating acquisitions;
- risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental, real estate, contract and permitting laws, currency fluctuations, expropriation of property, repatriation of earnings, taxation, price controls,

inflation, import and export regulations, community unrest and labor disputes, endemic health issues, corruption, enforcement and uncertain political and economic environments;

- changes in laws governing us, the properties where we hold royalty interests or the operators of such properties;
- risks associated with issuances of additional common stock or incurrence of indebtedness in connection with acquisitions or otherwise including risks associated with the issuance and conversion of convertible notes;
- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold royalty interests;
- changes in management and key employees; and
- failure to complete future acquisitions;

as well as other factors described elsewhere in this report and our other reports filed with the SEC. Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements made herein, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

Our earnings and cash flows are significantly impacted by changes in the market price of gold and other metals. Gold, silver, copper, nickel and other metal prices can fluctuate significantly and are affected by numerous factors, such as demand, production levels, economic policies of central banks, producer hedging, world political and economic events and the strength of the U.S. dollar relative to other currencies. Please see *“Volatility in gold, silver, copper, nickel and other metal prices may have an adverse impact on the value of our royalty interests and reduce our revenues. Certain contracts governing our royalty interests have features that may amplify the negative effects of a drop in metal prices,”* under Part I, Item 1A, Risk Factors, of this report for more information on factors that can affect gold, silver, copper, nickel and other metal prices as well as historical gold, silver, copper and nickel prices.

During the fiscal year ended June 30, 2014, we reported revenue of \$237.2 million, with an average gold price for the period of \$1,296 per ounce, an average silver price for the period of \$20.57 per ounce, an average copper price of \$3.18 per pound and an average nickel price of \$6.89 per pound. Approximately 72% of our total recognized revenues for the fiscal year ended June 30, 2014 were attributable to gold sales from our gold producing interests, as shown within the MD&A. For the fiscal year ended June 30, 2014, if the price of gold had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenue of approximately \$19.2 million and \$18.9 million, respectively.

Approximately 6% of our total reported revenue for the fiscal year ended June 30, 2014 was attributable to silver sales from our silver producing interests. For the fiscal year ended June 30, 2014, if the price of silver had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenues of approximately \$1.8 million.

Approximately 8% of our total reported revenue for the fiscal year ended June 30, 2014 was attributable to copper sales from our copper producing interests. For the fiscal year ended June 30, 2014, if the price of copper had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenues of approximately \$2.3 million.

Approximately 8% of our total reported revenue for the fiscal year ended June 30, 2014 was attributable to nickel sales from our nickel producing interests. For the fiscal year ended June 30, 2014, if the price of nickel had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenues of approximately \$2.6 million.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Index to Financial Statements

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders of Royal Gold, Inc.

We have audited the accompanying consolidated balance sheets of Royal Gold, Inc. as of June 30, 2014 and 2013, and the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the three years in the period ended June 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Royal Gold, Inc. at June 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Royal Gold Inc.'s internal control over financial reporting as of June 30, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated August 7, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Denver, Colorado  
August 7, 2014

**ROYAL GOLD, INC.**  
**Consolidated Balance Sheets**  
**As of June 30,**  
**(In thousands except share data)**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and equivalents . . . . .	\$ 659,536	\$ 664,035
Royalty receivables . . . . .	46,654	50,385
Income tax receivable . . . . .	21,947	15,158
Prepaid expenses and other . . . . .	7,840	14,919
Total current assets . . . . .	735,977	744,497
Royalty and stream interests, net (Note 4) . . . . .	2,109,067	2,120,268
Available-for-sale securities (Note 5) . . . . .	9,608	9,695
Other assets . . . . .	36,892	30,881
Total assets . . . . .	<u>\$2,891,544</u>	<u>\$2,905,341</u>
<b>LIABILITIES</b>		
Accounts payable . . . . .	3,897	2,838
Dividends payable . . . . .	13,678	13,009
Foreign withholding taxes payable . . . . .	2,199	15,518
Other current liabilities . . . . .	2,730	3,720
Total current liabilities . . . . .	22,504	35,085
Debt (Note 6) . . . . .	311,860	302,263
Deferred tax liabilities . . . . .	169,865	174,267
Uncertain tax positions (Note 12) . . . . .	13,725	21,166
Other long-term liabilities . . . . .	1,033	1,924
Total liabilities . . . . .	518,987	534,705
Commitments and contingencies (Note 16)		
<b>EQUITY</b>		
Preferred stock, \$.01 par value, authorized 10,000,000 shares authorized; and 0 shares issued . . . . .	—	—
Common stock, \$.01 par value, 100,000,000 shares authorized; and 64,578,401 and 64,184,036 shares outstanding, respectively . . . . .	646	642
Exchangeable shares, no par value, 1,806,649 shares issued, less 1,426,792 and 1,139,420 redeemed shares, respectively . . . . .	16,718	29,365
Additional paid-in capital . . . . .	2,147,650	2,142,173
Accumulated other comprehensive loss . . . . .	(160)	(4,572)
Accumulated earnings . . . . .	189,871	181,279
Total Royal Gold stockholders' equity . . . . .	2,354,725	2,348,887
Non-controlling interests . . . . .	17,832	21,749
Total equity . . . . .	2,372,557	2,370,636
Total liabilities and equity . . . . .	<u>\$2,891,544</u>	<u>\$2,905,341</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ROYAL GOLD, INC.**  
**Consolidated Statements of Operations and Comprehensive Income**  
**For the Years Ended June 30,**  
**(In thousands except share data)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenue . . . . .	\$ 237,162	\$ 289,224	\$ 263,054
Costs and expenses			
Cost of sales . . . . .	9,158	—	—
General and administrative . . . . .	21,186	24,027	20,647
Production taxes . . . . .	6,756	9,010	9,444
Depreciation, depletion and amortization . . . . .	91,342	85,020	75,001
Restructuring on royalty interests . . . . .	—	—	1,328
Total costs and expenses . . . . .	<u>128,442</u>	<u>118,057</u>	<u>106,420</u>
Operating income . . . . .	108,720	171,167	156,634
Loss on available-for-sale securities . . . . .	(4,499)	(12,121)	—
Interest and other income . . . . .	2,132	2,902	3,836
Interest and other expense . . . . .	<u>(23,426)</u>	<u>(24,780)</u>	<u>(7,451)</u>
Income before income taxes . . . . .	82,927	137,168	153,019
Income tax expense . . . . .	<u>(19,455)</u>	<u>(63,759)</u>	<u>(54,710)</u>
Net income . . . . .	63,472	73,409	98,309
Net income attributable to non-controlling interests . . . . .	<u>(831)</u>	<u>(4,256)</u>	<u>(5,833)</u>
Net income attributable to Royal Gold common stockholders	<u>\$ 62,641</u>	<u>\$ 69,153</u>	<u>\$ 92,476</u>
Net income . . . . .	\$ 63,472	\$ 73,409	\$ 98,309
Adjustments to comprehensive income, net of tax			
Unrealized change in market value of available-for-sale securities . . . . .	(98)	(4,526)	(13,817)
Recognized loss on available-for-sale securities . . . . .	<u>4,510</u>	<u>13,716</u>	<u>—</u>
Comprehensive income . . . . .	67,884	82,599	84,492
Comprehensive income attributable to non-controlling interests . . . . .	<u>(831)</u>	<u>(4,256)</u>	<u>(5,833)</u>
Comprehensive income attributable to Royal Gold stockholders . . . . .	<u>\$ 67,053</u>	<u>\$ 78,343</u>	<u>\$ 78,659</u>
Net income per share available to Royal Gold common stockholders:			
Basic earnings per share . . . . .	<u>\$ 0.96</u>	<u>\$ 1.09</u>	<u>\$ 1.61</u>
Basic weighted average shares outstanding . . . . .	<u>64,909,149</u>	<u>63,250,247</u>	<u>57,220,040</u>
Diluted earnings per share . . . . .	<u>\$ 0.96</u>	<u>\$ 1.09</u>	<u>\$ 1.61</u>
Diluted weighted average shares outstanding . . . . .	<u>65,026,256</u>	<u>63,429,822</u>	<u>57,463,850</u>
Cash dividends declared per common share . . . . .	<u>\$ 0.83</u>	<u>\$ 0.75</u>	<u>\$ 0.56</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ROYAL GOLD, INC.**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended June 30, 2014, 2013 and 2012**  
(In thousands except share data)

	Royal Gold Stockholders								
	Common Shares		Exchangeable Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Non-controlling interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 2011 . . . . .	54,231,787	\$543	905,795	\$ 39,864	\$1,319,697	\$ 54	\$100,004	\$27,533	\$1,487,695
Issuance of common stock for:									
Equity offering . . . . .	4,000,000	40	—	—	267,393	—	—	—	267,433
Exchange of exchangeable shares . . . . .	106,969	1	(106,969)	(4,708)	4,707	—	—	—	—
2019 convertible senior notes, net of tax . . . . .	—	—	—	—	47,605	—	—	—	47,605
Stock-based compensation and related share issuances . . . . .	275,465	2	—	—	16,955	—	—	—	16,957
Net income . . . . .	—	—	—	—	—	—	92,476	5,833	98,309
Other comprehensive income (loss) . . . . .	—	—	—	—	—	(13,817)	—	—	(13,817)
Distribution to non-controlling interests . . . . .	—	—	—	—	—	—	—	(8,396)	(8,396)
Dividends declared . . . . .	—	—	—	—	—	—	(32,357)	—	(32,357)
Balance at June 30, 2012 . . . . .	58,614,221	\$586	798,826	\$ 35,156	\$1,656,357	\$(13,763)	\$160,123	\$24,970	\$1,863,429
Issuance of common stock for:									
Equity offering . . . . .	5,250,000	53	—	—	471,815	—	—	—	471,868
Exchange of exchangeable shares . . . . .	131,597	1	(131,597)	(5,791)	5,790	—	—	—	—
Other . . . . .	—	—	—	—	765	—	—	—	765
Stock-based compensation and related share issuances . . . . .	188,218	2	—	—	7,446	—	—	—	7,448
Net income . . . . .	—	—	—	—	—	—	69,153	4,256	73,409
Other comprehensive income . . . . .	—	—	—	—	—	9,191	—	—	9,191
Distribution to non-controlling interests . . . . .	—	—	—	—	—	—	—	(7,477)	(7,477)
Dividends declared . . . . .	—	—	—	—	—	—	(47,997)	—	(47,997)
Balance at June 30, 2013 . . . . .	64,184,036	\$642	667,229	\$ 29,365	\$2,142,173	\$ (4,572)	\$181,279	\$21,749	\$2,370,636
Issuance of common stock for:									
Exchange of exchangeable shares . . . . .	287,372	3	(287,372)	(12,647)	12,644	—	—	—	—
Non-controlling interest assignment . . . . .	—	—	—	—	(11,463)	—	—	(2,250)	(13,713)
Stock-based compensation and related share issuances . . . . .	106,993	1	—	—	4,296	—	—	—	4,297
Net income . . . . .	—	—	—	—	—	—	62,641	831	63,472
Other comprehensive income . . . . .	—	—	—	—	—	4,412	—	—	4,412
Distribution to non-controlling interests . . . . .	—	—	—	—	—	—	—	(2,498)	(2,498)
Dividends declared . . . . .	—	—	—	—	—	—	(54,049)	—	(54,049)
Balance at June 30, 2014 . . . . .	64,578,401	\$646	379,857	\$ 16,718	\$2,147,650	\$ (160)	\$189,871	\$17,832	\$2,372,557

The accompanying notes are an integral part of these consolidated financial statements.



