

ROYAL GOLD INC
Form 10-K
August 11, 2016

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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, 2016

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)

84-0835164
(I.R.S. Employer
Identification No.)

1660 Wynkoop Street, Suite 1000
Denver, Colorado
(Address of Principal Executive Offices)

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

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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, 2015, as reported on the NASDAQ Global Select Market was \$2,361,359,998. There were 65,269,476 shares of the Company's common stock, par value \$0.01 per share, outstanding as of July 28, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2015 Annual Meeting of Stockholders scheduled to be held on November 16, 2016, and to be filed within 120 days after June 30, 2016, 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.

Royal Gold does not own, develop, or mine the properties on which it holds stream or royalty interests. Certain information provided in this Annual Report on Form 10-K, including, without limitation, all reserves, historical production and production estimates, descriptions of properties and developments at properties included herein, has been provided to us by the operators of those properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of, such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.

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 metal streams, royalties, and similar interests. We seek to acquire existing stream and royalty interests or to finance projects that are in production or in the development stage in exchange for stream or royalty interests.

We manage our business under two segments:

Acquisition and Management of Stream Interests 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 term of the agreement. As of June 30, 2016, we owned stream interests on four producing properties and three development stage properties. As discussed further below, we invested approximately \$1.3 billion in stream interests in our fiscal year 2016, including stream interests relating to Pueblo Viejo, Carmen de Andacollo ("Andacollo"), Wassa and Prestea, and Rainy River. Our stream interests accounted for approximately 66% and 34% of our total revenue for the fiscal years ended June 30, 2016 and 2015, respectively. We expect stream interests to continue growing as a proportion of our total revenue.

Acquisition and Management of Royalty 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. As of June 30, 2016, we owned royalty interests on 34 producing properties, 21 development stage properties and 131 exploration stage properties, of which we consider 50 to be evaluation stage projects. We use "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Royalties accounted for approximately 34% and 66% of our total revenue for the fiscal years ended June 30, 2016 and 2015, respectively.

We do not conduct mining operations on the properties in which we hold stream and royalty interests, and except for our interest in the Peak Gold, LLC joint venture ("Peak Gold"), we are not required to contribute to capital costs, exploration costs, environmental costs or other operating costs on those properties.

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In the ordinary course of business, we engage in a continual review of opportunities to acquire existing stream and royalty interests, to establish new streams on operating mines, to create new stream and royalty interests through the financing of mine development or exploration, or to acquire companies that hold stream and 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 and term sheets, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2016 were as follows:

- (1) Our revenue increased 29% to \$359.8 million, compared to \$278.0 million during fiscal year 2015;
- (2) We acquired a gold and silver stream on the Pueblo Viejo mine located in the Dominican Republic;
- (3) We acquired a gold stream on the Andacollo copper-gold mine located in Chile and terminated the previously held royalty at Andacollo;
- (4) We acquired a gold stream on the Wassa and Prestea mines located in Ghana;
- (5) We acquired a gold and silver stream on the Rainy River Project located in Canada; and
- (6) We increased our calendar year dividend to \$0.92 per basic share, which is paid in quarterly installments throughout calendar year 2016. This represents a 5% increase compared with the dividend paid during calendar year 2015.

Certain Definitions

Dollar or "\$": Unless we have indicated otherwise, or the context otherwise requires, references in this Annual Report on Form 10-K to "\$" or "dollar" are to the currency of the United States. We refer to Canadian dollars as C\$.

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.

Metal Stream: A purchase agreement that provides, in exchange for an upfront advance 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.

Mineralized Material: That part of a mineral system that have potential economic significance, but is not included in the proven and probably reserve estimates until further drilling and metallurgical work is completed, and until other economic and technical feasibility factors based on such work have been resolved.

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.

Net Revenue: Net revenue is calculated as Royal Gold's Revenue minus Cost of sales.

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Probable Reserves: 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 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.

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 which could 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 mining 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 Developments

Mount Milligan Commitment Letter

On July 5, 2016, we entered into a binding commitment letter with Centerra Gold Inc. ("Centerra") setting forth the key terms and conditions of a future amendment to our Mount Milligan streaming agreement in connection with the proposed acquisition by Centerra of Thompson Creek Metals Company Inc. ("Thompson Creek") by Plan of Arrangement under the Arrangement Agreement executed between Centerra and Thompson Creek, as announced on July 5, 2016 (the "Centerra Acquisition"). Thompson Creek is the parent company of Terrane Metals Corp. ("Terrane"), which owns and operates the Mount Milligan copper-gold mine. Our obligation to amend the Mount Milligan streaming agreement is subject to the consummation of the Centerra Acquisition and other customary conditions set forth in the commitment letter.

Under the commitment letter, we also agreed to an exclusivity arrangement with Centerra that prohibits us from negotiating and entering into any agreement with any person (other than Centerra) relating to Thompson Creek's obligations under the streaming agreement until the earliest of (i) the closing or abandonment of the Centerra Acquisition, (ii) the date, if any, on which shareholders of Thompson Creek decline to approve the Centerra Acquisition, or (iii) November 30, 2016.

Pursuant to the terms of the commitment letter, we and Centerra have agreed to amend the streaming agreement, effective on the closing of the Centerra Acquisition, as follows:

the existing 52.25% gold streaming interest will be amended to 35.00%;

we will obtain an 18.75% copper streaming interest at Mount Milligan at a price equal to 15% of the spot price for each metric tonne of copper delivered;

the existing restriction of \$400 million on senior secured debt covered by the Mount Milligan assets will be extended until we receive the full return of our \$781.5 million deposit (the "Payment Deposit");

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until we have received the full return of the Payment Deposit and an additional 35,000 metric tonnes of copper, Terrane will maintain a leverage ratio of total consolidated indebtedness to its earnings before interest, taxes, depreciation and amortization of no greater than 3:1 (including intercompany debt that ranks parri passu with or in priority to our streaming agreement);

Terrane will not make distributions of cash or property to any of its affiliates if Terrane or Thompson Creek is in default under the streaming agreement; and

we will enter into an intercreditor agreement with lenders providing \$325 million in senior secured debt financing to Centerra in connection with the Centerra Acquisition, pursuant to which we will (i) retain our first priority security interest in 35.00% of the payable gold produced from Mount Milligan and all proceeds thereof, (ii) obtain a first priority security interest in 18.75% of the payable copper produced from Mount Milligan and all proceeds thereof, and (iii) otherwise agree to subordinate our security interests on all other assets of Terrane on terms and conditions substantially similar to those contained in our existing intercreditor agreement with the security agent for the benefit of the holders of Thompson Creek's 9.75% Senior Secured First Priority Notes due 2017.

In connection with the closing of the Centerra Acquisition, Centerra will redeem all of Thompson Creek's secured and unsecured notes at their call price plus accrued and unpaid interest, which Centerra expects to finance through the combination of the \$325 million senior secured debt referred to above and approximately C\$185.7 million in net proceeds from a recent equity offering. The Centerra Acquisition will require the approval of the holders of two-thirds of Thompson Creek's outstanding common stock and will be subject to court and applicable regulatory approvals, in addition to other customary closing conditions. The Centerra Acquisition is expected to close in the fall of calendar 2016.

Fiscal 2016 Business Developments

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

Acquisition of Gold and Silver Stream at Pueblo Viejo

On September 29, 2015, RGLD Gold AG ("RGLD Gold"), a wholly-owned subsidiary of the Company, closed a Precious Metals Purchase and Sale Agreement with Barrick Gold Corporation ("Barrick") and its wholly-owned subsidiary, BGC Holdings Ltd. ("BGC") for a percentage of the gold and silver production attributable to Barrick's 60% interest in the Pueblo Viejo mine located in the Dominican Republic. Pursuant to the Precious Metals Purchase and Sale Agreement, RGLD Gold made a single advance payment of \$610 million to BGC as part of the closing. The transaction was effective as of July 1, 2015 for the gold stream and January 1, 2016 for the silver stream.

BGC will deliver gold to RGLD Gold in amounts equal to 7.50% of Barrick's interest in the gold produced at the Pueblo Viejo mine until 990,000 ounces of gold have been delivered, and 3.75% of Barrick's interest in gold produced thereafter. RGLD Gold will pay BGC 30% of the spot price per ounce of gold delivered until 550,000 ounces of gold have been delivered, and 60% of the spot price per ounce delivered thereafter. RGLD Gold received its first delivery of gold from Pueblo Viejo on December 15, 2015.

BGC will deliver silver to RGLD Gold in amounts equal to 75% of Barrick's interest in the silver produced at the Pueblo Viejo mine, subject to a minimum silver recovery of 70%, until 50.0 million ounces of silver have been delivered, and 37.50% of Barrick's interest in silver produced thereafter. RGLD Gold will pay BGC 30% of the spot price per ounce of silver delivered until 23.10 million ounces of silver have been delivered, and 60% of the spot price per ounce of silver delivered

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thereafter. RGLD Gold received its first delivery of 209,800 ounces of silver from Pueblo Viejo on March 15, 2016 for the period January through February 2016.

The Pueblo Viejo mine is an open-pit mining operation located approximately 60 miles northwest of Santo Domingo, in the Dominican Republic, and is owned by a joint venture in which Barrick holds a 60% interest and is responsible for operations, and in which Goldcorp Inc. ("Goldcorp") holds a 40% interest. The mine began production in 2013. Barrick reported calendar 2016 production forecast, on a 60% basis, of 600,000-650,000 ounces of gold. Barrick also reported proven and probable gold reserves attributable to Barrick of 9.0 million contained ounces at 2.97 grams per tonne, and attributable proven and probable silver reserves of 54.1 million contained ounces grading 17.9 grams per tonne, in each case as of December 31, 2015.

Acquisition and Amendment of Gold Stream on Wassa and Prestea

On July 28, 2015, RGLD Gold closed a \$130 million gold stream transaction with a wholly-owned subsidiary of Golden Star Resources Ltd. (together "Golden Star"). On December 30, 2015, the parties executed an amendment providing for an additional \$15 million investment (for a total investment of \$145 million) by RGLD Gold.

Funds will be used for ongoing development of Golden Star's Wassa and Prestea mines in Ghana. As of June 30, 2016, RGLD Gold has advanced \$95 million. On July 1, 2016, RGLD Gold made an advance payment of \$20 million and expects to advance the balance in two quarterly payments as follows: (i) \$20 million on October 1, 2016, and (ii) \$10 million on January 1, 2017; however this schedule may be modified based on the actual spending on the Wassa and Prestea underground projects and these funds are subject to satisfaction of certain conditions.

In return, Golden Star will deliver to RGLD Gold 9.25% of gold produced from the Wassa and Prestea mines, until the earlier of (i) December 31, 2017 or (ii) the date at which the Wassa and Prestea underground projects achieve commercial production. At that point, the stream percentage will increase to 10.5% of gold produced from the Wassa and Prestea mines until an aggregate 240,000 ounces have been delivered. Once the applicable delivery threshold is met, the stream percentage will decrease to 5.5% for the remaining term of the transaction.

RGLD Gold will pay Golden Star a cash price equal to 20% of the spot price for each ounce of gold delivered at the time of delivery until the applicable delivery threshold is met, and 30% of the spot price for each ounce of gold delivered thereafter.

The Wassa mine is located approximately 90 miles west of Accra and has operated continuously since 2005. Golden Star forecasts calendar 2016 production of 100,000 to 110,000 ounces of gold from the single Wassa open pit and 20,000 to 25,000 ounces of gold from pre-commercial production from the developing Wassa underground. Open pit proven and probable reserves are 878,000 ounces at 1.59 grams per tonne, as of December 31, 2015. RGLD Gold's investment will fund development of the Wassa underground deposit, which has 796,000 ounces of probable gold reserves at 4.59 grams per tonne. Once the underground deposit is in production, Golden Star expects average annual gold production of approximately 160,000 ounces of gold over the life of mine from the combined open pit and underground at Wassa.

