

ROYAL GOLD INC  
Form 8-K  
January 06, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 8-K  
CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported) December 30, 2005  
ROYAL GOLD, INC.**

(Exact name of registrant as specified in its charter)

Delaware

001-13357

84-0835164

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

1660 Wynkoop Street, Suite 1000, Denver, CO

80202-1132

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 303-573-1660

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.01. Completion of Acquisition or Disposition of Assets**

On December 30, 2005, Royal Gold Inc. ( Royal Gold ) completed its acquisition of two royalties from Kennecott Minerals Company ( Kennecott ) for \$25 million pursuant to a Purchase Agreement, dated as of December 22, 2005, between and among Royal Gold and Kennecott Minerals Company, Kennecott Montana Company, Kennecott Holdings Corporation, Kennecott Rawhide Mining Company and Kennecott Nevada Copper Company.

The first royalty is a 3% net smelter return ( NSR ) royalty on the Robinson mine, which is located in eastern Nevada. The Robinson mine is an open pit copper mine with significant gold and molybdenum credits. The mine was originally operated by Kennecott and later owned by BHP Billiton and was subsequently sold to Quadra Mining Ltd. ( Quadra ) in 2004.

Quadra has reported that as of December 31, 2004, proven and probable reserves include 142.6 million tons (129.4 million tonnes) of ore, at an average grade of 0.0085 ounces per ton gold (0.29 grams per tonne) and 0.69% copper, containing approximately 1.2 million ounces of gold and 2.0 billion pounds of copper. The operator estimates that calendar year 2006 production will be in the range of 55,000 to 65,000 ounces of gold and 145 to 150 million pounds of copper. Quadra also stated that its molybdenum circuit is near completion, which is expected to produce in the range of 1.0 to 1.6 million pounds of molybdenum in calendar 2006.

Royal Gold will begin receiving revenue from its 3.0% NSR royalty at the Robinson mine after a \$20.0 million reclamation trust account is fully funded which, at the end of October 2005, totaled approximately \$14.7 million. The account is expected to be fully funded in calendar 2006. Upon completion of that funding, this 3% NSR royalty will then be paid to Royal Gold.

Quadra Mining Ltd. (TSX:QUA) is a Vancouver, British Columbia-based corporation and is a copper producing company whose principal asset is the Robinson Mine in Nevada.

The second royalty is a sliding-scale NSR royalty on the Mulatos mine in Sonora, Mexico. The Mulatos project was previously owned by a joint venture between Placer Dome and Kennecott Minerals, and is now owned and operated by Alamos Gold, Inc. ( Alamos ). The Mulatos mine is an open pit, heap leach gold mine, which is nearing completion of construction. According to Alamos, commercial production is expected in early calendar 2006.

The operator estimates that proven and probable reserves, as of June 1, 2004, include 40.1 million tons (36.4 million tonnes) of ore, at an average grade of 0.048 ounces per ton gold (1.64 grams per tonne), containing approximately 1.9 million ounces of gold. Alamos anticipates that once full production is reached, yearly production is expected to average 150,000 ounces of gold. The Mulatos mine sliding-scale royalty, capped at two million ounces of gold production, is as follows:

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**Royalty Schedule Mulatos Mine**

<b>Gold Price Range</b>	<b>NSR Royalty Rate</b>
\$0.00/oz to \$299.99/oz	0.30%
\$300.00/oz to \$324.99/oz	0.45%
\$325.00/oz to \$349.99/oz	0.60%
\$350.00/oz to \$374.99/oz	0.90%
\$375.00/oz to \$399.99/oz	1.20%
\$400.00/oz or higher	1.50%

Alamos Gold Inc. (TSX: AGI), headquartered in Toronto, Canada, is completing development of the Mulatos gold deposit in Sonora, Mexico.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

- Exhibit 99.1 Press Release dated January 5, 2006, titled Royal Gold Closes Deal to Acquire Royalties from Kennecott Minerals.
  - Exhibit 10.1 Purchase Agreement, dated December 22, 2005 (filed as Exhibit 10.1 to Royal Gold's Form 8-K (Commission File No. 001-13357) dated December 22, 2005 and incorporated herein by reference).
  - Exhibit 10.2 Royalty for Technical Expertise Agreement, dated as of March 23, 2001 (Exhibit B to Exhibit C of the Purchase Agreement, dated as of December 22, 2005).
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Royal Gold, Inc.  
(Registrant)

By: */s/ Karen Gross*  
Name: Karen Gross  
Title: Vice President & Corporate  
Secretary

Dated: January 6, 2006

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**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>
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