**ROYAL GOLD, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30,**  
**(In thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:			
Net income . . . . .	\$ 63,472	\$ 73,409	\$ 98,309
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization . . . . .	91,342	85,020	75,001
Recognized loss on available-for-sale securities . . . . .	4,499	12,121	—
Non-cash employee stock compensation expense . . . . .	2,580	5,701	6,507
Gain on distribution to non-controlling interest . . . . .	(259)	(2,837)	(3,725)
Amortization of debt discount . . . . .	9,597	9,015	—
Restructuring on royalty interests . . . . .	—	—	1,328
Tax benefit of stock-based compensation exercises . . . . .	(597)	(2,966)	(6,348)
Deferred tax (benefit) expense . . . . .	(8,166)	(11,419)	1,571
Other . . . . .	—	100	2,117
Changes in assets and liabilities:			
Royalty receivables . . . . .	3,731	3,562	(5,118)
Prepaid expenses and other assets . . . . .	9,756	(12,300)	88
Accounts payable . . . . .	1,105	113	530
Foreign withholding taxes payable . . . . .	(13,319)	15,294	19
Income taxes receivable . . . . .	(6,183)	(3,127)	(7,179)
Uncertain tax positions . . . . .	(7,441)	1,697	633
Other liabilities . . . . .	(2,915)	(753)	(1,569)
Net cash provided by operating activities . . . . .	<u>\$147,202</u>	<u>\$ 172,630</u>	<u>\$ 162,164</u>
Cash flows from investing activities:			
Acquisition of royalty and stream interests . . . . .	(80,019)	(314,262)	(276,683)
Other . . . . .	(4,782)	4,820	5,327
Net cash used in investing activities . . . . .	<u>\$(84,801)</u>	<u>\$(309,442)</u>	<u>\$(271,356)</u>
Cash flows from financing activities:			
Net proceeds from issuance of common stock . . . . .	1,120	473,771	271,536
Net proceeds from debt . . . . .	—	—	457,023
Repayment of debt . . . . .	—	—	(326,100)
Common stock dividends . . . . .	(53,380)	(43,934)	(29,504)
Purchase of additional royalty interest from non-controlling interest . . . . .	(11,522)	—	—
Debt issuance costs . . . . .	(1,284)	—	—
Distribution to non-controlling interests . . . . .	(2,431)	(7,412)	(8,810)
Tax expense of stock-based compensation exercises . . . . .	597	2,966	6,348
Net cash (used in) provided by financing activities . . . . .	<u>\$(66,900)</u>	<u>\$ 425,391</u>	<u>\$ 370,493</u>
Net (decrease) increase in cash and equivalents . . . . .	<u>(4,499)</u>	<u>288,579</u>	<u>261,301</u>
Cash and equivalents at beginning of period . . . . .	664,035	375,456	114,155
Cash and equivalents at end of period . . . . .	<u><u>\$659,536</u></u>	<u><u>\$ 664,035</u></u>	<u><u>\$ 375,456</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. THE COMPANY**

Royal Gold, Inc. (“Royal Gold”, the “Company”, “we”, “us”, or “our”), together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties, metal streams, and similar interests. Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. We may use the term “royalty interest” in these notes to the consolidated financial statements to refer to royalties, gold, silver or other metal stream interests, and other similar interests.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

**Summary of Significant Accounting Policies**

*Use of Estimates*

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates.

Our most critical accounting estimates relate to our assumptions regarding future gold, silver, nickel, copper and other metal prices and the estimates of reserves, production and recoveries of third-party mine operators. We rely on reserve estimates reported by the operators on the properties in which we have royalty interests. These estimates and the underlying assumptions affect the potential impairments of long-lived assets and the ability to realize income tax benefits associated with deferred tax assets. These estimates and assumptions also affect the rate at which we recognize revenue or charge depreciation, depletion and amortization to earnings. On an ongoing basis, management evaluates these estimates and assumptions; however, actual amounts could differ from these estimates and assumptions. Differences between estimates and actual amounts could differ significantly and are recorded in the period that the actual amounts are known.

*Basis of Consolidation*

The consolidated financial statements include the accounts of Royal Gold, Inc. and its wholly-owned subsidiaries. All intercompany accounts, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

*Cash and Equivalents*

Cash and equivalents consist of all cash balances and highly liquid investments with an original maturity of three months or less. Cash and equivalents are primarily held in cash deposit accounts and United States treasury bills with maturities less than 90 days.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)**

*Royalty and Stream Interests*

Royalty and stream interests include acquired royalty and stream interests in production, development and exploration stage properties. The costs of acquired royalty and stream interests are capitalized as tangible assets as such interests do not meet the definition of a financial asset under Accounting Standards Codification (“ASC”) guidance.

Acquisition costs of production stage royalty and stream interests are depleted using the units of production method over the life of the mineral property (as royalty payments are recognized or sales occur under stream interests), which is estimated using proven and probable reserves as provided by the operator. Acquisition costs of royalty and stream interests on development stage mineral properties, which are not yet in production, are not amortized until the property begins production. Acquisition costs of royalty interests on exploration stage mineral properties, where there are no proven and probable reserves, are not amortized. At such time as the associated exploration stage mineral interests are converted to proven and probable reserves, the cost basis is amortized over the remaining life of the mineral property, using proven and probable reserves. The carrying values of exploration stage mineral interests are evaluated for impairment at such time as information becomes available indicating that the costs may not be recoverable from future production. Exploration costs are charged to operations when incurred.

*Available-for-Sale Securities*

Investments in securities that management does not have the intent to sell in the near term and that have readily determinable fair values are classified as available-for-sale securities. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive income as a separate component of stockholders’ equity, except that declines in market value judged to be other than temporary are recognized in determining net income. When investments are sold, the realized gains and losses on these investments, determined using the specific identification method, are included in determining net income.

The Company’s policy for determining whether declines in fair value of available-for-sale securities are other than temporary includes a quarterly analysis of the investments and a review by management of all investments for which the cost exceeds the fair value. Any temporary declines in fair value are recorded as a charge to other comprehensive income. This evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, and management’s ability and intent to hold the securities until fair value recovers. If such impairment is determined by the Company to be other-than-temporary, the investment’s cost basis is written down to fair value and recorded in net income during the period the Company determines such impairment to be other-than-temporary. The new cost basis is not changed for subsequent recoveries in fair value. Refer to Note 5 for further discussion on our available-for-sale securities.

*Asset Impairment*

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts of an asset or group of assets may not be recoverable. The recoverability of the carrying value of royalty interests in production and development stage mineral

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)**

properties is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves and other relevant information received from the operator. We evaluate the recoverability of the carrying value of royalty interests in exploration stage mineral properties in the event of significant decreases in the price of gold, silver, copper, nickel and other metals, and whenever new information regarding the mineral properties is obtained from the operator indicating that production will not likely occur in the future, thus affecting the future recoverability of our royalty interests. Impairments in the carrying value of each property are measured and recorded to the extent that the carrying value in each property exceeds its estimated fair value, which is generally calculated using estimated future discounted cash flows.

Our estimates of gold, silver, copper, nickel and other metal prices, operator's estimates of proven and probable reserves related to our royalty interests, and operator's estimates of operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these royalty interests in mineral properties. Although we have made our best assessment of these factors based on current conditions, it is possible that changes could occur, which could adversely affect the net cash flows expected to be generated from these royalty interests.

*Revenue*

Revenue is recognized in accordance with the guidance of ASC 605 and based upon amounts contractually due pursuant to the underlying royalty or stream agreement. Specifically, revenue is recognized in accordance with the terms of the underlying royalty or stream agreements subject to (i) the pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the royalty or stream being fixed or determinable; and (iv) the collectability being reasonably assured. For royalty payments received in-kind, revenue is recorded at the average spot price of gold for the period in which the royalty was earned. For our streaming agreements, we sell most of the delivered gold within three weeks of receipt and recognize revenue when the metal received is sold.

*Gold Sales*

Gold received under our metal streaming agreements is sold primarily in the spot market or under average rate gold forward contracts. For our gold sold in the spot market, the sales price is fixed at the delivery date based on the gold spot price, while the sales price for our gold sold under average rate gold forward contracts is determined by the average gold price under the term of the contract, typically 15 consecutive trading days shortly after the receipt and purchase of the gold. Revenue from gold sales is recognized on the date of the settlement, which is also the date that title to the gold passes to the purchaser.

*Cost of Sales*

Cost of sales is specific to our streaming agreement for Mt. Milligan and is the result of the Company's purchases of gold for a cash payment of the lesser of \$435 per ounce, or the prevailing market price of gold when purchased.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)**

*Production taxes*

Certain royalty payments are subject to production taxes (or mining proceeds taxes), which are recognized at the time of revenue recognition. Production taxes are not income taxes and are included within the costs and expenses section in the Company's consolidated statements of operations and comprehensive income.

*Stock-Based Compensation*

The Company accounts for stock-based compensation in accordance with the guidance of ASC 718. The Company recognizes all share-based payments to employees, including grants of employee stock options, stock-settled stock appreciation rights ("SSARs"), restricted stock and performance stock, in its financial statements based upon their fair values.

*Operating Segments and Geographical Information*

The Company manages its business under a single operating segment, consisting of the acquisition and management of royalty and stream interests. Royal Gold's revenue and long-lived assets (royalty and stream interests, net) are geographically distributed as shown in the following table.

	Revenue			Royalty and Stream Interests, net		
	Fiscal Year Ended June 30,			Fiscal Year Ended June 30,		
	2014	2013	2012	2014	2013	2012
Canada . . . . .	34%	24%	24%	53%	52%	43%
Chile . . . . .	21%	29%	25%	31%	30%	35%
Mexico . . . . .	18%	19%	20%	7%	7%	9%
United States . . . . .	15%	17%	18%	3%	4%	5%
Australia . . . . .	4%	4%	5%	3%	3%	3%
Africa . . . . .	3%	3%	4%	1%	1%	1%
Other . . . . .	5%	4%	4%	2%	3%	4%

*Income Taxes*

The Company accounts for income taxes in accordance with the guidance of Accounting Standards Codification Topic 740. The Company's annual tax rate is based on income, statutory tax rates in effect and tax planning opportunities available to us in the various jurisdictions in which the Company operates. Significant judgment is required in determining the annual tax expense, current tax assets and liabilities, deferred tax assets and liabilities, and our future taxable income, both as a whole and in various tax jurisdictions, for purposes of assessing our ability to realize future benefit from our deferred tax assets. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate or unpredicted results from the final determination of each year's liability by taxing authorities.

The Company's deferred income taxes reflect the impact of temporary differences between the reported amounts of assets and liabilities for financial reporting purposes and such amounts measured

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)**

by tax laws and regulations. In evaluating the realizability of the deferred tax assets, management considers both positive and negative evidence that may exist, such as earnings history, reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies in each tax jurisdiction. A valuation allowance may be established to reduce our deferred tax assets to the amount that is considered more likely than not to be realized through the generation of future taxable income and other tax planning strategies.

The Company has asserted the indefinite reinvestment of certain foreign subsidiary earnings as determined by management's judgment about and intentions concerning the future operations of the Company. As a result, the Company does not record a U.S. deferred tax liability for the excess of the book basis over the tax basis of its investments in foreign corporations to the extent that the basis difference results from earnings that meet the indefinite reversal criteria. Refer to Note 12 for further discussion on our assertion.

The Company's operations may involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, state, and international tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. The Company adjusts these reserves in light of changing facts and circumstances, such as the progress of a tax audit; however, due to the complexity of some of these uncertainties, the ultimate resolution could result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period which they are determined. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

*Comprehensive Income*

In addition to net income, comprehensive income includes changes in equity during a period associated with cumulative unrealized changes in the fair value of marketable securities held for sale, net of tax effects.

*Earnings per Share*

Basic earnings per share is computed by dividing net income available to Royal Gold common stockholders by the weighted average number of outstanding common shares for the period, considering the effect of participating securities, and include the outstanding exchangeable shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts that may require issuance of common shares were converted. Diluted earnings per share is computed by dividing net income available to common stockholders by the diluted weighted average number of common shares outstanding, including outstanding exchangeable shares, during each fiscal year.

*Reclassification*

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current period financial statements.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)**

**Recently Issued Accounting Standards**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Updated (“ASU”) 2014-09, which establishes a comprehensive new revenue recognition model designed to depict the transfer of good or services to a customer in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. In doing so, companies may need to use more judgment and make more estimates than under current revenue recognition guidance. The ASU allows for the use of either the full or modified retrospective transition method, and the standard will be effective for us in the first quarter of our fiscal year 2018; early adoption is not permitted. We are currently evaluating the impact of this new standard on our consolidated financial statements, as well as which transition method we intend to use.