Prestea is located approximately 125 miles west of Accra and has produced over 9 million ounces of gold from both open pit and underground sources over the last 100 years. Prestea underground probable gold reserves are 469,000 ounces at 14.02 grams per tonne as of December 31, 2015. Golden Star forecasts calendar 2016 production of 60,000 to 70,000 ounces of gold from the open pit operations. Underground development at Prestea is already well advanced. Golden Star expects to spend \$36 million of capital investment on Prestea, which includes hoist and shaft upgrades, electrical infrastructure, ventilation and a process plant upgrade. Once in full production, Golden Star expects

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annual production of approximately 90,000 ounces from Prestea, with estimated life of mine production of 450,000 ounces. Golden Star forecasts underground gold production from the Wassa and Prestea mines by mid-calendar 2016 and mid-calendar 2017, respectively.

Also on July 28, 2015 and separate from the stream transaction by RGLD Gold, the Company funded a \$20 million, 4-year term loan to a wholly-owned subsidiary of Golden Star and received warrants to purchase 5 million shares of Golden Star common stock. Interest under the term loan is due quarterly at a rate equal to 62.5% of the average daily gold price for the relevant quarter divided by 10,000, but not to exceed 11.5%. The warrants have a term of four years and an exercise price of \$0.27.

Acquisition of Gold and Silver Stream at Rainy River

On July 20, 2015, RGLD Gold entered into a \$175 million Purchase and Sale Agreement with New Gold, Inc. ("New Gold"), for a percentage of the gold and silver production from the Rainy River Project located in Ontario, Canada ("Rainy River"). Pursuant to the Purchase and Sale Agreement, RGLD Gold made an advance payment to New Gold, consisting of \$100 million on July 20, 2015, and will make an additional advance payment of \$75 million once capital spending at Rainy River is 60% complete (currently expected during the second half of calendar 2016). Under the Purchase and Sale Agreement, New Gold will deliver to RGLD Gold 6.50% of the gold produced at Rainy River until 230,000 gold ounces have been delivered, and 3.25% thereafter. New Gold also will deliver to RGLD Gold 60% of the silver produced at Rainy River until 3.10 million silver ounces have been delivered, and 30% thereafter. RGLD Gold will pay New Gold 25% of the spot price per ounce of gold and silver at the time of delivery.

The Rainy River Project is located approximately 40 miles northwest of Fort Frances in western Ontario, Canada. Over its first nine years of full production, the 21,000 tonne per day, combined open pit-underground operation is scheduled to produce an average of 325,000 ounces of gold per year. Construction was initiated in calendar 2015 and at the end of June 2016, overall construction was over 40% complete. Rainy River has an estimated fourteen year mine life based on current reserves and is projected by New Gold to start-up in mid-calendar 2017.

Acquisition of Gold Stream at Carmen de Andacollo

On July 9, 2015, RGLD Gold entered into a Long Term Offtake Agreement (the "Andacollo Stream Agreement") with Compañía Minera Teck Carmen de Andacollo ("CMCA"), a 90% owned subsidiary of Teck Resources Limited ("Teck"). Pursuant to the Andacollo Stream Agreement, CMCA will sell and deliver to RGLD Gold 100% of payable gold from the Andacollo copper-gold mine until 900,000 ounces have been delivered, and 50% thereafter, subject to a fixed payable percentage of 89%. RGLD Gold made a \$525 million advance payment in cash to CMCA upon entry into the Andacollo Stream Agreement, and RGLD Gold will also pay CMCA 15% of the monthly average gold price for the month preceding the delivery date for all gold purchased under the Andacollo Stream Agreement.

The transaction encompasses certain of CMCA's presently owned mining concessions on the Andacollo mine, as well as any other mining concessions presently owned or acquired by CMCA or any of its affiliates within a 1.5 kilometer area of interest, and certain other mining concessions that CMCA or its affiliates may acquire. The Andacollo Stream Agreement was effective as of July 1, 2015, and applies to all final settlements of gold received on or after that date.

Termination of Royalty Interest at Carmen de Andacollo

On July 9, 2015, Royal Gold Chile Limitada ("RG Chile"), a wholly owned subsidiary of the Company, entered into a Royalty Termination Agreement with CMCA. The Royalty Termination Agreement terminated an amended Royalty Agreement originally dated January 12, 2010, which

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provided RG Chile with a royalty equivalent to 75% of the gold produced from the sulfide portion of the Andacollo mine until 910,000 payable ounces have been produced, and 50% of the gold produced thereafter. CMCA paid total consideration of \$345 million to RG Chile in connection with the Royalty Termination Agreement. The royalty termination transaction was taxable in Chile and the United States.

Our Operational Information

Reportable Segments, Geographical and Financial Information

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

	As of June 30, 2016			As of June 30, 2015		
	Stream interest	Royalty interest	Total stream and royalty interests, net	Stream interest	Royalty interest	Total stream and royalty interests, net
Canada	\$ 809,692	\$ 228,566	\$ 1,038,258	\$ 823,091	\$ 251,688	\$ 1,074,779
Chile	369,896	453,629	823,525		653,019	653,019
Dominican Republic	588,502		588,502			
Mexico		118,899	118,899		131,742	131,742
United States		102,385	102,385		110,286	110,286
Africa	88,596	697	89,293		12,760	12,760
Australia		42,547	42,547		50,119	50,119
Other	12,029	32,649	44,678	8,183	42,720	50,903
Total	\$ 1,868,715	\$ 979,372	\$ 2,848,087	\$ 831,274	\$ 1,252,334	\$ 2,083,608

The Company's revenue, costs of sales and net revenue by reportable segment for our fiscal years ended June 30, 2016, 2015 and 2014 is geographically distributed as shown in the following table:

	Fiscal Year Ended June 30, 2016			Fiscal Year Ended June 30, 2015		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 125,755	\$ 47,417	\$ 78,338	\$ 94,104	\$ 33,450	\$ 60,654
Chile	49,243	7,280	41,963			
Dominican Republic	39,684	11,625	28,059			
Africa	23,346	4,657	18,689			
Total streams	\$ 238,028	\$ 70,979	\$ 167,049	\$ 94,104	\$ 33,450	\$ 60,654
Royalties:						
Mexico	\$ 35,267	\$	\$ 35,267	\$ 43,008	\$	\$ 43,008
United States	35,483		35,483	42,675		42,675
Canada	30,676		30,676	37,496		37,496
Chile	84		84	39,508		39,508
Australia	10,462		10,462	8,494		8,494
Africa	1,868		1,868	3,075		3,075
Other	7,922		7,922	9,659		9,659
Total royalties	\$ 121,762	\$	\$ 121,762	\$ 183,915	\$	\$ 183,915
Total royalties and streams	\$ 359,790	\$ 70,979	\$ 288,811	\$ 278,019	\$ 33,450	\$ 244,569

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	Fiscal Year Ended June 30, 2015			Fiscal Year Ended June 30, 2014		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 94,104	\$ 33,450	\$ 60,654	\$ 27,209	\$ 9,158	\$ 18,051
Royalties:						
Mexico	\$ 43,008		\$ 43,008	\$ 43,093		\$ 43,093
United States	42,675		42,675	34,671		34,671
Chile	39,508		39,508	50,733		50,733
Canada	37,496		37,496	54,277		54,277
Australia	8,494		8,494	8,353		8,353
Africa	3,075		3,075	7,943		7,943
Other	9,659		9,659	10,883		10,883
Total royalties	\$ 183,915	\$	\$ 183,915	\$ 209,953	\$	\$ 209,953
Total royalties and streams	\$ 278,019	\$ 33,450	\$ 244,569	\$ 237,162	\$ 9,158	\$ 228,004

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 and copper, together with the amounts of production from our producing stage stream and royalty interests. During the fiscal year ended June 30, 2016, Royal Gold derived approximately 91% of its revenue from precious metals (including 88% from gold and 3% from silver), 4% from copper and 5% from other minerals. The price of gold, silver, copper and other metals has fluctuated widely in recent years, having declined from highs experienced in the first half of our fiscal year 2013, with the price of gold and silver having rebounded during the second half of our fiscal 2016. The marketability and the price of metals are influenced by numerous factors beyond our control.

Competition

The mining industry in general and streaming and royalty segments in particular are competitive. We compete with other streaming and royalty companies, mine operators, and financial buyers in efforts to acquire existing royalty interests, and with the lenders, investors, and streaming and royalty companies providing financing to operators of mineral properties in our efforts to create new royalty interests. Our competitors in the lending and mining business may be larger than we are and may have greater resources and access to capital than we have. Key competitive factors in the stream and royalty acquisition and financing business include the ability to identify and evaluate potential opportunities, transaction structure and consideration, and access to capital.

Regulation

Operators of the mines that are subject to our stream and royalty interests must comply with numerous environmental, mine safety, land use, waste disposal, remediation and public health laws and regulations promulgated by federal, state, provincial and local governments in the United States, Canada, Chile, Mexico, Dominican Republic and other countries where we hold interests. Although we are not responsible as a stream and royalty interest owner for ensuring compliance with these laws and regulations, failure by the operators of the mines on which we have stream and royalty interests to comply with applicable laws, regulations and permits can result in injunctive action, damages and civil and criminal penalties on the operators.

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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. 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 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 21 employees, 18 of whom are located in Denver, Colorado, one who is located in Zug, Switzerland, and two who are located in Toronto, Canada. 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 stream and royalty interests and may reduce our revenues. Certain contracts governing our royalty stream interests have features that may amplify the negative effects of a drop in metals prices.

The profitability of our stream and 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 we derive a majority of our revenue from gold stream and royalty interests. 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

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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.

Volatility in gold, silver, copper and nickel prices is demonstrated by the annual high and low prices for those metals over the past decade:

Calendar Year	Gold (\$/ounce)		Silver (\$/ounce)		Copper (\$/pound)		Nickel (\$/pound)	
	High	Low	High	Low	High	Low	High	Low
2006 - 2007	\$ 841	\$ 525	\$ 15.82	\$ 8.83	\$ 4.29	\$ 2.01	\$ 23.41	\$ 6.30
2008 - 2009	\$ 1,213	\$ 713	\$ 20.92	\$ 8.88	\$ 4.08	\$ 1.26	\$ 15.10	\$ 4.00
2010 - 2011	\$ 1,895	\$ 1,058	\$ 48.70	\$ 26.16	\$ 4.60	\$ 2.76	\$ 13.17	\$ 7.68
2012 - 2013	\$ 1,792	\$ 1,192	\$ 37.23	\$ 18.61	\$ 3.93	\$ 3.01	\$ 9.90	\$ 5.97
2014	\$ 1,385	\$ 1,142	\$ 22.05	\$ 15.28	\$ 3.37	\$ 2.86	\$ 9.62	\$ 6.06
2015	\$ 1,296	\$ 1,049	\$ 18.23	\$ 13.71	\$ 2.92	\$ 2.05	\$ 7.01	\$ 3.70
2016 to-date	\$ 1,366	\$ 1,077	\$ 20.47	\$ 13.58	\$ 2.31	\$ 1.96	\$ 3.50	\$ 4.84

Declines in market prices for gold, silver, copper, nickel and certain other metals such as those experienced during our fiscal year 2015 and first half of fiscal 2016, decreased our revenues. 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 stream and royalty interests. Certain streaming agreements provide us the right to purchase metals at a specified percentage of the spot price. Our margin between the price at which we can purchase metals pursuant to streaming agreements and the price at which we sell metals in the market will vary as metal prices vary; in the event of metal price declines, we would generate lower cash flow or earnings, or possibly losses. Our Mount Milligan streams provide us the right to purchase gold at fixed prices of \$435 per ounce. Further, our sliding-scale royalties, such as Cortez, Holt, Mulatos and other properties, amplify the effect of declines in market prices for gold, silver, copper, nickel and certain other metals, because when metal prices fall below certain thresholds in a sliding-scale royalty, a lower royalty rate will apply. A price decline may result in a material and adverse effect on our profitability, results of operations and financial condition.

Price fluctuations between the time that decisions about development and construction of a mine 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 stream and royalty interests on the property.

Where gold and silver are produced as by-product metals at the properties where we hold stream and royalty interests, such as at Mount Milligan and Andacollo, an operator's production decisions and the economic cut-off applied to its reporting of gold and silver reserves and resources may be influenced by changes in the commodity prices of the principal metals produced at the mines.