**3. ACQUISITIONS**

*Phoenix Gold Project Stream Acquisition*

On February 11, 2014, the Company, through its wholly-owned subsidiary RGLD Gold AG (“RGLD Gold”), entered into a \$75 million Purchase and Sale Agreement (the “Agreement”) for a gold stream transaction with Rubicon Minerals Corporation (“Rubicon”). Pursuant to the Agreement, the \$75 million payment deposit from RGLD Gold is to be used by Rubicon to help pay a significant portion of the construction costs of the Phoenix Gold Project located in Ontario, Canada, which is currently in the development stage.

Pursuant to the Agreement, the \$75 million payment deposit to Rubicon is prepayment of the purchase price for refined gold and is payable in five installments. The first installment of \$10 million was made in conjunction with execution of definitive documents on February 11, 2014. The second installment of \$20 million was paid on March 20, 2014, while the third, fourth and fifth installments of \$15 million each are payable upon satisfaction of certain conditions precedent.

Upon commencement of production at the Phoenix Gold Project, RGLD Gold will purchase and Rubicon will sell 6.30% of any gold produced from the Phoenix Gold Project until 135,000 ounces have been delivered, and 3.15% thereafter. For each delivery of gold, RGLD Gold will pay a purchase price per ounce of 25% of the spot price of gold at the time of delivery. In the event that RGLD Gold’s interests are subordinated to more than \$50 million of senior debt, RGLD Gold’s per ounce purchase price will be reduced by 5.4% times the amount of the senior debt outstanding and drawn in excess of \$50 million, divided by \$50 million.

The Phoenix Gold Project gold stream acquisition has been accounted for as an asset acquisition. The \$30 million paid as part of the aggregate pre-production commitment of \$75 million, plus direct transaction costs, have been recorded as a development stage stream interest within *Royalty and stream interests, net* on our consolidated balance sheets.

*Goldrush Royalty Acquisition*

On January 7, 2014, Royal Gold acquired a 1.0% net revenue royalty on the southern end of Barrick Gold Corporation’s (“Barrick”) Goldrush deposit in Nevada from a private landowner for total consideration of \$8.0 million, of which \$1.0 million was paid at closing and the remaining \$7.0 million will be paid in seven annual installments. Goldrush is located approximately four miles from the Cortez



**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ACQUISITIONS (Continued)**

mine. The acquisition has been recorded as an exploration stage royalty interest within *Royalty and stream interests, net* on our consolidated balance sheets.

*NVR1 Royalty at Cortez*

On January 2, 2014, Royal Gold, through a wholly-owned subsidiary, increased its ownership interest in the limited partnership that owns the 1.25% net value royalty (“NVR1”) covering certain portions of the Pipeline Complex at Barrick’s Cortez gold mine in Nevada. As a result of the transaction, the NVR1 royalty rate attributable to our interest increased from 0.39% to 1.014% on production from all of the lands covered by the NVR1 royalty excluding production from the mining claims comprising the Crossroad deposit (the “Crossroad Claims”), and from zero to 0.618% on production from the Crossroad Claims. Total consideration for the transaction was approximately \$11.5 million. Refer to Note 17 for a discussion of certain related party interests in this transaction.

*El Morro Royalty Acquisition*

In August 2013, Royal Gold, through a wholly-owned Chilean subsidiary, acquired a 70% interest in a 2.0% net smelter return (“NSR”) royalty on certain portions of the El Morro copper gold project in Chile (“El Morro”), from Xstrata Copper Chile S.A., for \$35 million. Goldcorp Inc. holds 70% ownership of the El Morro project and is the operator, with the remaining 30% held by New Gold Inc.

The acquisition of the El Morro royalty interest has been accounted for as an asset acquisition. The total purchase price of \$35 million, plus direct transaction costs, has been recorded as a development stage royalty interest within *Royalty and stream interests, net* on our consolidated balance sheets.

*Mt. Milligan II and III Gold Stream Acquisitions*

On December 14, 2011, Royal Gold and one of its wholly-owned subsidiaries entered into an Amended and Restated Purchase and Sale Agreement with Thompson Creek Metals Company Inc. (“Thompson Creek”) and one of its wholly-owned subsidiaries. Among other things, Royal Gold agreed to purchase an additional 15% of the payable ounces of gold from the Mt. Milligan copper-gold project in exchange for payment advances totaling \$270 million, of which \$112 million was paid on December 19, 2011, and, when production is reached, cash payments for each payable ounce of gold delivered to Royal Gold.

On August 8, 2012, Royal Gold entered into an amendment to its purchase and sale agreement with Thompson Creek whereby Royal Gold, among other things, agreed to purchase an additional 12.25% of the payable gold from the Mt. Milligan copper-gold project in exchange for a total of \$200 million, of which \$75 million was paid shortly after closing, and, when production is reached, cash payments for each payable ounce of gold delivered to Royal Gold (the “Milligan III Acquisition”). Under the Milligan III Acquisition, Royal Gold increased its aggregate pre-production commitment in the Mt. Milligan project from \$581.5 million to \$781.5 million and agreed to purchase a total of 52.25% of the payable ounces of gold produced from the Mt. Milligan project at a cash purchase price equal to the lesser of \$435, with no inflation adjustment, or the prevailing market price for each payable ounce of gold (regardless of the number of payable ounces delivered to Royal Gold). As of June 30, 2014, the Company has paid the entire aggregate pre-production commitment of \$781.5 million.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ACQUISITIONS (Continued)**

The Mt. Milligan acquisitions have been accounted for as an asset acquisition. The aggregate pre-production commitment of \$781.5 million, plus direct transaction costs, is recorded as a production stage stream interest within *Royalty and stream interests, net* on our consolidated balance sheets.

*Acquisition of Royalty Options on the Kerr-Sulphurets-Mitchell Project and Investment in Seabridge Gold, Inc.*

On June 16, 2011, the Company, through its wholly-owned subsidiary RG Exchangeco Inc., (“RG Exchangeco”) entered into a Subscription Agreement and an Option Agreement with Seabridge Gold, Inc. (“Seabridge”) to (i) make a \$30.7 million (C\$30 million) initial equity investment in the common shares of Seabridge, (ii) acquire an option to purchase a 1.25% net smelter return royalty (the “Initial Royalty”) on all of the gold and silver production from the Kerr-Sulphurets-Mitchell project (the “Project”) in northwest British Columbia, (iii) acquire an option to make a second equity investment in the common shares of Seabridge of up to C\$18 million and (iv) acquire a second option to increase the Initial Royalty to a 2.00% net smelter return royalty (the “Increased Royalty”).

Pursuant to the Subscription Agreement, on June 29, 2011, the Company purchased 1,019,000 common shares of Seabridge (the “Initial Shares”) in a private placement for \$30.7 million (C\$30 million) at a per share price equal to \$30.14 (C\$29.4), which represented a premium of 15% to the volume weighted average trading price of the Seabridge common shares on the Toronto Stock Exchange (“TSX”) for the five trading day period that ended June 14, 2011.

Pursuant to the Option Agreement (as amended by the Amending Agreement dated October 28, 2011, the “Option Agreement”), by having held the Initial Shares for more than 270 days from the date they were acquired, the Company obtained the right to purchase the Initial Royalty for C\$100 million, payable in three installments over a 540 day period, subject to currency rate adjustments. As of June 30, 2014, the Company continues to hold the Initial Shares but has not exercised its option to acquire the Initial Royalty.

On December 13, 2012, RG Exchangeco exercised its option to make a second equity investment in the common shares of Seabridge and purchased 1,004,491 common shares of Seabridge (the “Additional Shares”) at a 15% premium to the volume weighted-average trading price of the Seabridge common shares on the TSX for a five day trading period that ended December 11, 2012, for \$18.3 million (C\$18.0 million). Effective December 13, 2012, the Company entered into a Second Amending Agreement (the “Seabridge Amendment”) to the Option Agreement to, among other things, remove the 270 day minimum holding period applicable to the Additional Shares.

Upon the Company’s purchase of the Additional Shares, the Company obtained the right, under the Option Agreement, as amended by the Seabridge Amendment, to purchase the Increased Royalty for C\$60 million, payable in three installments over a 540 day period. Accordingly, the Company now holds the right to purchase either a 1.25% NSR royalty on all of the gold and silver production from the Project for C\$100 million, or a 2.0% NSR royalty for C\$160 million. Royal Gold sold the Additional Shares in a private transaction to an unrelated party for \$14.6 million (C\$14.4 million) on December 13, 2012.

The options to purchase the Initial Royalty and the Increased Royalty will remain exercisable by the Company for 60 days following the Company’s satisfaction that, among other items, the Project has

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. ACQUISITIONS (Continued)**

received all material approvals and permits and that Seabridge has demonstrated that it has sufficient funding for construction of and commencement of commercial production from the Project.

The investment in Initial Shares was accounted for as a purchase of securities and the investment in the Project was accounted for as an asset purchase. As such, the Company has recorded the Initial Shares as an investment in *Available-for-sale securities* on the consolidated balance sheets; refer to Note 5 for further detail on our investment in available-for-sale securities. The 15% premium on the Initial Shares and Additional Shares, which represented the value of the option to acquire the Initial Royalty and Increased Royalty, plus direct acquisition costs, has been recorded within *Other assets* on the consolidated balance sheets. The purchase and same day sale of the Additional Shares resulted in a realized loss on trading securities of approximately \$1.3 million during our fiscal year ended June 30, 2013, which is recorded within *Interest and other expense* on our consolidated statements of operations and comprehensive income.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**4. ROYALTY AND STREAM INTERESTS, NET**

The following summarizes the Company's royalty and stream interests as of June 30, 2014 and 2013:

<b>As of June 30, 2014</b> <b>(Amounts in thousands):</b>	<b>Cost</b>	<b>Accumulated Depletion</b>	<b>Net</b>
Production stage royalty interests:			
Andacollo . . . . .	\$ 272,998	\$ (56,147)	\$ 216,851
Voisey's Bay . . . . .	150,138	(67,377)	82,761
Peñasquito . . . . .	99,172	(17,801)	81,371
LasCruces . . . . .	57,230	(16,917)	40,313
Dolores . . . . .	55,820	(11,109)	44,711
Mulatos . . . . .	48,092	(28,548)	19,544
Wolverine . . . . .	45,158	(12,689)	32,469
Canadian Malartic . . . . .	38,800	(10,038)	28,762
Holt . . . . .	34,612	(10,474)	24,138
Gwalia Deeps . . . . .	31,070	(10,549)	20,521
Inata . . . . .	24,871	(12,161)	12,710
Ruby Hill . . . . .	24,335	(13,403)	10,932
Leeville . . . . .	18,322	(15,917)	2,405
Robinson . . . . .	17,825	(11,887)	5,938
Cortez . . . . .	10,630	(9,772)	858
Other . . . . .	192,703	(130,130)	62,573
	<u>1,121,776</u>	<u>(434,919)</u>	<u>686,857</u>
Production stage stream interests:			
Mt. Milligan . . . . .	783,046	(7,741)	775,305
Production stage royalty and stream interests .	1,904,822	(442,660)	1,462,162
Development stage royalty interests:			
Pascua-Lama . . . . .	372,105	—	372,105
El Morro . . . . .	35,139	—	35,139
Other . . . . .	34,349	—	34,349
Development stage stream interests:			
Phoenix Gold . . . . .	30,620	—	30,620
Other . . . . .	10,483	—	10,483
Development stage royalty and stream interests . . . . .	482,696	—	482,696
Exploration stage royalty interests . . . . .	164,209	—	164,209
Total royalty and stream interests . . . . .	<u>\$2,551,727</u>	<u>\$(442,660)</u>	<u>\$2,109,067</u>

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**4. ROYALTY AND STREAM INTERESTS, NET (Continued)**

As of June 30, 2013 (Amounts in thousands):	Cost	Accumulated Depletion	Net
Production stage royalty interests:			
Andacollo . . . . .	\$ 272,998	\$ (44,317)	\$ 228,681
Voisey's Bay . . . . .	150,138	(51,881)	98,257
Peñasquito . . . . .	99,172	(12,393)	86,779
Las Cruces . . . . .	57,230	(11,713)	45,517
Mulatos . . . . .	48,092	(24,545)	23,547
Wolverine . . . . .	45,158	(7,891)	37,267
Dolores . . . . .	44,878	(8,186)	36,692
Canadian Malartic . . . . .	38,800	(6,320)	32,480
Holt . . . . .	34,612	(6,564)	28,048
Gwalia Deeps . . . . .	31,070	(7,194)	23,876
Inata . . . . .	24,871	(9,303)	15,568
Ruby Hill . . . . .	24,335	(3,054)	21,281
Leeville . . . . .	18,322	(15,484)	2,838
Robinson . . . . .	17,825	(11,224)	6,601
Cortez . . . . .	10,630	(9,716)	914
Other . . . . .	190,702	(121,654)	69,048
	<u>1,108,833</u>	<u>(351,439)</u>	<u>757,394</u>
Development stage royalty interests:			
Pascua-Lama . . . . .	372,105	—	372,105
Other . . . . .	32,934	—	32,934
Development stage stream interests:			
Mt. Milligan . . . . .	770,093	—	770,093
Other . . . . .	<u>10,418</u>	<u>—</u>	<u>10,418</u>
Development stage royalty and stream interests . . . . .	1,185,550	—	1,185,550
Exploration stage royalty interests . . . . .	<u>177,324</u>	<u>—</u>	<u>177,324</u>
Total royalty and stream interests . . . . .	<u>\$2,471,707</u>	<u>\$(351,439)</u>	<u>\$2,120,268</u>

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**5. AVAILABLE-FOR-SALE SECURITIES**

The Company's available-for-sale securities as of June 30, 2014 and 2013 consist of the following:

<b>As of June 30, 2014</b>				
	<b>Cost Basis</b>	<b>(Amounts in thousands) Unrealized</b>		<b>Fair Value</b>
		<b>Gain</b>	<b>Loss</b>	
Non-current:				
Seabridge .....	\$9,565	—	—	\$9,565
Other .....	203	—	(160)	43
	<u>\$9,768</u>	<u>\$—</u>	<u>\$(160)</u>	<u>\$9,608</u>
<b>As of June 30, 2013</b>				
	<b>Cost Basis</b>	<b>(Amounts in thousands) Unrealized</b>		<b>Fair Value</b>
		<b>Gain</b>	<b>Loss</b>	
Non-current:				
Seabridge .....	\$14,064	—	(4,509)	\$9,555
Other .....	203	—	(63)	140
	<u>\$14,267</u>	<u>\$—</u>	<u>\$(4,572)</u>	<u>\$9,695</u>

The most significant available-for-sale security is the investment in Seabridge common stock, acquired in June 2011 and discussed in greater detail within Note 3 of our notes to consolidated financial statements. Based on our quarterly impairment analysis, the Company determined that the impairment of its investment in Seabridge common stock is other-than-temporary. As a result of the impairment, the Company recognized a loss on available-for-sale securities of \$4.5 million during the fourth quarter of our fiscal year ended June 30, 2014. The Company also recognized a loss on available-for-sale securities related to our investment in Seabridge common stock of \$12.1 million during the third quarter of our fiscal year ended June 30, 2013. The recognized losses have been reclassified out of comprehensive income in the respective periods. The Company will continue to evaluate its investment in Seabridge common stock considering additional facts and circumstances as they arise, including, but not limited to, the progress of development of Seabridge's KSM project.

**6. DEBT**

The Company's debt as of June 30, 2014 and 2013 consists of the following:

	<b>As of June 30, 2014</b>	<b>As of June 30, 2013</b>
	<b>Non-current</b>	<b>Non-current</b>
<b>(Amounts in thousands)</b>		
Convertible notes due 2019, net .....	<u>\$311,860</u>	<u>\$302,263</u>
Total debt .....	<u>\$311,860</u>	<u>\$302,263</u>

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**6. DEBT (Continued)**

*Convertible Senior Notes Due 2019*

In June 2012, the Company completed an offering of \$370 million aggregate principal amount of 2.875% convertible senior notes due 2019 ("2019 Notes"). The 2019 Notes bear interest at the rate of 2.875% per annum, and the Company is required to make semi-annual interest payments on the outstanding principal balance of the 2019 Notes on June 15 and December 15 of each year, beginning December 15, 2012. The 2019 Notes mature on June 15, 2019. Interest expense recognized on the 2019 Notes for the fiscal years ended June 30, 2014 and 2013 was approximately \$21.4 million and \$20.7 million, respectively, and included the contractual coupon interest, the accretion of the debt discount and amortization of the debt issuance costs. During the fiscal year ended June 30, 2014 and 2013, the Company made \$10.6 million and \$10.5 million, respectively, in interest payments on our 2019 Notes.

*Revolving credit facility*

The Company maintains a \$450 million revolving credit facility. Borrowings under the revolving credit facility bear interest at a floating rate of LIBOR plus a margin of 1.25% to 3.0%, based on Royal Gold's leverage ratio. As of June 30, 2014, the interest rate on borrowings under the revolving credit facility was LIBOR plus 1.25%. Royal Gold may repay any borrowings under the revolving credit facility at any time without premium or penalty. As of June 30, 2014, and during our fiscal year 2014, Royal Gold had no amounts outstanding under the revolving credit facility.

Royal Gold amended and restated its revolving credit facility on January 29, 2014. Key modifications to the revolving credit facility include, among other items: (1) an increase in the maximum availability from \$350 million to \$450 million; (2) an extension of the final maturity from May 2017 to January 2019; (3) an increase of the accordion feature from \$50 million to \$150 million which allows the Company to increase availability under the revolving credit facility at its option, subject to satisfaction of certain conditions, to \$600 million; (4) a reduction in the commitment fee from 0.375% to 0.25%; (5) a reduction in the drawn interest rate from LIBOR + 1.75% to LIBOR + 1.25%; (6) removal of the secured debt ratio, and (7) maintaining the leverage ratio (as defined therein) less than or equal to 3.5 to 1.0, with an increase to 4.0 to 1.0 for the two quarters following the completion of a material permitted acquisition, as defined. At June 30, 2014, the Company was in compliance with each financial covenant.

**7. REVENUE**

Revenue is comprised of the following:

	Fiscal Years Ended June 30,		
	2014	2013	2012
	(Amounts in thousands)		
Royalty interests . . . . .	\$209,953	\$289,224	\$263,054
Stream interests . . . . .	27,209	—	—
Total revenue . . . . .	<u>\$237,162</u>	<u>\$289,224</u>	<u>\$263,054</u>



**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**8. STOCK-BASED COMPENSATION**

In November 2004, the Company adopted the Omnibus Long-Term Incentive Plan ("2004 Plan"). Under the 2004 Plan, 2,600,000 shares of common stock have been authorized for future grants to officers, directors, key employees and other persons. The 2004 Plan provides for the grant of stock options, unrestricted stock, restricted stock, dividend equivalent rights, SSARs and cash awards. Any of these awards may, but need not, be made as performance incentives. Stock options granted under the 2004 Plan may be non-qualified stock options or incentive stock options.

The Company recognized stock-based compensation expense as follows:

	For the Fiscal Years Ended June 30,		
	2014	2013	2012
	(Amounts in thousands)		
Stock options . . . . .	\$ 468	\$ 456	\$ 446
Stock appreciation rights . . . . .	1,305	1,107	1,219
Restricted stock . . . . .	3,110	3,240	2,757
Performance stock . . . . .	(2,303)	898	2,085
Total stock-based compensation expense . . . . .	<u>\$ 2,580</u>	<u>\$5,701</u>	<u>\$6,507</u>

Stock-based compensation expense is included within general and administrative expense in the consolidated statements of operations and comprehensive income.

**Stock Options and Stock Appreciation Rights**

Stock option and SSARs awards are granted with an exercise price equal to the closing market price of the Company's stock at the date of grant. Stock option and SSARs awards granted to officers, key employees and other persons vest based on one to three years of continuous service. Stock option and SSARs awards have 10 year contractual terms.

To determine stock-based compensation expense for stock options and SSARs, the fair value of each stock option and SSAR is estimated on the date of grant using the Black-Scholes-Merton ("Black-Scholes") option pricing model for all periods presented. The Black-Scholes model requires key assumptions in order to determine fair value. Those key assumptions during the fiscal year 2014, 2013 and 2012 grants are noted in the following table:

	Stock Options			SSARs		
	2014	2013	2012	2014	2013	2012
Weighted-average expected volatility . . . . .	43.6%	43.1%	45.1%	41.3%	43.7%	45.3%
Weighted-average expected life in years . . . . .	5.5	5.5	5.7	4.8	6.4	6.1
Weighted-average dividend yield . . . . .	1.00%	0.86%	0.76%	1.00%	0.90%	0.76%
Weighted-average risk free interest rate . . . . .	1.7%	0.8%	1.1%	1.5%	1.0%	1.2%

The Company's expected volatility is based on the historical volatility of the Company's stock over the expected option term. The Company's expected option term is determined by historical exercise patterns along with other known employee or company information at the time of grant. The risk free interest rate is based on the zero-coupon U.S. Treasury bond at the time of grant with a term approximate to the expected option term.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**8. STOCK-BASED COMPENSATION (Continued)**

*Stock Options*

A summary of stock option activity under the 2004 Plan for the fiscal year ended June 30, 2014, is presented below.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2013 . . . . .	119,313	\$46.12		
Granted . . . . .	24,775	\$59.99		
Exercised . . . . .	(34,495)	\$32.48		
Forfeited . . . . .	(8,200)	\$68.11		
Outstanding at June 30, 2014 . . . . .	<u>101,393</u>	<u>\$52.37</u>	<u>6.4</u>	<u>\$2,410</u>
Exercisable at June 30, 2014 . . . . .	<u>63,531</u>	<u>\$45.16</u>	<u>5.1</u>	<u>\$1,967</u>

The weighted-average grant date fair value of options granted during the fiscal years ended June 30, 2014, 2013 and 2012, was \$22.78, \$26.76 and \$27.23, respectively. The total intrinsic value of options exercised during the fiscal years ended June 30, 2014, 2013 and 2012, were \$1.1 million, \$4.1 million, and \$8.7 million, respectively.

As of June 30, 2014, there was approximately \$0.5 million of total unrecognized stock-based compensation expense related to non-vested stock options granted under the 2004 Plan, which is expected to be recognized over a weighted-average period of 1.8 years.

*SSARs*

A summary of SSARs activity under the 2004 Plan for the fiscal year ended June 30, 2014, is presented below.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2013 . . . . .	162,284	\$58.28		
Granted . . . . .	84,125	\$62.13		
Exercised . . . . .	(1,614)	\$32.52		
Forfeited . . . . .	(15,739)	\$61.28		
Outstanding at June 30, 2014 . . . . .	<u>229,056</u>	<u>\$59.67</u>	<u>7.5</u>	<u>\$3,770</u>
Exercisable at June 30, 2014 . . . . .	<u>108,586</u>	<u>\$53.42</u>	<u>6.1</u>	<u>\$2,466</u>

The weighted-average grant date fair value of SSARs granted during the fiscal years ended June 30, 2014, 2013 and 2012 was \$21.15, \$29.78 and \$28.04, respectively. The total intrinsic value of SSARs exercised during the fiscal years ended June 30, 2014, 2013 and 2012, were \$0.1 million, \$3.5 million, and \$0, respectively.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**8. STOCK-BASED COMPENSATION (Continued)**

As of June 30, 2014, there was approximately \$1.6 million of total unrecognized stock-based compensation expense related to non-vested SSARs granted under the 2004 Plan, which is expected to be recognized over a weighted-average period of 1.8 years.

**Other Stock-based Compensation**

*Performance Shares*

During fiscal 2014, officers and certain employees were granted 71,700 shares of restricted common stock that can be earned only if a single pre-defined performance goal is met within five years of the date of grant ("Performance Shares"). If the performance goal is not earned by the end of this five year period, the Performance Shares will be forfeited. Vesting of Performance Shares is subject to certain performance measures being met and can be based on an interim earn out of 25%, 50%, 75% or 100%. For Performance Shares granted during fiscal year 2014, there is a single pre-defined performance goal, which is growth of adjusted free cash flow on a per share, trailing twelve month basis.

The Company measures the fair value of the Performance Shares based upon the market price of our common stock as of the date of grant. In accordance with ASC 718, the measurement date for the Performance Shares will be determined at such time that the performance goals are attained or that it is probable they will be attained. At such time that it is probable that a performance condition will be achieved, compensation expense will be measured by the number of shares that will ultimately be earned based on the grant date market price of our common stock. For shares that were previously estimated to be probable of vesting and are no longer deemed to be probable of vesting, compensation expense is reversed during the period in which it is determined they are no longer probable of vesting. Interim recognition of compensation expense will be made at such time as management can reasonably estimate the number of shares that will be earned.