Moreover, certain agreements governing our royalty interests, such as those relating to our royalty interests in the 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.

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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 stream and royalty interests on properties operated by third parties. The holder of a stream or 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 stream or royalty interest, and we have limited legal rights to influence those decisions.

Our strategy of acquiring and holding stream and royalty interests on properties operated by third parties 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. As a result, our revenue is dependent upon the activities of third parties, which creates the risk that at any time those third parties may: (i) have business interests that are inconsistent with ours, (ii) take action contrary to our interests, policies or objectives, or (iii) be unable or unwilling to fulfill their obligations under their agreements with us. At any time, any of the operators of our mining properties may decide to suspend or discontinue operations. Except in limited circumstances, we will not be entitled to material compensation if operations are shut down, suspended or discontinued on a temporary or permanent basis. Although we attempt to secure contractual rights when we create new stream or 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 stream or 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 our interest in the Peak Gold, LLC joint venture and for other transactions where we finance mine development or actively fund or participate ourselves in exploration or development projects or in certain other limited circumstances) or operating costs on projects on which we hold stream or royalty interests, our financial results are indirectly subject to hazards and risks normally associated with developing and operating mining properties where we hold stream and 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;

default by an operator on its obligations to us or its creditors;

insolvency, bankruptcy or other financial difficulty of the operator;

significant permitting, environmental and other regulatory requirements and restrictions and any changes in those regulations or their enforcement;

challenges by non-mining interests to existing permits and mining rights, and to applications for permits and mining rights;

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opposition by local communities, indigenous populations and non-governmental organizations;

community or civil unrest;

labor ; shortage of miners, geologists and mining experts, changes in labor laws, increased labor costs, and labor disputes, strikes or work stoppages at mines

unavailability of mining, drilling and related equipment;

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;

potential increased operating costs arising from climate change initiatives and their impact on energy costs in the U.S. and foreign jurisdictions; and

uncertain domestic and foreign political and economic environments.

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

Many of our stream and royalty interests are important to us and any adverse development related to these properties could adversely affect our revenues and financial condition.

Our investments in the Mount Milligan, Andacollo, Pueblo Viejo, Wassa and Presta and Peñasquito properties generated approximately \$260.5 million in revenue in fiscal year 2016, or nearly 72% of our revenue for the period. We expect these properties and others to be important to us in fiscal year 2017 and beyond. Any adverse development affecting the operation of or production from any of these properties could have a material adverse effect on our results of operations, cash flows and financial condition. Any adverse decision made by the operators, such as changes to mine plans, production schedules, metallurgical processes or royalty calculation methodologies, may materially and adversely impact the timing and amount of revenue that we receive.

If Centerra's acquisition of Thompson Creek or the anticipated amendment to our Mount Milligan streaming agreement is not consummated, Thompson Creek may be unable to find another buyer and may experience liquidity issues or seek bankruptcy protection, and we may not be able to realize the benefits of our stream interest on the Mount Milligan mine.

There are a number of uncertainties relating to Centerra's proposed acquisition of Thompson Creek, including, among other things, those relating to Thompson Creek obtaining stockholder approval and the acquisition receiving court and applicable regulatory approvals. If Centerra's proposed acquisition of Thompson Creek is not consummated for any reason, there can be no assurance that Thompson Creek will be able to secure another buyer for itself or Mount Milligan, or that another buyer will seek to amend our Mount Milligan streaming agreement on terms we find acceptable. Any

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failure of Centerra's proposed acquisition of Thompson Creek to close could result in Thompson Creek experiencing liquidity issues that impact operations at Mount Milligan or could result in Thompson Creek seeking bankruptcy protection, which could limit our ability to realize the future benefits from our stream interest on the Mount Milligan mine and could materially and adversely affect our business. Further, while we believe our proposed amendment to our stream interest at Mount Milligan will be value neutral on a discounted cash flow basis to our existing stream interest, we cannot guaranty that this will prove to be the case.

Problems concerning the existence, validity, enforceability, terms or geographic extent of our stream and royalty interests could adversely affect our business and revenues, and our interests may similarly be materially and adversely impacted by change of control, bankruptcy or the insolvency of operators.

Defects in or disputes relating to the stream and royalty interests we hold or acquire may prevent us from realizing the anticipated benefits from our stream and royalty interests, and could have a material adverse effect on our business, results of operations, cash flows and financial condition. Material changes could also occur that may adversely affect management's estimate of the carrying value of our stream and royalty interests and could result in impairment charges. While we seek to confirm the existence, validity, enforceability, terms and geographic extent of the stream and royalty interests we acquire, there can be no assurance that disputes or other problems concerning these and other matters or other problems will not arise. Confirming these matters is complex 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 stream or royalty interest. Similarly, stream and 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, and our stream or royalty interests could be materially restricted or set aside through judicial or administrative proceedings. We often do not have the protection of security interests that could help us recover all or part of our investment in a stream or royalty interest.

We have limited access to data and disclosure regarding the operation of the properties on which we have stream and royalty interests, which may limit our ability to assess the performance of a stream or royalty interest.

Although certain agreements governing our stream and royalty interests require the operators to provide us with production, operating and other information, we do not have the contractual right to receive such information for all of our stream and royalty interests. As a result, we may have limited access to data about the operations and the properties themselves, which could affect our ability to assess the performance of a stream or royalty interest. This could result in delays in, or reductions of, our cash flow from the amounts that we anticipate based on the stage of development of or production from the properties which could have an adverse impact on our results of operations, and financial condition.

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

The stream and royalty interests we acquire may not produce anticipated revenues. The success of our acquisitions of stream and royalty interests is based on our ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from our stream and royalty interests and, for development projects, the geological, metallurgical and other technical aspects of the project as well as the costs, timing and conduct of development. 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 stream or royalty interest may not yield sufficient revenues to be profitable for us.

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Furthermore, operators of development stage properties must obtain and maintain all necessary environmental permits and access to water, power and other raw materials, as well as financing, necessary to begin or sustain production, and there can be no assurance that operators will be able to do so.

The failure of any of our principal properties to produce anticipated revenues on schedule or at all would have a material adverse effect on our asset carrying values and potentially our business, results of operations, financial condition or the other benefits we expect to realize from the acquisition of stream and royalty interests. For example, we experienced a write-down for the Phoenix Gold mining project in the third quarter of fiscal 2016 after examining updated technical reports prepared by Rubicon, the operator of the mining project.

Further, as mines on which we have stream and royalty interests mature, we can expect overall declines in production over the years from those operations 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 stream and royalty interests will be able to maintain or increase production or replace reserves as they are mined.

Operators may interpret our stream and 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 stream and 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 stream and royalty interests may interpret our 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 stream or 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, methods for calculating the stream or royalty interest, including whether certain operator costs may properly be deducted from gross proceeds when calculating royalties determined on a net basis; various rights of the operator or third parties in or to the stream or royalty interest or the underlying property; the obligations of a current or former operator to make payments on stream and royalty interests; and various defects or ambiguities in the agreement governing a stream and royalty interest.

For example, in December 2014, the Labrador Nickel Royalty Limited Partnership ("LNRLP"), of which the Company is the indirect majority owner, amended its October 2009 statement of claim against Vale and certain subsidiaries of Vale. LNRLP alleges that Vale has been calculating LNRLP's 3% NSR royalty on nickel, copper and cobalt produced from the Voisey's Bay mine incorrectly since production began in late 2005 and that Vale has breached its contractual duties of good faith and honest performance. One of the claims asserted by LNRLP relates to Vale's calculation of the royalty since Vale began processing nickel concentrates from Voisey's Bay at its new Long Harbour hydrometallurgical plant. Vale currently deducts full Long Harbour operating costs, depreciation and cost of capital from actual proceeds when calculating the net smelter return royalty, which has the effect of reducing or eliminating royalty payments to LNRLP. Royal Gold strongly disagrees with Vale's position that full operating costs, depreciation and cost of capital are permissible net smelter return deductions pursuant to the royalty agreement and is aggressively pursuing its legal remedies. For fiscal 2015, the Voisey's Bay royalty comprised 6% of our revenue. We did not receive any revenue from Vale for the fourth quarter of fiscal 2016. The Voisey's Bay royalty comprised 3% of our total revenue for fiscal 2016.

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

Potential litigation may arise between the operators of properties on which we have stream and 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 a holder of stream and royalty interests, we generally will not have any influence on litigation such as this 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 a project or 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 stream and royalty interests, to establish new streams on operating mines, to create new stream and royalty interests through financing mine development or exploration, or to acquire companies that hold stream and 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 and term sheets, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes. We also consider obtaining debt commitments for acquisition financing. In the event that we choose to raise debt capital to finance any acquisition, our leverage may be increased. We also could issue common stock or incur additional indebtedness to fund our acquisitions. Issuances of common stock could dilute existing stockholders and may reduce some or all of our per share financial measures.

Any such acquisition could be material to us. In pursuit of such opportunities, we may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions. 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 and other risks discussed in this Annual Report on Form 10-K. There can be no assurance that any acquisitions completed will ultimately benefit the Company.

In addition, we may consider opportunities to restructure our stream or 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 stream or royalty interests at appropriate valuations.

Our future success largely depends upon our ability to acquire stream and royalty interests at appropriate valuations, including through royalty, stream and corporate acquisitions and other financing transactions. Most of our revenues are derived from stream and 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 stream and royalty interests or businesses that own desirable 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. In addition, changes to tax rules, accounting policies, or the treatment of stream 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 stream or royalty interests.

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We face substantial competition, and we may not be able to compete successfully in acquiring new stream and royalty interests.

We have competitors that are engaged in the acquisition of stream and royalty interests and companies holding such interests, including competitors with greater financial resources, and we may not be able to compete successfully against these companies in new acquisitions. If we are unable to successfully acquire additional stream or royalty interests, the reserves subject to our stream and royalty interests may decline as the producing properties on which we have such stream and 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 stream and royalty interests if we are unable to successfully complete acquisitions of such interests or complete them at satisfactory rates of return. 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 stream and royalty interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments.

The payments of our stream and royalty interests are calculated by the operators of the properties on which we have stream and 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 stream and 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 deliveries under metal streams and in the calculation of payments of royalties. We do not, however, have the contractual right to receive production information for all of our stream and royalty interests. As a result, our ability to detect payment errors through our stream and royalty 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 stream and royalty interests provide us the right to audit the operational calculations and production data for the associated royalty payments and metal stream deliveries; however, such audits may occur many months following our recognition of the revenue and we may be required 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 stream and royalty interests to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from our stream and royalty interests.

If operators of properties where we hold stream and 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. For example, in 2015, Yukon Zinc shut down its Wolverine mine, on which we own a sliding-scale NSR royalty on all gold and silver produced, and later filed for and completed bankruptcy proceedings in the Supreme Court of British Columbia. 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 stream and royalty interests suffer these material adverse effects, then our interests, including the value of and revenue from them, and the ability of operators to obtain debt or equity financing for the exploration, development and operation of their properties may be materially adversely affected.

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Certain of the agreements governing our stream and royalty interests contain terms that reduce or cap the revenues generated from the interests.

Revenue from some of our stream and royalty interests will stop or decrease after threshold production, delivery or payment milestones are achieved. For example, our gold stream at Pueblo Viejo decreases from 7.5% of Barrick's interest in gold produced at Pueblo Viejo to 3.75% after 990,000 ounces of gold have been delivered. Similarly, our silver stream at Pueblo Viejo decreases from 75% of Barrick's interest in silver produced at Pueblo Viejo to 37.50% after 50.00 million ounces of silver have been delivered. Our streams at Wassa and Prestea, Andacollo and many other properties are subject to similar limitations contained in our stream and royalty agreements, and therefore current production and revenue results from our interests may not be indicative of future results.

Estimates of reserves and mineralization by the operators of mines in which we have stream and 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 stream and royalty interests. Reserve estimates for our stream and 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.