A summary of the status of the Company's non-vested Performance Shares for the fiscal year ended June 30, 2014, is presented below:

	<u>Number of Shares</u>	<u>Weighted- Average Grant Date Fair Value</u>
Non-vested at July 1, 2013 . . . . .	107,850	\$66.20
Granted . . . . .	71,700	\$61.39
Vested . . . . .	—	\$ —
Forfeited . . . . .	—	\$ —
Non-vested at June 30, 2014 . . . . .	<u>179,550</u>	<u>\$64.28</u>

As of June 30, 2014, total unrecognized stock-based compensation expense related to Performance Shares was approximately \$0.7 million, which is expected to be recognized over the average remaining vesting period of 3.5 years.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**8. STOCK-BASED COMPENSATION (Continued)**

*Restricted Stock*

As defined in the 2004 Plan, officers, non-executive directors and certain employees may be granted shares of restricted stock that vest on continued service alone (“Restricted Stock”). During fiscal 2014, officers and certain employees were granted 46,200 shares of Restricted Stock. Restricted Stock awards granted to officers and certain employees vest over three years beginning after a two-year holding period from the date of grant with one-third of the shares vesting in years three, four and five, respectively. Also during fiscal year 2014, our non-executive directors were granted 19,950 shares of Restricted Stock. The non-executive directors’ shares of Restricted Stock vest 50% immediately and 50% one year after the date of grant.

Shares of Restricted Stock represent issued and outstanding shares of common stock, with dividend and voting rights. The Company measures the fair value of the Restricted Stock based upon the market price of our common stock as of the date of grant. Restricted Stock is amortized over the applicable vesting period using the straight-line method. Unvested shares of Restricted Stock are subject to forfeiture upon termination of employment or service with the Company.

A summary of the status of the Company’s non-vested Restricted Stock for the fiscal year ended June 30, 2014, is presented below:

	<u>Number of Shares</u>	<u>Weighted- Average Grant Date Fair Value</u>
Non-vested at July 1, 2013 . . . . .	194,706	\$52.15
Granted . . . . .	66,150	\$61.32
Vested . . . . .	(71,707)	\$44.95
Forfeited . . . . .	(12,058)	\$58.63
Non-vested at June 30, 2014 . . . . .	<u>177,091</u>	<u>\$58.06</u>

As of June 30, 2014, total unrecognized stock-based compensation expense related to Restricted Stock was approximately \$5.3 million, which is expected to be recognized over the weighted-average vesting period of 3.2 years.

**9. STOCKHOLDERS’ EQUITY**

**Preferred Stock**

The Company has 10,000,000 authorized and unissued shares of \$.01 par value Preferred Stock as of June 30, 2014 and 2013.

**Common Stock Issuances**

*Fiscal Year 2014*

During the fiscal year ended June 30, 2014, options to purchase 34,495 shares were exercised, resulting in proceeds of approximately \$1.1 million.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**9. STOCKHOLDERS' EQUITY (Continued)**

*Fiscal Year 2013*

During the fiscal year ended June 30, 2013, options to purchase 65,341 shares were exercised, resulting in proceeds of approximately \$1.9 million.

On October 15, 2012, we sold 5,250,000 shares of our common stock, at a price of \$90.00 per share, resulting in proceeds of \$472.5 million before expenses.

**Exchangeable Shares**

In connection with the acquisition of International Royalty Corporation ("IRC") in February 2010, certain holders of IRC common stock received exchangeable shares of RG Exchangeco for each share of IRC common stock held. The exchangeable shares are convertible at any time, at the option of the holder, into shares of Royal Gold common stock on a one-for-one basis, and entitle holders to dividends and other rights economically equivalent to holders of Royal Gold common stock.

**Stockholders' Rights Plan**

On September 10, 2007, the Company entered into the First Amended and Restated Rights Agreement, dated September 10, 2007 (the "Rights Agreement"). The Rights Agreement expires on September 10, 2017. The Rights Agreement was approved by the Company's board of directors (the "Board").

The Rights Agreement is intended to deter coercive or abusive tender offers and market accumulations. The Rights Agreement is designed to encourage an acquirer to negotiate with the Board and to enhance the Board's ability to act in the best interests of all the Company's stockholders.

Under the Rights Agreement, each stockholder of the Company holds one preferred stock purchase right (a "Right") for each share of Company common stock held. The Rights generally become exercisable only in the event that an acquiring party accumulates 15 percent or more of the Company's outstanding shares of common stock. If this were to occur, subject to certain exceptions, each Right (except for the Rights held by the acquiring party) would allow its holders to purchase one one-thousandth of a newly issued share of Series A junior participating preferred stock of Royal Gold or the Company's common stock with a value equal to twice the exercise price of the Right, initially set at \$175 under the terms and conditions set forth in the Rights Agreement.

**10. RESTRUCTURING ON ROYALTY AND STREAM INTERESTS**

The Company owns an NSR royalty on the Relief Canyon property located in Nevada. From November 2010 to October 2011, the Company was involved in managing this interest in bankruptcy proceedings of the former owner of the Relief Canyon project. On August 24, 2011, the Company entered into an Amended and Restated Net Smelter Return Royalty Agreement with the former property owner, pursuant to which the royalty rate was reduced from 4% to 2%, and the ten mile area of interest was eliminated. The Company elected to amend the royalty agreement in order to enhance project economics and the probability of recognizing royalty revenue. As a result of the amendment to the Relief Canyon royalty agreement, the Company recorded a restructuring charge of approximately \$1.3 million during the fiscal year ended June 30, 2012, which was based on the Company's estimate of fair value. There were no additional impairments on our Relief Canyon royalty during the fiscal years

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**10. RESTRUCTURING ON ROYALTY AND STREAM INTERESTS (Continued)**

ended June 30, 2014 and 2013. The Company's carrying value for the Relief Canyon royalty interest was approximately \$1.2 million as of June 30, 2014 and 2013.

**11. EARNINGS PER SHARE ("EPS")**

Basic earnings per common share were computed using the weighted average number of shares of common stock outstanding during the period, considering the effect of participating securities. Unvested stock-based compensation awards that contain non-forfeitable rights to dividends or dividend equivalents are considered participating securities and are included in the computation of earnings per share pursuant to the two-class method. The Company's unvested restricted stock awards contain non-forfeitable dividend rights and participate equally with common stock with respect to dividends issued or declared. The Company's unexercised stock options, unexercised SSARs and unvested performance stock do not contain rights to dividends. Under the two-class method, the earnings used to determine basic earnings per common share are reduced by an amount allocated to participating securities. Use of the two-class method has an immaterial impact on the calculation of basic and diluted earnings per common share.

The following table summarizes the effects of dilutive securities on diluted EPS for the period:

	<b>Fiscal Years Ended June 30,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>(in thousands, except per share data)</b>		
Net income available to Royal Gold common stockholders . . . . .	\$ 62,641	\$ 69,153	\$ 92,476
Weighted-average shares for basic EPS . . .	64,909,149	63,250,247	57,220,040
Effect of other dilutive securities . . . . .	117,107	179,575	243,810
Weighted-average shares for diluted EPS . .	<u>65,026,256</u>	<u>63,429,822</u>	<u>57,463,850</u>
Basic earnings per share . . . . .	<u>\$ 0.96</u>	<u>\$ 1.09</u>	<u>\$ 1.61</u>
Diluted earnings per share . . . . .	<u>\$ 0.96</u>	<u>\$ 1.09</u>	<u>\$ 1.61</u>

The calculation of weighted average shares includes all of the Company's outstanding stock: common stock and exchangeable shares. Exchangeable shares are the equivalent of common shares in that they have the same dividend rights and share equitably in undistributed earnings and are exchangeable on a one-for-one basis for shares of our common stock. With respect to the 2019 Notes as discussed in Note 6, the Company intends to settle the principal amount of 2019 Notes in cash. As a result, there will be no impact to diluted earnings per share unless the share price of the Company's common stock exceeds the conversion price of \$105.31.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**12. INCOME TAXES**

For financial reporting purposes, income before income taxes includes the following components:

	Fiscal Years Ended June 30,		
	2014	2013	2012
	(Amounts in thousands)		
United States . . . . .	\$17,033	\$ 65,851	\$110,189
Foreign . . . . .	65,894	71,317	42,830
	<u>\$82,927</u>	<u>\$137,168</u>	<u>\$153,019</u>

The Company's *Income tax expense* consisted of:

	Fiscal Years Ended June 30,		
	2014	2013	2012
	(Amounts in thousands)		
Current:			
Federal . . . . .	\$(3,663)	\$ 30,061	\$35,556
State . . . . .	334	368	310
Foreign . . . . .	30,950	44,749	17,273
	<u>\$27,621</u>	<u>\$ 75,178</u>	<u>\$53,139</u>
Deferred and others:			
Federal . . . . .	\$(4,122)	\$ (4,341)	\$ 77
State . . . . .	(26)	(27)	—
Foreign . . . . .	(4,018)	(7,051)	1,494
	<u>\$(8,166)</u>	<u>\$(11,419)</u>	<u>\$ 1,571</u>
Total income tax expense . . . . .	<u>\$19,455</u>	<u>\$ 63,759</u>	<u>\$54,710</u>

The provision for income taxes for the fiscal years ended June 30, 2014, 2013 and 2012, differs from the amount of income tax determined by applying the applicable United States statutory federal



**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**12. INCOME TAXES (Continued)**

income tax rate to pre-tax income (net of non-controlling interest in income of consolidated subsidiary and loss from equity investment) from operations as a result of the following differences:

	Fiscal Years Ended June 30,		
	2014	2013	2012
	(Amounts in thousands)		
Total expense computed by applying federal rates . . . .	\$29,024	\$48,009	\$53,557
State and provincial income taxes, net of federal benefit . . . . .	334	368	310
Adjustments of valuation allowance . . . . .	—	—	(1,007)
Excess depletion . . . . .	(1,114)	(1,395)	(1,416)
Estimates for uncertain tax positions . . . . .	(7,386)	1,868	551
Statutory tax attributable to non-controlling interest . .	(293)	(1,236)	(2,042)
Effect of foreign earnings . . . . .	1,141	4,223	511
Effect of foreign earnings indefinitely reinvested . . . .	(1,700)	—	—
Effect of recognized loss on available-for-sale securities	562	4,239	—
Unrealized foreign exchange gains . . . . .	(367)	1,146	(546)
Changes in estimates and corrected errors of prior year tax . . . . .	(594)	4,979	1,075
Other . . . . .	(152)	1,558	3,717
	<u>\$19,455</u>	<u>\$63,759</u>	<u>\$54,710</u>

The effective tax rate includes the impact of certain undistributed foreign subsidiary earnings for which we have not provided U.S. taxes because we plan to reinvest such earnings indefinitely outside the United States. The Company has the ability and intent to indefinitely reinvest these foreign earnings based on revenue and cash projections of our other investments, current cash on hand, and availability under our revolving credit facility. At June 30, 2014, the relevant foreign subsidiary had an accumulated earnings deficit due to costs incurred prior to earning income in fiscal 2014. No deferred tax has been provided on the difference between the tax basis in the stock of the consolidated subsidiary and the amount of the subsidiary's net equity determined for financial reporting purposes.

During the quarter ended September 30, 2013 as a result of continued review of the June 30, 2012 tax return and financial statement impacts of the return results, the Company recorded a \$1.7 million income tax benefit resulting from an identified error. Additionally, during the quarter ended June 30, 2014, the Company recorded a \$2.6 million income tax expense as a result of continued review of prior year's tax accounts. In accordance with applicable U.S. GAAP, management quantitatively and qualitatively evaluated the materiality of these errors and determined them to be immaterial to the fiscal year 2014 or prior year consolidated financial statements.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**12. INCOME TAXES (Continued)**

The tax effects of temporary differences and carryforwards, which give rise to our deferred tax assets and liabilities at June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
	<u>(Amounts in thousands)</u>	
Deferred tax assets:		
Stock-based compensation . . . . .	\$ 3,511	\$ 3,853
Net operating losses . . . . .	19,322	25,943
Other . . . . .	7,068	4,460
Total deferred tax assets . . . . .	29,901	34,256
Valuation allowance . . . . .	(4,933)	(4,606)
Net deferred tax assets . . . . .	<u>\$ 24,968</u>	<u>\$ 29,650</u>
Deferred tax liabilities:		
Mineral property basis . . . . .	\$(158,301)	\$(165,936)
Unrealized foreign exchange gains . . . . .	(3,072)	(3,684)
2019 Notes . . . . .	(20,002)	(23,281)
Other . . . . .	(2,239)	(3,561)
Total deferred tax liabilities . . . . .	<u>(183,614)</u>	<u>(196,462)</u>
Total net deferred taxes . . . . .	<u><u>\$(158,646)</u></u>	<u><u>\$(166,812)</u></u>

The Company reviews the measurement of its deferred tax assets at each balance sheet date. All available evidence, both positive and negative, is considered in determining whether, based upon the weight of the evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. As of June 30, 2014 and 2013, the Company had \$4.9 million and \$4.6 million of valuation allowances recorded, respectively. The valuation allowance remaining at June 30, 2014 is primarily attributable to deferred tax asset generated by the recognized loss on available-for-sale securities and the tax basis difference as a result of unrealized losses on foreign exchange.

At June 30, 2014 and 2013, the Company had \$77 million and \$108 million of net operating loss carry forwards, respectively. The decrease in the net operating loss carry forwards is attributable to utilization of net operating losses in non-U.S. subsidiaries. The majority of the tax loss carry forwards are in jurisdictions that allow a twenty year carry forward period. As a result, these losses do not begin to expire until the 2025 tax year, and the Company anticipates the losses will be fully utilized.

As of June 30, 2014 and 2013, the Company had \$13.7 million and \$21.2 million of total gross unrecognized tax benefits, respectively. If recognized, these unrecognized tax benefits would positively

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**12. INCOME TAXES (Continued)**

impact the Company's effective income tax rate. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(Amounts in thousands)</u>		
Total gross unrecognized tax benefits at beginning of year . . . . .	\$21,166	\$19,469	\$18,836
Additions / Reductions for tax positions of current year . . . . .	(1,052)	2,638	2,051
Reductions due to settlements with taxing authorities . . . . .	(296)	(941)	—
Reductions due to lapse of statute of limitations . . . . .	<u>(6,093)</u>	<u>—</u>	<u>(1,418)</u>
Total amount of gross unrecognized tax benefits at end of year . . . . .	<u>\$13,725</u>	<u>\$21,166</u>	<u>\$19,469</u>

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state and local, and non-U.S. income tax examinations by tax authorities for fiscal years before 2009. As a result of (i) statute of limitations that will begin to expire within the next 12 months in various jurisdictions, (ii) possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, and (iii) and additional accrual of exposure and interest on existing items the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will not decrease in the next 12 months.

The Company's continuing practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At June 30, 2014 and 2013, the amount of accrued income-tax-related interest and penalties was \$5.4 million and \$4.3 million, respectively.

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

The Company's supplemental cash flow information for the fiscal years ending June 30, 2014, 2013 and 2012 is as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>(Amounts in thousands)</u>		
Cash paid during the period for:			
Interest . . . . .	\$10,638	\$10,490	\$ 4,590
Income taxes, net of refunds . . . . .	\$27,322	\$48,809	\$58,520
Non-cash investing and financing activities:			
Dividends declared . . . . .	\$54,049	\$47,997	\$32,357

**14. FAIR VALUE MEASUREMENTS**

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**14. FAIR VALUE MEASUREMENTS (Continued)**

unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Quoted prices for identical instruments in active markets;

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3: Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy.

		At June 30, 2014				
		Carrying Amount	Fair Value			
			Total	Level 1	Level 2	Level 3
<b>Assets (In thousands):</b>						
United States treasury bills <sup>(1)</sup> . . . . .		\$499,992	\$499,992	\$499,992	\$—	\$—
Marketable equity securities <sup>(2)</sup> . . . . .		\$ 9,608	\$ 9,608	\$ 9,608	\$—	\$—
Total assets . . . . .			<u>\$509,600</u>	<u>\$509,600</u>	<u>\$—</u>	<u>\$—</u>
<b>Liabilities (In thousands):</b>						
Debt <sup>(3)</sup> . . . . .		<u>\$388,860</u>	<u>\$394,050</u>	<u>\$394,050</u>	<u>\$—</u>	<u>\$—</u>
Total liabilities . . . . .			\$394,050	\$394,050	\$—	\$—

<sup>(1)</sup> Included in *Cash and equivalents* in the Company's consolidated balance sheets.

<sup>(2)</sup> Included in *Available for sale securities* in the Company's consolidated balance sheets.

<sup>(3)</sup> Included in the carrying amount is the equity component of our 2019 Notes in the amount of \$77 million, which is included within *Additional paid-in capital* in the Company's consolidated balance sheets.

The Company invests primarily in United States treasury bills with maturities of 90 days or less, which are classified within Level 1 of the fair value hierarchy. The Company's marketable equity securities classified within Level 1 of the fair value hierarchy are valued using quoted market prices in active markets. The fair value of the Level 1 marketable equity securities is calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company. The Company's debt classified within Level 1 of the fair value hierarchy is valued using quoted prices in an active market.

As of June 30, 2014, the Company also had assets that, under certain conditions, are subject to measurement at fair value on a non-recurring basis like those associated with royalty interests in mineral properties, intangible assets and other long-lived assets. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if any of these assets are determined to be impaired. None of these assets were written down to fair value during the fiscal year

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**14. FAIR VALUE MEASUREMENTS (Continued)**

ended June 30, 2014. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs.

**15. MAJOR SOURCES OF REVENUE**

Operators that contributed greater than 10% of the Company's total revenue for any of fiscal years 2014, 2013 or 2012 were as follows (revenue amounts in thousands):

Operator	Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2012	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
Teck . . . . .	\$48,777	20.6%	\$82,272	28.4%	\$64,075	24.4%
Goldcorp, Inc. . . . .	32,339	13.6%	32,461	11.2%	31,407	11.9%
Thompson Creek . . . . .	27,209	11.5%	N/A	N/A	N/A	N/A
Vale Newfoundland & Labrador Limited . . . . .	25,128	10.6%	32,517	11.2%	36,030	13.7%

**16. COMMITMENTS AND CONTINGENCIES**

*Phoenix Gold Project Stream Acquisition*

As of June 30, 2014, the Company has a remaining commitment of \$45 million as part of its Phoenix Gold Project stream acquisition in February 2014 (Note 3).

*Mt. Milligan Gold Stream Acquisition*

The Company's final commitment payment of \$12.9 million to Thompson Creek as part of the Mt. Milligan gold stream acquisition was made in September 2013. The Company has no remaining commitment payments to Thompson Creek as part of the Mt. Milligan gold stream.

*Tulsequah Chief Gold and Silver Stream Acquisition*

As of June 30, 2014, the Company has a remaining commitment of \$45 million as part of its Tulsequah Chief gold and silver stream acquisition in December 2011, as amended in July 2014, payment of which is subject to satisfaction of certain conditions precedent.

*Voisey's Bay*

The Company owns a royalty on the Voisey's Bay mine in Newfoundland and Labrador owned by Vale Newfoundland & Labrador Limited ("VNL"). The royalty is owned by the Labrador Nickel Royalty Limited Partnership ("LNRLP"), in which the Company's wholly-owned indirect subsidiary, Canadian Minerals Partnership, is the general partner and 89.99% owner. The remaining interests in LNRLP are owned by Altius Investments Ltd. (10%), a company unrelated to Royal Gold, and the Company's wholly-owned indirect subsidiary, Voisey's Bay Holding Corporation (0.01%).

On October 16, 2009, LNRLP filed a claim in the Supreme Court of Newfoundland and Labrador Trial Division against Vale Inco Limited, now known as Vale Canada Limited ("Vale Canada") and its wholly-owned subsidiaries, Vale Inco Atlantic Sales Limited and VNL, related to the calculation of the

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**16. COMMITMENTS AND CONTINGENCIES (Continued)**

NSR on the sale of concentrates, including nickel concentrates, from the Voisey's Bay mine to Vale Canada. The claim asserts that Vale Canada is incorrectly calculating the NSR and requests an order in respect of the correct calculation of future payments. The claim also requests specific damages for underpayment of past royalties to the date of the claim in an amount not less than \$29 million, together with additional damages until the date of trial, interest, costs and other damages. The litigation is in the discovery phase.

**17. RELATED PARTY**

Crescent Valley Partners, L.P. ("CVP") was formed as a limited partnership in April 1992. CVP owns the NVR1 royalty on production of minerals from a portion of Cortez. Denver Mining Finance Company ("DMFC"), our wholly-owned subsidiary, is the general partner and held an aggregate 31.633% limited partner interest as of December 31, 2013.

On January 2, 2014, Royal Gold, through its wholly-owned subsidiary, DMFC, increased its ownership interest in the NVR1 royalty by acquiring all or a portion of the limited partnership interests of nine limited partners in CVP, aggregating 49.465% of the outstanding limited partnership interests, for approximately \$11.5 million. The limited partners from whom DMFC acquired limited partnership interests included our former Chairman of the Board of Directors, who sold 3.0% out of his total 3.063% interest; one former member of our Board of Directors, who sold his entire 24.5% interest; and another former member of our Board of Directors, who sold his entire 8.0% interest. As a result of the transaction, DMFC now holds 81.098% of the outstanding limited partnership interests in CVP, equating to a 1.014% net value royalty on production from all of the lands covered by the NVR1 Royalty excluding production from the mining claims comprising the Crossroad Claims at Cortez, and a 0.618% net value royalty on production from the Crossroad Claims. The Crossroad Claims are part of the Pipeline Complex.

CVP receives its royalty from the Cortez Joint Venture in-kind. The Company, as well as certain other limited partners, sell their pro-rata shares of such gold immediately and receive distributions in cash, while CVP holds gold for certain other limited partners. Such gold inventories, which totaled 7,708 and 9,742 ounces of gold as of June 30, 2014 and June 30, 2013, respectively, are held by a third party refinery in Utah for the account of the limited partners of CVP. The inventories are carried at historical cost and are classified within *Other assets* on the Company's consolidated balance sheets. The carrying value of the gold in inventory was approximately \$5.0 million and \$6.1 million as of June 30, 2014 and June 30, 2013, respectively, while the fair value of such ounces was approximately \$10.1 million and \$11.6 million as of June 30, 2014 and June 30, 2013, respectively. None of the gold currently held in inventory as of June 30, 2014 and 2013, is attributed to Royal Gold, as the gold allocated to Royal Gold's CVP partnership interest is typically sold within five days of receipt.

**ROYAL GOLD, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**18. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)**

The following is a summary of selected quarterly financial information (unaudited). Some amounts in the below table may not sum-up in total as a result of rounding.

	Revenue	Operating income	Net income attributable to Royal Gold stockholders	Basic earnings per share	Diluted earnings per share
	(Amounts in thousands except per share data)				
<b>Fiscal year 2014 quarter-ended:</b>					
September 30 . . . . .	\$ 56,487	\$ 25,738	\$15,195	\$0.23	\$0.23
December 31 . . . . .	52,785	22,916	10,667	0.16	0.16
March 31 . . . . .	57,748	28,614	20,143	0.31	0.31
June 30 . . . . .	70,142	31,452	16,636	0.26	0.26
	<u>\$237,162</u>	<u>\$108,720</u>	<u>\$62,641</u>	<u>\$0.96</u>	<u>\$0.96</u>
<b>Fiscal year 2013 quarter-ended:</b>					
September 30 . . . . .	\$ 77,862	\$ 47,646	\$24,771	\$0.42	\$0.41
December 31 . . . . .	79,870	50,665	27,217	0.42	0.42
March 31 . . . . .	74,166	42,932	6,464	0.10	0.10
June 30 . . . . .	57,326	29,924	10,701	0.16	0.16
	<u>\$289,224</u>	<u>\$171,167</u>	<u>\$69,153</u>	<u>\$1.09</u>	<u>\$1.09</u>



## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **(a) Evaluation of Disclosure Controls and Procedures**

As of June 30, 2014, the Company's management, with the participation of the President and Chief Executive Officer (the principal executive officer) and Chief Financial Officer and Treasurer (the principal financial and accounting officer) of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on such evaluation, the Company's President and Chief Executive Officer and its Chief Financial Officer and Treasurer have concluded that, as of June 30, 2014, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods and that such information is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and its Chief Financial Officer and Treasurer, as appropriate to allow timely decisions regarding required disclosure.