Mineral resources as reported by some operators do not constitute mineral reserves and do not have demonstrated economic viability. Due to the uncertainty of mineral resources, there can be no assurance that such resources will be upgraded to proven and probable mineral reserves as a result of continued exploration. It should not be assumed that any part or all of mineral resources on properties where we hold stream and royalty interests constitute or will be converted into mineral reserves.

Estimates of production by the operators of mines in which we have stream and 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 stream and royalty interests, including many factors beyond our control and the control of the operators of the properties in which we have stream and 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

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plans subsequent to the date of any estimate may cause actual production to vary materially from such estimates.

If title to or concessions, licenses or leases from governments on mine properties are not properly maintained by the operators, or are successfully challenged by third parties, our stream and royalty interests could be found to be 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 or meet expenditure requirements, 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. If title to unpatented mining claims or other mining tenures subject to our stream and royalty interests have not been properly established or not properly maintained, or are successfully contested, our stream and royalty interests could be adversely affected.

Operations in foreign countries or other sovereign jurisdictions are subject to many risks, which could decrease our revenues.

We derived approximately 90% of our revenues from foreign sources during fiscal year 2016, compared to approximately 85% in fiscal year 2015 and 2014. Our principal producing stream and royalty interests on properties outside of the United States are located in Canada, Chile, Mexico, the Dominican Republic and Ghana. We currently have stream and royalty interests in mines and projects in other countries, including Argentina, Australia, Bolivia, Brazil, Burkina Faso, Finland, Guatemala, Honduras, Macedonia, Nicaragua, Peru, Russia, Spain and Tunisia. Various indigenous peoples may be recognized as sovereign jurisdictions and may enforce their own laws and regulations within the United States, Canada and other countries. 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 mining property in foreign countries;

seizure of mineral production;

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;

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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; and

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

In addition, many of our operators are organized outside of the United States. Our stream and 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 stream and 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.

Opposition from indigenous people may delay or suspend development or operations at the properties where we hold stream and royalty interests, which could decrease our revenues.

Various international and national, state and provincial laws, regulations and other materials relate to the rights of indigenous peoples. Some of the properties where we hold stream and royalty interests are located in areas presently or previously inhabited or used by indigenous peoples. Many of these laws impose obligations on government to respect the rights of indigenous people. Some mandate that government consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. One or more groups of indigenous people may oppose continued operation, further development, or new development of the properties where we hold stream and royalty interests. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression, and claims and protests of indigenous peoples may disrupt or delay activities of the operators of the properties. For example, 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)" in this Annual Report on Form 10-K. Similarly, construction activities at the El Morro project were suspended during the same period.

Changes in mining taxes and royalties payable to governments could decrease our revenues.

Changes in mining and tax laws in any of the United States, Canada, Chile, Dominican Republic, Mexico or any other country in which we have stream and royalty interests in mines or projects could affect mine development and expansion, significantly increase regulatory obligations and compliance

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costs with respect to mine development and mine operations, increase the cost of holding mining tenures 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 of 1872, and other laws, which govern 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 a royalty payable to the government on hardrock production, increase land holding fees, impose federal reclamation fees and financial assurances, 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 or our plans 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 stream and royalty interests located outside the United States. Present U.S. income taxes and foreign withholding taxes have not been provided for on undistributed earnings for one of our non-U.S. subsidiaries, because such earnings are intended to be indefinitely reinvested in the operations of that subsidiary. The current Executive branch of the U.S. 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 current or future years, they could have a negative impact on our financial position and results of operations.

In addition, the possibility exists that amounts determined to be indefinitely reinvested outside of the United States may ultimately be repatriated. Any repatriation of foreign earnings may require the accrual and payment of U.S. federal and certain state taxes, which could negatively impact our results of operations and/or the amount of available funds. While we currently have no intention to repatriate cash from our foreign subsidiaries, should the need arise domestically, there is no guarantee that we could do so without adverse consequences.

The mining industry is subject to environmental risks in the U.S. and in the foreign jurisdictions where our interests are located.

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,

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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, if strictly applied, could restrict 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, if and when it becomes effective, could affect some 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.

We are dependent upon information technology systems, which are subject to cyber threats, disruption, damage and failure.

Information systems and other technologies, including those related to our financial and operational management, are an integral part of our business activities. Network and information systems-related events, such as computer hackings, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events, could result in damage to our property, equipment and data. These events also could result in significant expenditures to repair or replace the damaged property or information systems or to protect them from similar events in the future. Further, any security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems, including personnel and other data, could damage our reputation and require us to expend significant capital and other resources to remedy any such security breach. There can be no assurance that these events and security breaches will not occur in the future or not have an adverse effect on our business.

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 stream and 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.

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

Management has concluded that as of June 30, 2016, 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 royalty payments and deliveries of metal streams that translate to our revenues as discussed above in "*We depend on our operators for the calculation of payments of our stream and 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, if we were unable to repay our debt when due, would have a material adverse effect on our business, results of operations, cash flows and financial condition.

As of June 30, 2016, 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. Since June 30, 2015, we entered into several transactions that resulted in drawing down our revolving credit facility and reducing our availability under the facility. As of June 30, 2016 there was \$275 million outstanding on the revolving credit facility, resulting in \$375 million of available revolver capacity. We are also subject to the risks normally associated with debt obligations, 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. We may seek additional debt or equity financing if we deem it available.

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

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 stream and 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

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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.

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, an event of default could occur 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 results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our securities.

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 \$76.85 and \$40.45 for the fiscal year ended June 30, 2014, \$82.84 and \$55.55 for the fiscal year ending June 30, 2015, and \$72.04 and \$24.68 for the fiscal year ending June 30, 2016. 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 service their financial obligations, advance development projects, produce precious metals and develop new reserves;

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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 per share financial measures, 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 additional 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 per share financial measures 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.

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,

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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 stream or royalty interests, except for our interest in Peak Gold, 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 streams and royalties, 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 or www.sedar.com, respectively.

The Company manages its business under two reportable segments, consisting of the acquisition and management of stream interests and the acquisition and management of royalty interests. The description of our principal streams and royalties set forth below includes the location, operator, stream or 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 stream and 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 Producing Properties

The Company considers both historical and future potential revenues in determining which stream and royalty interests in our portfolio are principal to our business. Estimated future potential revenues

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from both producing and development properties are based on a number of factors, including reserves subject to our stream and 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 stream and royalty interests are no longer principal to our business. Currently, the Company considers the properties discussed below (listed alphabetically by stream and royalty interest) to be principal to our business.

Stream Interests

Andacollo (Region IV, Chile)

As discussed in further detail in Item 1, Business, Fiscal 2016 Business Developments, RGLD Gold owns the right to purchase 100% of the gold produced from the Andacollo copper-gold mine until 900,000 ounces of payable gold have been delivered, 50% thereafter. The cash purchase price equals 15% of the monthly average gold price for the month preceding the delivery date for all gold purchased.

Andacollo is an open-pit mine and milling operation located in central Chile, Region IV in the Coquimbo Province and is operated by CMCA. The Andacollo mine 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 mine 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.

Stream deliveries from Andacollo were 41,700 ounces of gold during the fiscal year ended June 30, 2016. Production attributable to our royalty interest at Andacollo during the fiscal year ended June 30, 2015, was 41,500 ounces of gold. Teck has indicated that they expect calendar 2016 gold grade and production to exceed calendar 2015.

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Mount Milligan (British Columbia, Canada)

As of June 30, 2016, RGLD Gold owns the right to purchase 52.25% of the payable gold produced from the Mount Milligan copper-gold project in British Columbia, Canada, which is operated by Terrane, a subsidiary of Thompson Creek. The cash purchase price is equal to the lesser of \$435 per ounce, with no inflation adjustment, or the prevailing market price. Please refer to Item 1, Business, Recent Business Developments, for a description of a proposed amendment to our stream interest at Mount Milligan in connection with the sale of Thompson Creek to Centerra.

The Mount Milligan project is an open-pit mine and 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 Mount 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 Mount Milligan property site is 482 miles from Prince Rupert and 158 miles from Prince George.

Stream deliveries from Mount Milligan were 111,000 ounces of gold during the fiscal year ended June 30, 2016, an increase of approximately 50% when compared to the fiscal year ended June 30, 2015. The increase was due to higher mill throughput and gold grade.

Thompson Creek estimates that Mount Milligan gold production will be at the lower end of their calendar 2016 production guidance of 240,000 to 270,000 ounces.

Pueblo Viejo (Sanchez Ramirez, Dominican Republic)

On September 29, 2015, RGLD Gold acquired the right to purchase 7.5% of Barrick's interest in the gold produced from the Pueblo Viejo mine until 990,000 ounces of gold have been delivered, and 3.75% thereafter. The cash purchase price of the gold is 30% of the spot price of gold delivered until 550,000 ounces of gold have been delivered, and 60% of the spot price of gold per ounce delivered thereafter. RGLD Gold also owns the right to purchase 75% of Barrick's interest in the silver produced from the Pueblo Viejo mine, subject to a minimum silver recovery of 70%, until 50 million ounces of silver have been delivered, and 37.5% thereafter. The cash purchase price of the silver is 30% of the spot price of silver delivered until 23.1 million ounces of silver have been delivered, and 60% of the spot price per ounce of silver delivered thereafter.

The Pueblo Viejo mine is located in the province of Sanchez Ramirez, Dominican Republic, approximately 60 miles northwest of Santo Domingo, and is owned by a joint venture in which Barrick holds a 60% interest and is responsible for operations, and in which Goldcorp holds a 40% interest. Pueblo Viejo is accessed from Santo Domingo by traveling northwest on Autopista Duarte, Highway #1, approximately 48 miles to Piedra Blanca and proceeding east for approximately 14 miles on Highway #17 to the gatehouse for Pueblo Viejo. Both Highway #1 and Highway #17 are paved.

Stream deliveries from Pueblo Viejo were 42,200 ounces of gold and 532,600 ounces of silver during the fiscal year ended June 30, 2016. In November 2015, Barrick announced that two of three electric motors at the Pueblo Viejo oxygen plant experienced unexpected failures and that a comprehensive plan to mitigate the impact of the motor failure was implemented in December 2015, which involved installing a number of portable compressors. Barrick was able to restore capacity to 100% by mid-January 2016 with portable compressor motors. The first repaired motor was reinstalled and commissioned in late January 2016 and the second motor was repaired and reinstalled early February 2016.

In calendar 2016, Barrick expects improved throughput and plant availability as compared to calendar 2015 primarily due to overcoming the issues related to the oxygen plant motor failures which negatively impacted 2015 throughput. In addition, Barrick is focused on improving efficiency and

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throughput through ore blending optimization, increasing autoclave availability, and optimization of maintenance strategies. A prefeasibility study is expected to be commissioned in the second half of calendar 2016 to evaluate a possible increase in tailings storage capacity, giving the potential to move a significant portion of the mine's 7.7 million ounces of gold and 44.7 million ounces of silver in measured and indicated resources to reserves.

Barrick delivers gold and silver to RGLD Gold on a quarterly basis (mid-March, June, September and December) based on Barrick's 60% indirect share of any provisional and final offtake settlements in the prior three calendar month period, subject to certain specific terms of the agreement (including a fixed silver recovery assumption of 70%). RGLD Gold usually sells gold and silver ounces over the three month period following physical receipt. All of these factors may result in a difference of produced ounces reported by Barrick and those reported as sold by Royal Gold for each quarter.

Wassa and Prestea (Western Region, Ghana)

As discussed in further detail in Item 1, Business, Fiscal 2016 Business Developments, on July 28, 2015, RGLD Gold acquired the right to purchase 9.25% of the gold produced from the Wassa and Prestea projects, operated by Golden Star, until the earlier of (i) December 31, 2017 or (ii) the date at which the Wassa and Prestea underground projects achieve commercial production. At that point, the stream percentage will increase to 10.5% of gold produced from the Wassa and Prestea mines until an aggregate 240,000 ounces have been delivered. Once the applicable delivery threshold is met, the stream percentage will decrease to 5.5% for the remaining term of the transaction.