Disclosure controls and procedures involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human failures. As a result, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

#### **(b) Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of our internal control over financial reporting as of June 30, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework* (1992 Framework). Based on management's assessment and those criteria, management concluded that, as of June 30, 2014, our internal control over financial reporting is effective.

Our management, including our President and Chief Executive Office (the principal executive officer) and Chief Financial Officer and Treasurer (the principal financial and accounting officer), does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control

systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on our internal control over financial reporting as of June 30, 2014.

**(c) Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act during our fourth fiscal quarter ended June 30, 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**(d) Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Royal Gold, Inc.

We have audited Royal Gold Inc.'s internal control over financial reporting as of June 30, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Royal Gold, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Royal Gold, Inc. maintained, in all material respects, effective internal control over financial reporting as of June 30, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Royal Gold, Inc. as of June 30, 2014 and 2013, and the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the three years in the period ended June 30, 2014 of Royal Gold, Inc. and our report dated August 7, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Denver, Colorado  
August 7, 2014

#### **ITEM 9B. OTHER INFORMATION**

None.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this item is included in the Company's Proxy Statement for its 2014 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2014, and is incorporated by reference in this Annual Report on Form 10-K.

The Company's Code of Business Conduct and Ethics within the meaning of Item 406 of Regulation S-K adopted by the SEC under the Exchange Act that applies to our principal executive officer and principal financial and accounting officer is available on the Company's website at [www.royalgold.com](http://www.royalgold.com) and in print without charge to any stockholder who requests a copy. Requests for copies should be directed to Royal Gold, Inc., Attention: General Counsel and Secretary, 1660 Wynkoop Street, Suite 1000, Denver, Colorado, 80202. The Company intends to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding any amendment to, or a waiver from, a provision of the Company's Code of Business Conduct and Ethics by posting such information on the Company's website.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is included in the Company's Proxy Statement for its 2014 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2014, and is incorporated by reference in this Annual Report on Form 10-K.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item is included in the Company's Proxy Statement for its 2014 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2014, and is incorporated by reference in this Annual Report on Form 10-K.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The information required by this item is included in the Company's Proxy Statement for its 2014 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2014, and is incorporated by reference in this Annual Report on Form 10-K.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item is included in the Company's Proxy Statement for its 2014 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2014, and is incorporated by reference in this Annual Report on Form 10-K.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) *Financial Statements*

##### Index to Financial Statements

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#### (b) *Exhibits*

Reference is made to the Exhibit Index beginning on page 91 hereof.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### ROYAL GOLD, INC.

Date: August 7, 2014

By: /s/ TONY JENSEN  
Tony Jensen  
*President, Chief Executive Officer and Director*  
*(Principal Executive Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 7, 2014

By: /s/ TONY JENSEN  
Tony Jensen  
*President, Chief Executive Officer and Director*  
*(Principal Executive Officer)*

Date: August 7, 2014

By: /s/ STEFAN L. WENGER  
Stefan Wenger  
*Chief Financial Officer and Treasurer*  
*(Principal Financial and Accounting Officer)*

Date: August 7, 2014

By: /s/ WILLIAM M. HAYES  
William M. Hayes  
*Chairman*

Date: August 7, 2014

By: /s/ GORDON J. BOGDEN  
Gordon J. Bogden  
*Director*

Date: August 7, 2014

By: /s/ M. CRAIG HAASE  
M. Craig Haase  
*Director*

Date: August 7, 2014

By: /s/ KEVIN MCARTHUR  
Kevin McArthur  
*Director*

Date: August 7, 2014

By: /s/ CHRIS M.T. THOMPSON  
Chris M. T. Thompson  
*Director*

Date: August 7, 2014

By: /s/ RONALD J. VANCE  
Ronald J. Vance  
*Director*

## Exhibit Index

Exhibit Number	Description
2.1	Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on January 22, 2010 and incorporated herein by reference)
3.1	Restated Certificate of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Quarterly Report on February 8, 2008 and incorporated herein by reference)
3.2	Amended and Restated Bylaws, as amended (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q on November 7, 2013 and incorporated herein by reference)
3.3	Amended and Restated Certificate of Designations of Series A Junior Participating Preferred Stock of Royal Gold, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on September 10, 2007 and incorporated herein by reference)
3.4	Certificate of Designations, Preferences and Rights of the Special Voting Preferred Stock of Royal Gold, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on February 23, 2010 and incorporated herein by reference)
4.1	First Amended and Restated Rights Agreement dated September 10, 2007 between Royal Gold, Inc. and Computershare Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A on September 10, 2007 and incorporated herein by reference)
4.2	Stockholder Agreement dated April 3, 2009 by and among Royal Gold, Inc., Compañía Minera Carmen de Andacollo and Teck Cominco Limited (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 6, 2009 and incorporated herein by reference)
4.3	Amendment No. 1 to the Stockholder Agreement, dated January 12, 2010 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on January 15, 2010 and incorporated herein by reference)
4.4	Appendix I to Schedule B of the Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on January 22, 2010 and incorporated herein by reference)
4.5	Indenture among Royal Gold, Inc., Wells Fargo Bank, National Association and Computershare Trust Company of Canada, dated June 20, 2012 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on June 20, 2012 and incorporated herein by reference)
4.6	Supplemental Indenture among Royal Gold, Inc., Wells Fargo Bank, National Association and Computershare Trust Company of Canada, dated June 20, 2012 (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K on June 20, 2012 and incorporated herein by reference)
10.1**	2004 Omnibus Long-Term Incentive Plan, as amended (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)

<b>Exhibit Number</b>	<b>Description</b>
10.2**	Form of Incentive Stock Option Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.3**	Form of Incentive Stock Option Agreement (Officer) under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.4**	Form of Non-qualified Stock Option Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.3 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.5**	Form of Restricted Stock Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.4 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.6**	Form of Restricted Stock Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on August 17, 2012 and incorporated herein by reference)
10.7**	Form of Director Restricted Stock Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.3 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.8**	Form of Restricted Stock Agreement (Officer) under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.4 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.9**	Form of Performance Share Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.5 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.10**	Form of Performance Share Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (1) (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on August 24, 2011 and incorporated herein by reference)
10.11**	Form of Performance Share Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (2) (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on August 24, 2011 and incorporated herein by reference)
10.12**	Form of Performance Share Agreement (Officer) under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.5 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.13**	Form of Stock Appreciation Rights Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.6 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.14**	Form of Stock Appreciation Rights Agreement—Stock Settled (Officer) under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.6 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.15**	Form of Amended and Restated Indemnification Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on February 22, 2010 and incorporated herein by reference)



Exhibit Number	Description
10.16**	Form of Employment Agreement by and between Royal Gold, Inc. and Tony Jensen (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on September 19, 2013 and incorporated herein by reference)
10.17**	Form of Employment Agreement by and between Royal Gold, Inc. and each of the following: Stefan Wenger, William Heissenbuttel, Bruce Kirchhoff and William Zisch (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on September 19, 2013 and incorporated herein by reference)
10.18**	Employment Agreement by and between Royal Gold, Inc. and Karli S. Anderson, dated May 15, 2013 (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K on August 8, 2013 and incorporated herein by reference)
10.19**	Form of Award Modification Agreement by and between Royal Gold, Inc. and each of the following: Stanley Dempsey, Tony Jensen, Karen Gross and Bruce Kirchhoff (filed as Exhibit 10.3 to Royal Gold's Current Report on Form 8-K filed on September 19, 2008 and incorporated herein by reference)
10.20	Sixth Amended and Restated Revolving Credit Agreement among Royal Gold, Inc., High Desert Mineral Resources, Inc., RG Exchangeco Inc., RG Mexico, Inc., the lenders from time to time party thereto, and HSBC Bank USA, National Association, as administrative agent for the lenders, dated January 29, 2014 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on January 30, 2014 and incorporated herein by reference)
10.21	Amended and Restated Security Agreement by and among Royal Gold, Inc., High Desert Mineral Resources, Inc., RG Mexico, Inc. and HSBC Bank USA, National Association dated February 1, 2011 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.22	Amended and Restated Pledge Agreement by Royal Gold, Inc. in favor of HSBC Bank USA, National Association dated February 1, 2011 (filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.23	Royalty Agreement between Royal Gold, Inc. and the Cortez Joint Venture dated April 1, 1999 (filed as part of Item 5 of the Company's Current Report on Form 8-K on April 12, 1999 and incorporated herein by reference)
10.24	Firm offer to purchase royalty interest of "Idaho Group" between Royal Gold, Inc. and Idaho Group dated July 22, 1999 (filed as Attachment A to the Company's Current Report on Form 8-K on September 2, 1999 and incorporated herein by reference)
10.25	Royalty Deed and Agreement, dated effective as of April 15, 1991, between ECM, Inc. and Royal Crescent Valley, Inc. (filed as Exhibit 10(1) to the Company's Annual Report on Form 10-K for the year ended June 30, 1991 and incorporated herein by reference)
10.26	Assignment and Assumption Agreement, dated December 6, 2002 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on December 23, 2002 and incorporated herein by reference)
10.27	Royalty Assignment and Agreement, effective as of December 26, 2002, between High Desert Mineral Resources, Inc. and High Desert Gold Corporation (filed as Exhibit 99.4 to the Company's Current Report on Form 8-K on September 22, 2005 and incorporated herein by reference)

Exhibit Number	Description
10.28	Royalty Assignment, Confirmation, Amendment, and Restatement of Royalty, and Agreement, dated as of November 30, 1995, among Barrick Bullfrog Inc., Barrick Goldstrike Mines Inc. and Royal Hal Co. (filed as Exhibit 99.5 to the Company's Current Report on Form 8-K on September 22, 2005 and incorporated herein by reference)
10.29	Amendment to Royalty Assignment, Confirmation, Amendment, and Restatement of Royalty, and Agreement, effective as of October 1, 2004, among Barrick Bullfrog Inc., Barrick Goldstrike Mines Inc. and Royal Hal Co. (filed as Exhibit 99.6 to the Company's Current Report on Form 8-K on September 22, 2005 and incorporated herein by reference)
10.30	Purchase and Sale Agreement for Peñasquito and Other Royalties among Minera Kennecott S.A. DE C.V., Kennecott Exploration Company and Royal Gold, Inc., dated December 28, 2006 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)
10.31	Contract for Assignment of Rights Granted, by Minera Kennecott, S.A. de C.V. Represented in this Agreement by Mr. Dave F. Simpson, and Minera Peñasquito, S.A. de C.V., Represented in this Agreement by Attorney, Jose Maria Gallardo Tamayo (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)
10.32	Amended and Restated Master Agreement by and between Royal Gold, Inc. and Compañía Minera Teck Carmen de Andacollo, dated as of January 12, 2010, along with the related Form of Royalty Agreement attached thereto as Exhibit C (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on January 15, 2010 and incorporated herein by reference)
10.33	Support Agreement, dated as of February 22, 2010, among Royal Gold, Inc., RG Calco Inc., and RG Exchangeco Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A on February 23, 2010 and incorporated herein by reference)
10.34	Voting and Exchange Trust Agreement, dated as of February 22, 2010, among Royal Gold, Inc., RG Exchangeco Inc. and Computershare Trust Company of Canada (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K/A on February 23, 2010 and incorporated herein by reference)
10.35	Labrador Option Agreement, dated May 18, 1993, between Diamond Fields Resources Inc. and Archean Resources Ltd., as amended (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q on May 7, 2010 and incorporated herein by reference)
10.36	Robinson Property Trust Ancillary Agreement by and between Kennecott Holdings Corporation, Kennecott Rawhide Mining Company and Kennecott Nevada Copper Company and BHP Nevada Mining Company, dated September 12, 2003 (filed as Exhibit 10.60 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.37	Shares Purchase and Sale Agreement by Jaime Ugarte Lee and others to Compañía Minera Barrick Chile Limitada, dated as of March 23, 2001 (English Translation) (filed as Exhibit 10.61 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)