The Wassa open pit mine and oxide ore mill are located near the village of Akyempim in the Wassa East District, in the Western Region of Ghana, approximately 50 miles north of Cape Coast and 93 miles west of the capital Accra. The main access to the site is from the east, via the Cape Coast to Twifo-Praso road, then over the combined road-rail bridge on the Pra River. There is also an access road from Takoradi in the south via Mpohor. An airport at Takoradi is capable of handling jet aircraft and is serviced by several commercial flights each day. Future Wassa production will come from both open pit and underground operations.

Prestea is currently an open pit operation producing oxide ore located in the Ashanti gold district in the central eastern section of the Western Region of Ghana, approximately 6 miles south of the town of Bogoso. Access to the property is by commercial air carrier to Accra and then by vehicle on a paved and gravel road.

Stream deliveries from Wassa and Prestea were 21,500 ounces of gold during the fiscal year ended June 30, 2016. Golden Star's total production in calendar 2016 is expected to be between 180,000 - 205,000 ounces of gold.

On July 12, 2016, Golden Star announced pre-commercial production commenced at Wassa underground gold mine, as scheduled. Wassa underground is expected to achieve commercial production in early calendar 2017, at which time it is expected to deliver 2,000 to 2,500 tonnes of ore per day. The Prestea underground project is currently in development with a planned average annual gold production of 90,000 ounces at a cash operating cost of \$468 per ounce. Golden Star expects first production from the Prestea underground project in mid-calendar 2017.

Royalty Interests

Cortez (Nevada, USA)

Cortez is a series of large open-pits and underground mines, utilizing mill and heap leach processing, and is operated by Barrick. 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

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royalty interest at Cortez applies to the Pipeline, South Pipeline, part of the Gap pit and the Crossroads deposit, 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 Crescent Valley Partners, L.P., 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 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:

London P.M. Quarterly Average Price of Gold Per Ounce (\$U.S.)	GSR1 and GSR2 Royalty Percentage
Below \$210	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%

Production attributable to our royalty interest at Cortez decreased approximately 68% during our fiscal year ended June 30, 2016, when compared to the fiscal year ended June 30, 2015. The decrease was primarily due to Barrick's production focus on Cortez Hills, where we do not have a royalty interest, and reduced production from the Pipeline, South Pipeline and Gap pits, where our royalty applies, compared to the prior fiscal year. Barrick expects calendar 2016 gold production at Cortez,

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subject to our royalty interests to be down compared to calendar 2015 production. Waste stripping at Crossroads, which is subject to our royalty interest, is expected to restart later in calendar 2016.

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 Inc. ("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.

Gold, silver, lead and zinc production attributable to our royalty interest at Peñasquito decreased approximately 21%, 13%, 15% and 2%, respectively, during the fiscal year ended June 30, 2016, when compared to the fiscal year ended June 30, 2015. The decrease in production is attributable to lower throughput, grades and recovery. Additionally, production decreased as a result of a 10-day shutdown during the June 2016 quarter for planned mill maintenance. By July 2016, the mill returned to normal operations. Over the next three calendar years, Goldcorp expects mining activities in the pit to be focused on lower grade ore in the upper parts of the Peñasco pit while stripping is emphasized to ensure an economically optimal pit shell design to maximize the net asset value of the operation. By calendar 2019, Goldcorp expects Peñasquito's gold production to benefit from mining higher grades at the bottom of the Peñasco pit and significantly enhanced metallurgical recoveries with the planned completion of the approval of the Pyrite Leach Project ("PLP") in July 2016. The PLP is expected to increase overall gold and silver recovery by treating the zinc tailings before discharge to the tailings storage facility. Construction activities continued on the Northern Well Field ("NWF") project with 15% of the total water production commissioned by June 30, 2016. The NWF remains on schedule for completion by the end of the September 2016 quarter.

Principal Development Stage Properties

The following is a description of our principal development stage properties. 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 5.45% 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 1.09% 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 interests are applicable to all gold and copper 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

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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:

London Bullion Market Association P.M. Monthly Average Price of Gold per Ounce (US\$)	NSR Royalty Percentage
less than \$325	0.78%
\$400	1.57%
\$500	2.72%
\$600	3.56%
\$700	4.39%
\$800 or greater	5.45%

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. Barrick expects Pascua-Lama to produce an average of 800,000 to 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. 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.

Rainy River (Ontario, Canada)

As discussed in further detail in Item 1, Business, Fiscal 2016 Business Developments, RGLD Gold owns the right to purchase 6.50% of the gold produced from the Rainy River project until 230,000 gold ounces have been delivered, and 3.25% thereafter; and 60% of the silver produced from the Rainy River project until 3.1 million silver ounces have been delivered, and 30% thereafter. The cash purchase price for the gold and silver ounces is 25% of the spot price per ounce of gold or silver at the time of delivery.

The Rainy River project is centered within the Richardson Township in northwestern Ontario, Canada, and is operated by New Gold. The project is approximately 40 miles northwest of Fort Frances and approximately 100 miles south of Kenora and approximately 260 miles west of Thunder Bay. The project site is easily accessible by a network of secondary all-weather roads that branch off the well-maintained Trans-Canada Highways 11 and 71.

Construction was initiated in calendar 2015. In July 2016, New Gold reported that overall construction was approximately 40%. During the June 2016 quarter, installation of the mechanical, piping, electrical and instrumentation equipment commenced in the grinding building and the primary crusher, and the first ball mill shell was installed. During the course of the construction of the water management facility earlier in calendar 2016, New Gold identified areas where the strength of the foundation is less than was estimated for the original designs. As a result, during the June 2016 quarter, New Gold submitted revised construction designs for regulatory review. New Gold anticipates receipt of the requisite permit amendments to begin remediation work on the water management facility within the September 2016 quarter. New Gold also is finalizing its review of the tailings management facility design, parts of which are similarly impacted by the foundation conditions, and plans to submit its proposed redesigns for regulatory review by mid-August 2016. With construction of the processing facilities and other components of the project on schedule, and the process of amending the water and tailings management facilities advancing as planned, New Gold continues to target first production at Rainy River in mid-2017.

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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 stream and royalty interests as of December 31, 2015, 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, 2015. Please refer to pages 35-36 for the footnotes to Table 1.

Proven and Probable Gold Reserves

As of December 31, 2015⁽¹⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾		
				Tons of Ore (M)	Average Gold Grade (opt)	Gold Contained Ozs ⁽⁶⁾ (M)
Bald Mountain	1.75% - 2.5% NSR ⁽⁷⁾	Kinross	United States	15.911	0.027	0.423
Cortez (Pipeline) GSR1	0.40 - 5.0% GSR ⁽⁸⁾	Barrick	United States	22.370	0.026	0.591
Cortez (Pipeline) GSR2	0.40 - 5.0% GSR ⁽⁸⁾	Barrick	United States	91.607	0.034	3.116
Cortez (Pipeline) GSR3	0.71% GSR	Barrick	United States	32.641	0.023	0.744
Cortez (Pipeline) NVR1	1.01% NVR	Barrick	United States	17.383	0.026	0.457
Cortez (Pipeline) NVR1C	0.62% NVR	Barrick	United States	81.336	0.036	2.963
Gold Hill ⁽⁹⁾	1.0 - 2.0% NSR ⁽¹⁰⁾ 0.6 - 0.9% NSR ⁽¹¹⁾	Kinross	United States	6.552	0.019	0.124
Goldstrike (SJ Claims)	0.9% NSR	Barrick	United States	0.000	0.000	0.000
Hasbrouck (DEV)	1.5% NSR	West Kirkland/Clover Nevada	United States	35.616	0.017	0.588
Leeville	1.8% NSR	Newmont	United States	4.614	0.218	1.005
Marigold (DEV)	2.0% NSR	Silver Standard	United States	148.220	0.013	1.867
Pinson	3.0% NSR ⁽¹²⁾ 2.94% NSR ⁽¹³⁾	Waterton Precious Metals Fund	United States	7.557	0.064	0.483
Robinson	3.0% NSR	KGHM	United States	159.465	0.005	0.827
Ruby Hill	3.0% NSR	Waterton Precious Metals Fund	United States	1.726	0.014	0.024
Soledad Mountain (DEV)	3.0% NSR ⁽¹⁴⁾	Golden Queen/Gauss LLC	United States	51.052	0.019	0.984
Twin Creeks	2.0% GPR	Newmont	United States	0.932	0.080	0.075
Wharf	0.0 - 2.0% NSR ⁽¹⁵⁾	Coeur	United States	28.670	0.027	0.763
Back River - Goose Lake (DEV)	1.95% NSR ⁽¹⁶⁾	Sabina Gold & Silver	Canada	13.623	0.184	2.503
Canadian Malartic	1.0 - 1.5% NSR ⁽¹⁷⁾	Agnico Eagle/Yamana	Canada	100.267	0.030	3.035
Holt	0.00013 × quarterly avg. gold price	Kirkland Lake	Canada	3.109	0.141	0.439
Kutcho Creek (DEV)	2.0% NSR	Capstone Mining	Canada	11.509	0.011	0.124
Mount Milligan	52.25% of gold produced ⁽¹⁸⁾	Thompson Creek	Canada	558.219	0.010	5.689
Rainy River (DEV)	6.5% of gold produced ⁽¹⁹⁾	New Gold	Canada	114.945	0.033	3.772
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
Williams	0.97% NSR	Barrick	Canada	8.847	0.055	0.483
Dolores	3.25% NSR	Pan American	Mexico	57.541	0.027	1.570
Mulatos	1.0 - 5.0% NSR ⁽²⁰⁾	Alamos	Mexico	49.287	0.031	1.543
Peñasquito ⁽²¹⁾	2.0% NSR (Oxide) 2.0% NSR (Sulfide)	Goldcorp	Mexico	24.008 646.704	0.013 0.015	0.310 9.870
Andacollo	100% of gold produced ⁽²²⁾	Teck	Chile	459.664	0.004	1.609
El Morro	1.4% NSR ⁽²³⁾	Goldcorp	Chile	198.103	0.013	2.674
El Toqui	0.0 - 3.0% NSR ⁽²⁴⁾	Nyrstar	Chile	4.145	0.047	0.194
Pascua-Lama (DEV) ⁽²⁵⁾	0.78 - 5.23% NSR ⁽²⁶⁾	Barrick	Chile	320.645	0.046	14.680

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Don Mario	3.0% NSR	Orvana	Bolivia	0.638	0.029	0.018
Don Nicolas (DEV)	2.0% NSR	Compañía Inversora en Minas	Argentina	1.327	0.148	0.196
Pueblo Viejo	7.5% of gold produced ⁽²⁷⁾	Barrick (60%)	Dominican Republic	103.481	0.087	8.960
El Limon	3.0% NSR	B2Gold	Nicaragua	1.378	0.126	0.173
La India (DEV)	3.0% NSR	Condor Gold	Nicaragua	7.606	0.089	0.675
Mara Rosa (DEV)	1.0% NSR	Amarillo Gold	Brazil	18.868	0.050	0.946
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	0.002	0.001
Celtic/Wonder North (DEV)	1.5% NSR	Bligh Resources	Australia	1.507	0.064	0.097
Gwalia Deeps	1.5% NSR	St . Barbara	Australia	8.666	0.219	1.900
Kundip (DEV)	1.0 - 1.5% GSR ⁽²⁸⁾	ACH Minerals/Silver Lake	Australia	3.097	0.099	0.307
Meekatharra (Nannine) (DEV)	1.5% NSR	Metals X	Australia	0.000	0.000	0.000