Exhibit Number	Description
10.38	Royalty Deed between St Barbara Mines Limited and Resource Capital Funds III L.P., dated March 29, 2005, as supplemented and amended by the Supplemental Deed between St Barbara Mines Limited and Resource Capital Funds III L.P., dated May 20, 2005 (filed as Exhibit 10.64 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.39	Net Smelter Return Royalty Agreement by and between Newmont Canada Limited and Barrick Gold Corporation, dated October 8, 2004 (filed as Exhibit 10.65 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.40	Royalty for Technical Expertise Agreement by and between Tenedoramex S. A. de C. V. and Kennecott Minerals Company, dated as of March 23, 2001 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on January 6, 2006 and incorporated herein by reference)
10.41	Agreement for Amendment and Restatement of Royalty for Technical Expertise between Minas de Oro Nacional S.A. de C.V. and RG Mexico, Inc. dated May 27, 2011 (filed as Exhibit 10.51 to the Company's Annual Report on Form 10-K on August 18, 2011 and incorporated herein by reference)
10.42***	Amended and Restated Purchase and Sale Agreement by and among Royal Gold, Inc., RGL Gold AG, Thompson Creek Metals Company Inc. and Terrane Metals Corp. dated as of December 14, 2011 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on December 15, 2011 and incorporated herein by reference)
10.43***	First Amendment to Amended and Restated Purchase and Sale Agreement by and among Royal Gold, Inc., RGLD Gold AG, Thompson Creek Metals Company Inc. and Terrane Metals Corp. dated as of August 8, 2012 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on August 9, 2012 and incorporated herein by reference)
10.44	Intercreditor Agreement by and among RGLD Gold AG, Terrane Metals Corp. and Valiant Trust Company dated November 27, 2012 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q on January 31, 2013 and incorporated herein by reference)
10.45	Option Agreement between Seabridge Gold Inc. and RGLD Gold Canada, Inc. dated June 16, 2011 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on June 22, 2011 and incorporated herein by reference)
10.46	Subscription Agreement between Seabridge Gold Inc. and RGLD Gold Canada, Inc. dated June 16, 2011 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on June 22, 2011 and incorporated herein by reference)
10.47	Amending Agreement between Seabridge Gold Inc. and RG Exchangeco Inc., dated October 28, 2011 (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q on November 3, 2011 and incorporated herein by reference)
10.48	Second Amending Agreement by and between RG Exchangeco Inc. and Seabridge Gold Inc. dated as of December 13, 2012 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q on January 31, 2013 and incorporated herein by reference)

Exhibit Number	Description
10.49	Net Smelter Royalty Agreement between Barrick Gold Corporation and McWatters Mining Inc., dated April 3, 2003 (filed as Exhibit 10.50 to the Company's Annual Report on Form 10-K on August 18, 2011 and incorporated herein by reference)
10.50	Agreement between Rio Tinto Metals Limited and MK Gold Company, dated September 1, 1999 (filed as Exhibit 10.52 to the Company's Annual Report on Form 10-K on August 18, 2011 and incorporated herein by reference)
10.51	Net Smelter Return Royalty Agreement between Expatriate Resources Ltd. and Atna Resources Ltd., dated June 16, 2004, as modified by Partial Assignment of Royalty between Atna Resources Ltd, Equity Engineering Ltd. and Yukon Zinc Corporation, dated August 20, 2007 (filed as Exhibit 10.53 to the Company's Annual Report on Form 10-K on August 18, 2011 and incorporated herein by reference)
10.52***	Purchase and Sale Agreement by and between RGLD Gold AG and Chieftain Metals Inc., dated as of December 22, 2011 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on December 28, 2011 and incorporated herein by reference)
10.53	Form of Agreement for Assignment of Partnership Interest in Crescent Valley Partners, L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on January 8, 2014 and incorporated herein by reference)
21.1*	Royal Gold and Its Subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of President and Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Written Statement of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Written Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed or furnished herewith.

\*\* Identifies each management contract or compensation plan or arrangement.

\*\*\* Certain portions of this exhibit have been omitted by redacting a portion of the text (indicated by asterisks in the text). This exhibit has been filed separately with the U.S. Securities and Exchange Commission pursuant to a request for confidential treatment.

**EXHIBIT 21.1**

**Royal Gold, Inc. and its Subsidiaries  
As of June 30, 2014**

<u>Name</u>	<u>State/Country of Incorporation</u>	<u>Ownership Percentage</u>
Royal Gold, Inc. . . . .	Delaware, USA	
Denver Mining Finance Company, Inc.* . . . . .	Colorado, USA	100%
Crescent Valley Partners LP . . . . .	Colorado, USA	Limited Partner
Greek American Exploration Ltd. . . . .	Bulgaria	50%
High Desert Mineral Resources, Inc. . . . .	Delaware, USA	100%
DFH Co. of Nevada . . . . .	Nevada, USA	100%
Gold Ventures, Inc. . . . .	Nevada, USA	100%
RG Finance (Barbados) Limited . . . . .	Barbados	100%
RG Mexico, Inc. . . . .	Delaware, USA	100%
RGLD Gold AG . . . . .	Switzerland	100%
RGLD Holdings, LLC . . . . .	Delaware, USA	100%
RG Callco Inc. . . . .	Canada	100%
RG Exchangeco Inc. . . . .	Canada	100%
International Royalty Corporation . . . . .	Canada	100%
4324421 Canada Inc. . . . .	Canada	100%
1809391 Alberta ULC . . . . .	Canada	100%
Voisey's Bay Holding Corporation . . . . .	Canada	100%
Canadian Minerals Partnership . . . . .	Canada	100%
Labrador Nickel Royalty Limited Partnership . . . . .	Canada	90%
McWatters Mining Inc. . . . .	Canada	100% common shares
Sigma-Lamaque Management Inc. . . . .	Canada	45%
Sigma-Lamaque LP . . . . .	Canada	100%
Royal Crescent Valley, Inc. . . . .	Nevada, USA	100%
Royal Gold Chile Limitada . . . . .	Chile	100%

\* Denver Mining Finance Company, Inc. is the General Partner of the Crescent Valley Partners LP

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-178691 and No. 333-164975), Form S-4 (No. 333-111590) and Form S-8 (No. 333-122877, No. 333-155384, and No. 333-171364) of our reports dated August 7, 2014, with respect to the consolidated financial statements of Royal Gold, Inc., and the effectiveness of internal control over financial reporting of Royal Gold, Inc., included in this Annual Report (Form 10-K) for the year ended June 30, 2014.

/s/ Ernst & Young LLP  
Denver, Colorado  
August 7, 2014



## CERTIFICATION

I, Tony Jensen, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Royal Gold, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2014

/s/ TONY JENSEN

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Tony Jensen  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

## CERTIFICATION

I, Stefan Wenger, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Royal Gold, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present, in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
  - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2014

/s/ STEFAN WENGER

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Stefan Wenger  
Chief Financial Officer and Treasurer  
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Royal Gold, Inc. (the “Company”), for the year ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tony Jensen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 7, 2014

/s/ TONY JENSEN

---

Tony Jensen  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Royal Gold, Inc. (the “Company”), for the year ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stefan Wenger, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 7, 2014

/s/ STEFAN WENGER

---

Stefan Wenger  
*Chief Financial Officer and Treasurer*  
*(Principal Financial and Accounting Officer)*

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# CORPORATE INFORMATION

## **ANNUAL MEETING**

Friday, November 14, 2014  
9:00 a.m. MST  
Ritz-Carlton Hotel  
1881 Curtis Street  
Denver, Colorado 80202

## **BOARD OF DIRECTORS**

### **William Hayes**

Chairman  
Retired Mining Executive

### **Tony Jensen**

President and Chief Executive Officer  
Royal Gold, Inc.

### **Gordon J. Bogden**

President and Chief Executive Officer  
Avanti Mining Inc.

### **M. Craig Haase**

Retired Mining Executive

### **Kevin McArthur**

Vice Chair, Chief Executive Officer  
and Director  
Tahoe Resources Inc.

### **Chris M.T. Thompson**

Retired Mining Executive

### **Ronald J. Vance**

Retired Mining Executive

## **OFFICERS**

### **Tony Jensen**

President and Chief Executive Officer

### **Stefan Wenger**

Chief Financial Officer and Treasurer

### **Karli Anderson**

Vice President Investor Relations

### **William Heissenbuttel**

Vice President Corporate Development

### **Bruce C. Kirchhoff**

Vice President, General Counsel and  
Secretary

### **William Zisch**

Vice President Operations

## **CORPORATE HEADQUARTERS**

Royal Gold, Inc.  
1660 Wynkoop Street, Suite 1000  
Denver, Colorado 80202  
(303) 573-1660 (phone)  
(303) 595-9385 (fax)  
E-mail: [info@royalgold.com](mailto:info@royalgold.com)

## **WEBSITE**

[www.royalgold.com](http://www.royalgold.com)

## **LEGAL COUNSEL**

Hogan Lovells US LLP  
Denver, Colorado

## **AUDITORS**

Ernst & Young LLP  
Denver, Colorado

## **TRANSFER AGENTS/REGISTRARS**

### **For Holders of Royal Gold Common Stock:**

#### **Computershare Investor Services**

#### **Mailing addresses:**

**For standard US postal mail:**  
Computershare Investor Services  
PO Box 30170  
College Station, TX 77842-3170

**For overnight/express delivery:**  
Computershare Investor Services  
211 Quality Circle Suite 210  
College Station, TX 77845

#### **Telephone and Fax:**

(800) 962-4284 (toll free)  
(781) 575-3120 (International)  
(303) 262-0700 (fax)

Website: [www.computershare.com](http://www.computershare.com)

### **For Holders of Royal Gold Exchangeable Shares:**

Computershare Trust Company of Canada  
Suite 600, 530 8th Ave. SW  
Calgary, Alberta T2P 3S8, Canada  
Attention: Manager, Client Services  
Phone: (403) 267-6800  
Fax: (403) 267-6529

For inquiries on how to exchange  
International Royalty Corp. shares into  
Royal Gold shares, contact the Depositary:

CIBC Mellon Trust Company  
c/o Canadian Stock Transfer Company Inc.  
PO Box 1036  
Adelaide Street Postal Station  
Toronto, Ontario M5C 2K4, Canada  
Attention: Corporate Restructures  
Phone: 1-800-387-0825  
Fax: (888) 486-7660  
Email: [inquiries@canstockta.com](mailto:inquiries@canstockta.com)

## **STOCK EXCHANGE LISTINGS**

NASDAQ Global Select Market  
(Symbol: RGLD)

Toronto Stock Exchange  
(Symbol: RGL)

## **INVESTOR RELATIONS**

Copies of Royal Gold's Annual Report  
on Form 10-K for the fiscal year ended  
June 30, 2014 are available at no charge.  
Please direct requests and investor  
relations questions to:

Karli Anderson  
Vice President Investor Relations  
(303) 575-6517  
E-mail: [kanderson@royalgold.com](mailto:kanderson@royalgold.com)

## **SHAREHOLDER COMMUNICATION**

It is important for our shareholders to get  
timely information about Royal Gold. All  
shareholders are encouraged to visit the  
Company's website at [www.royalgold.com](http://www.royalgold.com)  
for the latest news or to sign up for our  
email list.



# BOARD OF DIRECTORS



**KEVIN McARTHUR**  
Vice Chair & CEO  
Tahoe Resources Inc.

**M. CRAIG HAASE**  
Retired Mining Executive

**TONY JENSEN**  
President & Chief  
Executive Officer

**CHRIS THOMPSON**  
Retired Mining Executive

**WILLIAM HAYES**  
Chairman  
Retired Mining Executive

**GORDON J. BOGDEN**  
President & CEO  
Avanti Mining Inc.

**RONALD J. VANCE**  
Retired Mining Executive

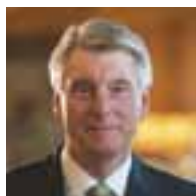
## MANAGEMENT



**KARLI ANDERSON**  
Vice President  
Investor Relations



**BILL HEISSENBUTTEL**  
Vice President  
Corporate Development



**TONY JENSEN**  
President & Chief  
Executive Officer



**BRUCE KIRCHHOFF**  
Vice President, General  
Counsel & Secretary



**STEFAN WENGER**  
Chief Financial Officer  
& Treasurer



**BILL ZISCH**  
Vice President  
Operations



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