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Gold ⁽²⁾				PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾		
PROPERTY	ROYALTY	OPERATOR	LOCATION	Tons of Ore (M)	Average Gold Grade (opt)	Gold Contained Ozs ⁽⁶⁾ (M)
Meekatharra (Paddy's Flat) (DEV)	1.5% NSR A\$10 per gold ounce produced ⁽²⁹⁾	Metals X	Australia	3.858	0.125	0.483
Meekatharra (Reedys) (DEV)	1.5%, 1.5 - 2.5%, 1% NSR ⁽³⁰⁾	Metals X	Australia	0.992	0.092	0.092
Meekatharra (Yaloginda)	0.45% NSR	Metals X	Australia	3.858	0.007	0.028
Red Dam	2.5% NSR	Evolution Mining	Australia	1.764	0.063	0.111
South Laverton	1.5% NSR	Saracen	Australia	7.961	0.065	0.516
Southern Cross		China Hanking Holding	Australia	3.286	0.070	0.229
Inata	2.5% GSR	Avocet	Burkina Faso	5.820	0.056	0.326
Taparko ⁽³¹⁾	2.0% GSR	Nord Gold	Burkina Faso	5.978	0.084	0.502
Wassa and Prestea	10.5% of gold produced ⁽³²⁾	Golden Star Resources	Ghana	26.044	0.082	2.143
Svetloye (DEV)	1.0% NSR	Polymetal	Russia	8.069	0.082	0.664

Proven and Probable Silver Reserves

As of December 31, 2015⁽¹⁾

Silver ⁽³³⁾				PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾		
PROPERTY	ROYALTY	OPERATOR	LOCATION	Tons of Ore (M)	Average Silver Grade (opt)	Silver Contained Ozs ⁽⁶⁾ (M)
Gold Hill	1.0 - 2.0% NSR ⁽¹⁰⁾ 0.6 - 0.9% NSR ⁽¹¹⁾	Kinross	United States	6.552	0.278	1.823
Hasbrouck (DEV)		West Kirkland/Clover Nevada	United States	35.616	0.297	10.569
Soledad Mountain (DEV)	3.0% NSR ⁽¹⁴⁾	Golden Queen/Gauss LLC	United States	51.052	0.324	16.516
Kutcho Creek (DEV)	2.0% NSR	Capstone Mining	Canada	11.509	1.009	11.618
Rainy River (DEV)	60% Stream	New Gold	Canada	114.945	0.082	9.410
Schaft Creek (DEV)	3.5% NPI	Copper Fox/Teck	Canada	1037.054	0.050	51.895
Dolores	2.0% NSR	Pan American	Mexico	57.541	0.923	53.100
Peñasquito ⁽²¹⁾	2.0% NSR (Oxide) 2.0% NSR (Sulfide)	Goldcorp	Mexico	24.008	0.642	15.410
El Toqui	0.0 - 3.0% NSR ⁽²⁴⁾	Nyrstar	Chile	7.606	0.156	1.185
Don Mario	3.0% NSR	Orvana	Bolivia	0.638	0.740	0.472
Don Nicolas (DEV)		Compañía Inversora en Minas	Argentina	1.327	0.302	0.401
Pueblo Viejo	75% of silver produced ⁽²⁷⁾	Barrick (60%)	Dominican Republic	103.481	0.523	54.145
La India (DEV)	3.0% NSR	Condor Gold	Nicaragua	7.606	0.156	1.185
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	0.498	0.380
Svetloye (DEV)	1.0% NSR	Polymetal	Russia	8.069	0.095	0.765

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PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs ⁽⁶⁾ (M)
Johnson Camp		Excelsior Mining	United States	111.200	0.295%	656.000
Robinson	2.5% NSR	KGHM	United States	159.465	0.431%	1375.670
Caber (DEV)	3.0% NSR	Nyrstar	Canada	0.676	0.839%	11.355
Kutcho Creek (DEV)	1.0% NSR	Capstone Mining	Canada	11.509	2.010%	462.678
Schaft Creek (DEV)	2.0% NSR	Copper Fox/Teck	Canada	1037.054	0.271%	5630.715
Voisey's Bay	3.5% NPI	Vale	Canada	39.793	1.048%	834.075
Don Mario	2.7% NSR	Orvana	Bolivia	0.638	0.887%	11.319
El Morro (DEV)	3.0% NSR	Goldcorp	Chile	198.103	0.494%	1959.099
Pascua-Lama (DEV) ⁽³⁵⁾	1.4% NSR	Barrick	Chile	320.645	0.085%	548.177
Balcooma (DEV)	1.05% NSR	Consolidated Tin	Australia	0.762	2.130%	32.466
Las Cruces	1.5% NSR	First Quantum	Spain	8.047	4.996%	804.026

Lead⁽³⁶⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs ⁽⁶⁾ (M)
Peñasquito ⁽²¹⁾	2.0% NSR (Sulfide)	Goldcorp	Mexico	646.704	0.261%	3701.260
El Toqui	0.0 - 3.0% NSR ⁽²⁴⁾	Nyrstar	Chile	4.145	0.272%	22.509
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	0.517%	7.879

Zinc⁽³⁷⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs ⁽⁶⁾ (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
Peñasquito ⁽²¹⁾	2.0% NSR (Sulfide)	Goldcorp	Mexico	646.704	0.626%	8885.920
El Toqui	0.0 - 3.0% NSR ⁽²⁴⁾	Nyrstar	Chile	4.145	5.956%	493.712
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	1.921%	29.274

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NICKEL⁽³⁸⁾

PROVEN + PROBABLE RESERVES⁽³⁾⁽⁴⁾⁽⁵⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	Tons of Ore (M)	Average	Base Metal
					Grade (%)	Contained Lbs ⁽⁶⁾ (M)
Voisey's Bay	2.7% NSR	Vale	Canada	39.793	2.237%	1779.968

COBALT⁽³⁹⁾

PROVEN + PROBABLE RESERVES⁽³⁾⁽⁴⁾⁽⁵⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	Tons of Ore (M)	Average	Base Metal
					Grade (%)	Contained Lbs ⁽⁶⁾ (M)
Voisey's Bay	2.7% NSR	Vale	Canada	39.793	0.130%	103.331

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MOLYBDENUM⁽⁴⁰⁾

PROVEN + PROBABLE RESERVES⁽³⁾⁽⁴⁾⁽⁵⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	Tons of Ore (M)	Average	Base Metal
					Base Metal Grade (%)	Contained Lbs ⁽⁶⁾ (M)
Schaft Creek (DEV)	3.5% NPI	Copper Fox/Teck	Canada	1037.054	0.018%	373.340

- (1) Reserves have been reported by the operators of record as of December 31, 2015, with the exception of the following properties: Don Mario September 30, 2015; Gwalia Deeps, South Laverton June 30, 2015; Hasbrouck Mountain June 3, 2015; Wharf June 1, 2015; Svetloye January 1, 2015; Bald Mountain, El Morro, El Toqui, Gold Hill, Holt, Inata, La India, Meekatharra (Nannine, Paddy's Flat, Reedys and Yaloginda), Pinson, Rainy River, Ruby Hill and Soledad Mountain December 31, 2014; Back River October 21, 2014; Kundip June 30, 2014; Celtic/Wonder North November 21, 2013; Schaft Creek December 31, 2012; Don Nicolas, Johnson Camp and Pascua-Lama 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.
- (2) Gold reserves were calculated by the operators at the following per ounce prices: A\$1,500 South Laverton; A\$1,474 Southern Cross \$1,450 Kundip; A\$1,400 Celtic/Wonder North and Meekatharra (Nannine, Paddy's Flat, Reedys and Yaloginda); \$1,366 Schaft Creek; \$1,350 El Toqui; A\$1,310 Red Dam; \$1,300 El Morro, Pinson and Svetloye; \$1,275 Wharf; \$1,250 Back River, Holt, Inata, La India, Mount Milligan, Mulatos and Soledad Mountain; A\$1,250 Gwalia Deeps; \$1,225 Hasbrouck Mountain; \$1,200 Andacollo, El Limon, Gold Hill, Leeville, Pascua-Lama, Robinson, Taparko and Twin Creeks; \$1,180 Dolores; \$1,150 Canadian Malartic; \$1,100 Bald Mountain, Don Mario, Don Nicolas, Mara Rosa, Marigold, Peñasquito, Ruby Hill, Wassa, Bogoso and Prestea and Williams; \$1,000 Cortez, Goldstrike and Pueblo Viejo; and \$983 Pine Cove. No gold price was reported for Balcooma, Caber or Kutcho Creek.
- (3) 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.
- (4) 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.
- (5) The reserves reported are either estimates received from the various operators or are based on documentation material 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. Royal Gold did not prepare reserve or feasibility studies and does not have the ability to independently confirm any reserve information presented. 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.
- (6) "Contained ounces" or "contained pounds" do not take into account recovery losses in mining and processing the ore.
- (7) 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.
- (8)

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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%.

- (9) The royalty is capped at \$10 million. As of June 30, 2016, royalty payments of approximately \$4.2 million have been received.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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, 2016, approximately 103,000 ounces have been produced.

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- (14) Royalty is capped at \$300,000 plus simple interest.
- (15) 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%.
- (16) Goose Lake royalty applies to production above 400,000 ounces.
- (17) NSR sliding-scale schedule (price of gold per ounce royalty rate): \$0.00 to \$350 - 1.0%; above \$350 - 1.5%.
- (18) Thompson Creek will deliver 52.25% of gold produced, at a purchase price equal to the lesser of \$435 per ounce delivered or the prevailing spot price.
- (19) New Gold will deliver: (a) gold in amounts equal to 6.50% of gold produced until 230,000 ounces have been delivered, and 3.25% of gold produced thereafter, and (b) silver in amounts equal to 60% of silver produced until 3.10 million ounces have been delivered, and 30% of silver produced thereafter, in each case at a purchase price equal to 25% of the spot price per ounce delivered.
- (20) The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 1.55 million ounces of cumulative production as of June 30, 2016. 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%.
- (21) Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.
- (22) Teck will deliver gold in amounts equal to 100% of payable gold until 900,000 ounces have been delivered, and 50% of payable gold thereafter, subject to a fixed payable percentage of 89%, at a purchase price equal to 15% of the monthly average gold price for the month preceding the delivery date for each ounce delivered.
- (23) 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.
- (24) 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%.
- (25) 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.
- (26) 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.
- (27) Barrick will deliver: (a) gold in amounts equal to 7.50% of Barrick's 60% interest in gold produced until 990,000 ounces have been delivered, and 3.75% of Barrick's 60% interest in gold produced thereafter, at a purchase price equal to 30% of the spot price per ounce delivered until 550,000 ounces have been delivered, and 60% of the spot price per ounce delivered thereafter; and (b) silver in amounts equal to 75% of Barrick's 60% interest in silver produced, subject to a minimum silver recovery of 70%, until 50 million ounces have been delivered, and 37.50% of Barrick's 60% interest in silver produced thereafter, at a purchase price equal to 30% of the spot price per ounce delivered until 23.10 million ounces of silver have been delivered, and 60% of the spot price per ounce delivered thereafter.
- (28) Royalty pays 1.0% for the first 250,000 ounces of production and then 1.5% for production above 250,000 ounces.
- (29) The A\$10 per ounce royalty applies on production above 50,000 ounces.
- (30) 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.
- (31)

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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.

- (32) Golden Star will deliver 9.25% of gold produced, until the earlier of (a) December 31, 2017 or (b) the date at which the Wassa and Prestea underground projects achieve commercial production, at which point Golden Star will deliver 10.5% (or 10.9% if Royal Gold's total investment increases from \$145 million to \$150 million) of gold produced until 240,000 ounces have been delivered (or 250,000 ounces if the total investment increases from \$145 million to \$150 million), at a purchase price equal to 20% of the spot price per ounce delivered. Thereafter Golden Star will deliver 5.5% of gold produced, at a purchase price equal to 30% of the spot price per ounce delivered.
- (33) Silver reserves were calculated by the operators at the following prices per ounce: \$25.96 Schaft Creek; \$25.00 Don Nicolas; \$23.00 El Toqui; \$22.50 Svetloye; \$20.00 Gold Hill; \$17.50 Hasbrouck Mountain; \$17.00 Dolores and Soledad; \$16.50 Don Mario and Peñasquito; and \$15.00 Pueblo Viejo. No silver price was reported for Balcooma or Kutcho Creek.
- (34) Copper reserves were calculated by the operators at the following prices per pound: \$3.52 Schaft Creek; \$3.21 Robinson \$3.00 El Morro; \$2.98 Voisey's Bay; \$2.75 Don Mario; \$2.70 Las Cruces; \$2.50 Johnson Camp; and \$2.00 Pascua-Lama. No copper reserve price was reported for Balcooma, Caber or Kutcho Creek.
- (35) 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.
- (36) 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.
- (37) Zinc reserve price was calculated by the operators at the following prices per pound: \$1.13 El Toqui; and \$0.95 Peñasquito. No zinc reserve price was reported for Balcooma, Caber or Kutcho Creek.
- (38) Nickel reserve price was calculated by the operator at the following price per pound: \$6.61 Voisey's Bay.
- (39) Cobalt reserve price was calculated by the operator at the following price per pound: \$12.81 Voisey's Bay.
- (40) Molybdenum reserve price was calculated by the operator at the following price per pound: \$15.30 Schaft Creek.

Table of Contents**ITEM 3. LEGAL PROCEEDINGS**

Refer to Note 15 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" on the TSX under the symbol "RGL" until July 8, 2016, when we voluntarily delisted from the TSX. 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, 2014.

As of July 28, 2016, there were 884 stockholders of record of our common stock.

Fiscal Year:		Sales Prices	
		High	Low
2016	First Quarter (July, Aug., Sept. 2015)	\$ 63.99	\$ 42.21
	Second Quarter (Oct., Nov., Dec. 2015)	\$ 53.47	\$ 34.42
	Third Quarter (Jan., Feb., Mar. 2016)	\$ 53.32	\$ 24.68
	Fourth Quarter (April, May, June 2016)	\$ 72.04	\$ 49.50
2015	First Quarter (July, Aug., Sept. 2014)	\$ 82.84	\$ 63.86
	Second Quarter (Oct., Nov., Dec. 2014)	\$ 72.81	\$ 55.55
	Third Quarter (Jan., Feb., Mar. 2015)	\$ 77.20	\$ 57.55
	Fourth Quarter (April, May, June 2015)	\$ 67.99	\$ 61.00

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 2016, our annual dividend is \$0.92 per share of common stock. We paid the first payment of \$0.23 per share on January 22, 2016, to common stockholders of record at the close of business on January 8, 2016. We paid the second payment of \$0.23 per share on April 15, 2016, to common stockholders of record at the close of business on April 1, 2016. We paid the third payment of \$0.23 per share on July 15, 2016 to common stockholders of record at the close of business on July 1, 2016. Subject to board approval, we anticipate paying the fourth payment of \$0.23 per share on October 14, 2016, to common shareholders of record at the close of business on September 30, 2016.

For calendar year 2015, our annual dividend was \$0.88 per share of common stock and exchangeable shares (for April 2015 and July 2015 dividend payments only), paid on a quarterly basis of \$0.22 per share. For calendar year 2014, we paid an annual dividend of \$0.84 per share of common stock and exchangeable shares in four quarterly payments of \$0.21 each.

Table of Contents**ITEM 6. SELECTED FINANCIAL DATA**

	Fiscal Years Ended June 30,				
	2016	2015	2014	2013	2012
	(Amounts in thousands, except per share data)				
Revenue ⁽¹⁾	\$ 359,790	\$ 278,019	\$ 237,162	\$ 289,224	\$ 263,054
Operating income	\$ 4,816	\$ 87,235	\$ 108,720	\$ 171,167	\$ 156,634
Net (loss) income	\$ (82,438)	\$ 52,678	\$ 63,472	\$ 73,409	\$ 98,309
Net (loss) income available to Royal Gold common stockholders	\$ (77,149)	\$ 51,965	\$ 62,641	\$ 69,153	\$ 92,476
Net (loss) income per share available to Royal Gold common stockholders:					
Basic	\$ (1.18)	\$ 0.80	\$ 0.96	\$ 1.09	\$ 1.61
Diluted	\$ (1.18)	\$ 0.80	\$ 0.96	\$ 1.09	\$ 1.61
Dividends declared per common share ⁽²⁾	\$ 0.91	\$ 0.87	\$ 0.83	\$ 0.75	\$ 0.56

	As of June 30,				
	2016	2015	2014	2013	2012
	(Amounts in thousands)				
Stream and royalty interests, net	\$ 2,848,087	\$ 2,083,608	\$ 2,109,067	\$ 2,120,268	\$ 1,890,988
Total assets	\$ 3,066,552	\$ 2,917,191	\$ 2,882,316	\$ 2,895,747	\$ 2,365,290
Debt	\$ 600,685	\$ 313,869	\$ 302,632	\$ 292,669	\$ 282,172
Total liabilities	\$ 780,667	\$ 501,264	\$ 509,759	\$ 525,111	\$ 501,861
Total Royal Gold stockholders' equity	\$ 2,229,016	\$ 2,353,122	\$ 2,354,725	\$ 2,348,887	\$ 1,838,459

(1) Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 29% increase in revenue during fiscal year 2016 when compared to fiscal year 2015 and the 17% increase in revenue during fiscal year 2015 when compared to fiscal year 2014.

(2) The 2016, 2015, 2014, 2013 and 2012 calendar year dividends were \$0.92, \$0.88, \$0.84, \$0.80 and \$0.60, 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 metal streams, royalties, and similar interests. We seek to acquire existing stream and royalty interests or to finance projects that are in production or in the development stage in exchange for stream or royalty interests.

We manage our business under two segments:

Acquisition and Management of Stream Interests 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 term of the agreement. As of June 30, 2016, we owned stream interests on four producing properties and three development stage properties. As discussed further in Item 1, Business, Fiscal 2016 Business Developments, we invested approximately \$1.3 billion in stream interests in our fiscal year 2016, including stream interests relating to Pueblo Viejo, Andacollo, Wassa and Prestea, and Rainy River. Stream interests accounted for

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approximately 66% and 34% of our total revenue for the fiscal years ended June 30, 2016 and 2015, respectively. We expect stream interests to continue growing as a proportion of our total revenue.

Acquisition and Management of Royalty 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. As of June 30, 2016, we owned royalty interests on 34 producing properties, 21 development stage properties and 131 exploration stage properties, of which we consider 50 to be evaluation stage projects. We use "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Royalties accounted for approximately 34% and 66% of our total revenue for the fiscal years ended June 30, 2016 and 2015, respectively.

We do not conduct mining operations on the properties in which we hold stream and royalty interests, and except for our interest in the Peak Gold, LLC joint venture, we are not required to contribute to capital costs, exploration costs, environmental costs or other operating costs on those properties.

In the ordinary course of business, we engage in a continual review of opportunities to acquire existing stream and royalty interests, to establish new streams on operating mines, to create new stream and royalty interests through the financing of mine development or exploration, or to acquire companies that hold stream and 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 and term sheets, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver and copper, together with the amounts of production from our producing stage stream and royalty interests. For the fiscal years ended June 30, 2016, 2015 and 2014, gold, silver, and copper price averages and percentage of revenue by metal were as follows:

Metal	Fiscal Year Ended					
	June 30, 2016		June 30, 2015		June 30, 2014	
	Average Price	Percentage of Revenue	Average Price	Percentage of Revenue	Average Price	Percentage of Revenue
Gold (\$/ounce)	\$ 1,168	88%	\$ 1,224	81%	\$ 1,296	72%
Silver (\$/ounce)	\$ 15.32	3%	\$ 17.36	3%	\$ 20.57	6%
Copper (\$/pound)	\$ 2.22	4%	\$ 2.89	7%	\$ 3.18	8%
Other	N/A	5%	N/A	9%	N/A	14%

Operators' Production Estimates by Stream and Royalty Interest for Calendar 2016

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2016. The following table shows such production estimates for our principal producing properties for calendar 2016 as well as the actual production reported to us by the various operators through June 30, 2016. 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.

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**Operators' Estimated and Actual Production by Stream and Royalty Interest for Calendar 2016
Principal Producing Properties**

Stream/Royalty	Calendar 2016 Operator's Production Estimate ⁽¹⁾			Calendar 2016 Operator's Production Actual ⁽²⁾⁽³⁾		
	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)
Stream:						
Andacollo ⁽⁴⁾	57,600			25,300		
Mount Milligan ⁽⁵⁾	240,000 - 270,000			99,700		
Pueblo Viejo ⁽⁶⁾	600,000 - 650,000	Not provided		321,900	Not provided	
Wassa and Prestea ⁽⁷⁾	180,000 - 205,000			95,700		
Royalty:						
Cortez GSR1	119,200			31,800		
Cortez GSR2	1,300			2,700		
Cortez GSR3	120,500			34,400		
Cortez NVR1	68,900			23,700		
Peñasquito ⁽⁸⁾⁽⁹⁾	520,000 - 580,000	22 - 24 million		161,000	7.8 million	
<i>Lead</i> ⁽⁸⁾⁽⁹⁾			145 - 155 million			46.1 million
<i>Zinc</i> ⁽⁸⁾⁽⁹⁾			375 - 400 million			109.4 million

- (1) Production estimates received from our operators are for calendar 2016. There can be no assurance that production estimates received from our operators will be achieved. Please refer to 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) Actual production figures shown are for the period January 1, 2016 through June 30, 2016, unless otherwise noted.
- (3) Actual production figures for Cortez are based on information provided to us by the operators, and actual production figures for Andacollo, Mount Milligan, Peñasquito (gold) and Wassa and Prestea are the operators' publicly reported figures.
- (4) The estimated and actual production figures shown for Andacollo are contained gold in concentrate.
- (5) The estimated and actual production figures shown for Mount Milligan are payable gold in concentrate.
- (6) The estimated and actual production figures shown are payable gold in doré and represent Barrick's 60% interest in Pueblo Viejo.
- (7) The estimated production figure shown is payable gold in doré.
- (8) The estimated gold and silver production figures reflect payable gold and silver in concentrate and doré, while the estimated lead and zinc production figures reflect payable metal in concentrate.
- (9) The Company's royalty interest at Peñasquito includes gold, silver, lead and zinc. Actual production for the quarter ended March 31, 2016, was not available from the operator as of the date of this report.

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

**Historical Production⁽¹⁾ by Stream and Royalty Interest
Principal Producing Properties
For the Fiscal Years Ended June 30, 2016, 2015 and 2014**

Stream/Royalty	Metal	2016	2015	2014
Stream:				
Mount Milligan	Gold	108,800 oz.	76,900 oz.	21,100 oz.
Andacollo	Gold	41,600 oz.	N/A	N/A
Pueblo Viejo	Gold	31,200 oz.	N/A	N/A
	Silver	208,900 oz.	N/A	N/A
Wassa and Prestea	Gold	20,100 oz.	N/A	N/A
Royalty:				
Peñasquito	Gold	584,000 oz.	742,100 oz.	534,200 oz.
	Silver	21.4M oz.	24.6M oz.	27.7M oz.
	Lead	134.2 Mlbs.	158.4 Mlbs.	175.5 Mlbs.
	Zinc	333.0 Mlbs.	340.8 Mlbs.	310.9 Mlbs.
Cortez GSR1	Gold	62,600 oz.	153,000 oz.	7,600 oz.
Cortez GSR2	Gold	11,400 oz.	76,000 oz.	87,800 oz.
Cortez GSR3	Gold	74,000 oz.	229,000 oz.	95,400 oz.
Cortez NVR1	Gold	52,100 oz.	167,000 oz.	84,400 oz.
Holt ⁽²⁾	Gold	58,300 oz.	61,500 oz.	63,100 oz.
Voisey's Bay ⁽²⁾	Nickel	78.6 Mlbs.	62.8 Mlbs.	123.7 Mlbs.
	Copper	56.2 Mlbs.	64.8 Mlbs.	80.5 Mlbs.
Andacollo	Gold	oz.	41,500 oz.	50,400 oz.

(1) Historical production relates to the amount of metal sales, subject to our stream and royalty interests for each fiscal year presented, as reported to us by the operators of the mines, and may differ from stream deliveries discussed in Item 2, Properties, or from the operators' public reporting.

(2) Royalty no longer considered principal to our business as of June 30, 2016.

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.

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Our most critical accounting estimates relate to our assumptions regarding future gold, silver, copper, nickel 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 stream and 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.

Stream and Royalty Interests

Stream and royalty interests include acquired stream and royalty interests in production, development and exploration stage properties. The costs of acquired stream and royalty 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 stream and royalty interests are depleted using the units of production method over the life of the mineral property (as sales occur under stream interests or royalty payments are recognized), which are estimated using proven and probable reserves as provided by the operator. Acquisition costs of stream and royalty interests on development stage mineral properties, which are not yet in production, are not amortized until the property begins production. Acquisition costs of stream or 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. 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 stream and royalty interests in production and development stage mineral properties is evaluated based upon estimated future undiscounted net cash flows from each stream and royalty interest 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 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 potentially affecting the future recoverability of our stream or 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.

Estimates of gold, silver, copper, nickel and other metal prices, operators' estimates of proven and probable reserves or mineralized material related to our stream or royalty properties, and operators' estimates of operating and capital costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these stream and royalty interests in mineral properties. It is possible that changes could occur to these estimates, which could adversely affect the net cash flows expected to be generated from these stream and royalty interests. Refer to Note 4 of the notes to consolidated financial statements for discussion and the results of our impairment assessments for the fiscal years ended June 30, 2016 and 2015.

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Revenue

Revenue is recognized pursuant to guidance in ASC 605 and based upon amounts contractually due pursuant to the underlying streaming or royalty agreement. Specifically, revenue is recognized in accordance with the terms of the underlying stream or royalty agreements subject to (i) the pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the stream or royalty being fixed or determinable; and (iv) the collectability being reasonably assured. For our streaming agreements, we recognize revenue when the metal is sold.

Metal Sales

Gold and silver received under our metal streaming agreements is taken into inventory and then is sold primarily using average spot rate gold and silver forward contracts. The sales price for our gold and silver sold in average spot rate forward contracts is determined by the average daily gold or silver spot prices under the term of the contract, typically over a consecutive number of trading days between 10 days and three months (depending on the frequency of deliveries under the respective streaming agreement and our sales policy in effect at the time) commencing shortly after receipt and purchase of the metal. Revenue from gold and silver sales is recognized on the date of the settlement, which is also the date that title to the gold or silver passes to the purchaser.

Cost of Sales

Cost of sales is specific to our stream agreements and is the result of our purchase of gold and silver for a cash payment. The cash payment at Mount Milligan is the lesser of \$435 per ounce or the prevailing market price of gold when purchased, while the cash payment for our other streams is a set contractual percentage of the gold or silver spot price near the date of metal delivery.

Exploration Costs

Exploration costs are specific to our Peak Gold joint venture for exploration and advancement of the Tetlin gold project, as discussed further in Note 3 of our notes to consolidated financial statements. Exploration costs associated with Peak Gold's exploration and advancement of the Tetlin gold project are expensed when incurred.

Income Taxes

The Company accounts for income taxes in accordance with the guidance of ASC 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.

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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 11 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, 2016, we had current assets of \$164.8 million compared to current liabilities of \$22.7 million resulting in a working capital surplus of \$142.1 million and a current ratio of 7 to 1. This compares to current assets of \$797.0 million and current liabilities of \$25.0 million at June 30, 2015, resulting in a working capital surplus of \$772.0 million and a current ratio of approximately 32 to 1. The decrease in our working capital was primarily attributable to a decrease in our cash and equivalents as a result of the recent stream acquisitions, as discussed earlier under Item 1, Business, Fiscal 2016 Business Developments. 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, 2016, liquidity needs were met from \$288.8 million in net revenue and our available cash resources. As of June 30, 2016, the Company had \$375 million available and \$275 million outstanding under its revolving credit facility. Working capital, combined with the Company's undrawn revolving credit facility, resulted in \$517.1 million of total liquidity at June 30, 2016. The Company was in compliance with each financial covenant under its revolving credit facility as of June 30, 2016. Refer to Note 6 of our notes to consolidated financial statements and below ("Recent Liquidity and Capital Resource Developments") for further discussion on our 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 stream and royalty interests, including the remaining conditional commitments incurred in connection with the Ilovica, Golden Star and Rainy River stream acquisitions and the Peak Gold joint venture. 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 stream and 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.

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Recent Liquidity and Capital Resource Developments

Amendment to Revolving Credit Facility

On March 16, 2016, the Company entered into Amendment No. 2 (the "Amendment") to the Sixth Amended and Restated Revolving Credit Agreement, dated as of January 29, 2014 (as amended by Amendment No. 1 thereto as of April 29, 2015, the "Revolving Credit Agreement"), by and among the Company, certain subsidiaries of the Company as guarantors, certain lenders from time to time party thereto, and HSBC Bank USA, National Association, as administrative agent for the lenders. The Amendment revises the Revolving Credit Agreement to extend the scheduled maturity date from January 29, 2019 to March 16, 2021. As of June 30, 2016, the Company had \$275.0 million outstanding under the Revolving Credit Agreement.

Dividend Increase

On November 10, 2015, we announced an increase in our annual dividend for calendar 2016 from \$0.88 to \$0.92, payable on a quarterly basis of \$0.23 per share. The newly declared dividend is 5% higher than the dividend paid during calendar 2015. Royal Gold has steadily increased its annual dividend since calendar 2001.

Summary of Cash Flows

Operating Activities

Net cash provided by operating activities totaled \$169.9 million for the fiscal year ended June 30, 2016, compared to \$192.1 million for the fiscal year ended June 30, 2015. The decrease was primarily due to an increase in income taxes paid of approximately \$55.8 million primarily related to the sale of the Andacollo royalty, an increase in exploration costs of approximately \$6.4 million and an increase in interest paid of approximately \$7.3 million. These decreases in net cash provided by operating activities were partially offset by an increase in proceeds received from our stream and royalty interest interests, net of production taxes and cost of sales, of \$47.5 million.

Net cash provided by operating activities totaled \$192.1 million for the fiscal year ended June 30, 2015, compared to \$147.2 million for the fiscal year ended June 30, 2014. The increase was primarily due to an increase in proceeds received from our stream and royalty interests, net of production taxes and cost of sales, of approximately \$31.2 million. The increase was also due to a decrease in income tax payments, net of refunds, of approximately \$7.1 million.

Investing Activities

Net cash used in investing activities totaled \$1.0 billion for the fiscal year ended June 30, 2016, compared to \$51.2 million for the fiscal year ended June 30, 2015. The increase in cash used in investing activities is primarily due to an increase in acquisitions of stream and royalty interests in mineral properties (primarily the Pueblo Viejo and Andacollo stream acquisitions) compared to the prior year period. Please refer to Item 1, Business, Fiscal 2016 Business Developments, for further discussion on our recently acquired streams.

Net cash used in investing activities totaled \$51.2 million for the fiscal year ended June 30, 2015, compared to \$84.8 million for the fiscal year ended June 30, 2014. The decrease in cash used in investing activities was primarily due to a decrease in funding for stream or royalty acquisitions and the termination of the Tulsequah streaming agreement, resulting in the return of the original \$10.0 million advance payment. The Company made approximately \$52.5 million in commitment payments during the fiscal year ended June 30, 2015, as part of the Phoenix Gold and Ilovica stream acquisitions.

Table of ContentsFinancing Activities

Net cash provided by financing activities totaled \$213.4 million for the fiscal year ended June 30, 2016, compared to cash used in financing activities of \$57.6 million for the fiscal year ended June 30, 2015. The increase in cash provided by financing activities is primarily due to the Company's \$275 million borrowing (net of repayment) under its revolving credit facility to fund stream acquisitions during the current period. Refer to Item 1, Business, Fiscal 2016 Business Developments, for further discussion on our recently acquired streams.

Net cash used in financing activities totaled \$57.6 million for the fiscal year ended June 30, 2015, compared to cash provided by financing activities of \$66.9 million for the fiscal year ended June 30, 2014. The decrease was the result of a purchase of an additional royalty interest from a non-controlling interest of approximately \$11.5 million during fiscal year 2014. This decrease was partially offset by an increase in the common stock dividend payment, which was the result of an increase in the dividend rate when compared to fiscal year 2014.

Contractual Obligations

Our contractual obligations as of June 30, 2016, are as follows:

Contractual Obligations	Total	Payments Due by Period (in thousands)			More than 5 Years
		Less than 1 Year	1 - 3 Years	3 - 5 Years	
2019 Notes ⁽¹⁾	\$ 401,913	\$ 10,638	\$ 391,275	\$	\$
Revolving credit facility ⁽²⁾	\$ 320,458	\$ 7,960	\$ 15,919	\$ 296,579	\$
Total	\$ 722,371	\$ 18,598	\$ 407,194	\$ 296,579	\$

(1) Amounts represent principal (\$370 million) and estimated interest payments (\$31.9 million) assuming no early extinguishment.

(2) Amounts represent principal (\$275 million) and estimated interest payments (\$45.5 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 stream or royalty commitments as discussed in Note 15 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, 2016, Compared with Fiscal Year Ended June 30, 2015*

For the fiscal year ended June 30, 2016, we recorded a net loss available to Royal Gold common stockholders of \$77.1 million, or (\$1.18) per basic share and diluted share, compared to net income available to Royal Gold common stockholders of \$52.0 million, or \$0.80 per basic share and diluted share, for the fiscal year ended June 30, 2015. The decrease in our earnings per share was primarily attributable to impairment charges of approximately \$98.6 million (including a royalty receivable write

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down of approximately \$2.9 million) on our stream interest at the Phoenix Gold Project and certain other non-principal royalty interests during our quarter ended March 31, 2016, as discussed further below. The decrease in our earnings per share was also attributable to an increase in tax expense of approximately \$56.0 million due to the Company's termination of the Andacollo royalty interest, as discussed below, and the planned liquidation of our Chilean subsidiary during the quarter ended September 30, 2015. These decreases were partially offset by an increase in our revenue, which is also discussed below. The effect of the impairment charges during our fiscal year ended June 30, 2016, was \$1.33 per basic share, after taxes, while the effect of the tax expense attributable to the termination of the Andacollo royalty interest during the current period, was \$0.86 per basic share. During the prior year period, our earnings per share were negatively impacted by impairment charges of approximately \$31.3 million (including a royalty receivable write down of \$3.0 million) on certain non-principal royalty interests. The effect of the impairment charges during the fiscal year ended June 30, 2015, was \$0.37 per basic share, after taxes.

For the fiscal year ended June 30, 2016, we recognized total revenue of \$359.8 million, which is comprised of stream revenue of \$238.0 million and royalty revenue of \$121.8 million, at an average gold price of \$1,168 per ounce, an average silver price of \$15.32 per ounce and an average copper price of \$2.22 per pound, compared to total revenue of \$278.0 million, which is comprised of stream revenue of \$94.1 million and royalty revenue of \$183.9 million, at an average gold price of \$1,224 per ounce, an average silver price of \$17.36 per ounce and an average copper price of \$2.89 per pound, for the fiscal year ended June 30, 2015. Revenue and the corresponding production, attributable to our stream and

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royalty interests, for the fiscal year ended June 30, 2016 compared to the fiscal year ended June 30, 2015 is as follows:

Revenue and Reported Production Subject to our Stream and Royalty Interests
Fiscal Years Ended June 30, 2016 and 2015
(In thousands, except reported production in ozs. and lbs.)

Stream/Royalty	Metal(s)	Fiscal Year Ended June 30, 2016		Fiscal Year Ended June 30, 2015		
		Revenue	Reported Production ⁽¹⁾	Revenue	Reported Production ⁽¹⁾	
Stream⁽²⁾:						
Mount Milligan	Gold	\$ 125,438	108,800 oz.	\$ 94,104	76,900 oz.	
Andacollo	Gold	\$ 49,243	41,600 oz.	N/A	N/A	
Pueblo Viejo	Gold	\$ 39,683	31,200 oz.	N/A	N/A	
	Silver		208,900 oz.	N/A	N/A	
Wassa and Prestea	Gold	\$ 23,346	20,100 oz.	N/A	N/A	
Other ⁽⁵⁾	Gold	\$ 318	300 oz.	N/A	N/A	
Total stream revenue		\$ 238,028		\$ 94,104		
Royalty:						