

ROYAL GOLD INC
Form 10-K
August 06, 2015

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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, 2015

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)

Registrant's telephone number, including area code: **(303) 573-1660**

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|--------------------------------|--|
| Common stock, \$0.01 par value | NASDAQ Global Select Market |

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

None

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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, 2014, as reported on the NASDAQ Global Select Market was \$4,057,901,615. There were 65,187,727 shares of the Company's common stock, par value \$0.01 per share, outstanding as of July 28, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2015 Annual Meeting of Stockholders scheduled to be held on November 11, 2015, and to be filed within 120 days after June 30, 2015, are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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

PART I

ITEM 1. BUSINESS

Overview

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

As of June 30, 2015, the Company owned stream interests on one producing property and two development stage properties and owned royalty interests on 36 producing properties, 22 development stage properties and 135 exploration stage properties, of which the Company considers 47 to be evaluation stage projects. The Company uses "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Except for one joint venture property (as discussed below under the heading "Fiscal 2015 Business Developments, Peak Gold Joint Venture"), we do not conduct mining operations on the properties in which we hold royalty and streaming interests, and we are not required to contribute to capital costs, exploration costs, environmental costs or other operating costs on those properties. During the fiscal year ended June 30, 2015, we focused on the management of our existing royalty and streaming interests and the acquisition of additional royalty and streaming interests.

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2015 were as follows:

- (1) Our revenue increased 17% to \$278.0 million, compared to \$237.2 million during fiscal year 2014;
- (2) We acquired a gold stream on the Ilovitza gold-copper project located in southeast Macedonia;
- (3) We entered into a joint venture for exploration and advancement of the Tetlin gold project located in Tok, Alaska;

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- (4) We announced a gold stream on the Wassa, Bogoso and Preseta mines located in Ghana, however the transaction was funded after June 30, 2015;
- (5) We increased the maximum availability under our revolving credit facility from \$450 million to \$650 million; and
- (6) We increased our calendar year dividend to \$0.88 per basic share, which is paid in quarterly installments throughout calendar year 2015. This represents a 5% increase compared with the dividend paid during calendar year 2014.

Certain Definitions

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

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

g/t: A unit representing grams per tonne.

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

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

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

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

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

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

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

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

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

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

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

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

Recent Business Developments

Acquisition of Gold and Silver Stream at Pueblo Viejo

On August 5, 2015, RGLD Gold AG ("RGLD Gold"), a wholly-owned subsidiary of the Company, entered into 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 will make one advance payment of \$610 million to BGC at closing of the transaction, which remains subject to satisfaction of certain conditions precedent. Closing and funding of the transaction is anticipated within 90 days.

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 from July 1, 2015 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.

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 beginning on January 1, 2016 until 50.00 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 thereafter.

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 owns a 60% interest and is responsible for operations, and in which Goldcorp Inc. ("Goldcorp") owns a 40% interest. The mine began production in 2013, and was one of only three mines in the world with annual production greater than one million ounces of gold in calendar 2014. Barrick reported calendar 2014 production, on a 100% basis, of 1.11 million ounces of gold and 3.85 million ounces of silver, with all-in sustaining costs of \$588 per ounce. Barrick also reported proven and probable gold reserves attributable to Barrick of 9.3 million contained ounces at 3.30 grams per tonne, and attributable proven and probable silver reserves of 58.3 million contained ounces grading 20.7 grams per tonne, in each case as of December 31, 2014.

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 will make two advance payments to New Gold, consisting of \$100 million, which was paid

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at closing on July 20, 2015, and \$75 million once capital spending at Rainy River is 60% complete (currently expected by mid-calendar 2016). Also 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 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. Permits to begin major earthworks construction are in place, and, as of mid-calendar 2015, detailed engineering is 95% complete and 14% of the total development capital estimate of \$877 million has been spent. 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 an Additional Gold Royalty Interest at Pascua-Lama

On July 10, 2015, the Company entered into an assignment of rights agreement with a private Chilean citizen whereby Royal Gold acquired an additional 0.22% NSR sliding-scale royalty on the Pascua-Lama project, which is owned and operated by Barrick and located on the border between Argentina and Chile. The Company paid \$8.0 million for the additional interest at closing and will pay an additional \$2.0 million if the project comes into production in calendar 2018 or an additional \$1.0 million if the project enters production in calendar 2019. Upon the July 10, 2015 closing, Royal Gold's total gold NSR royalty interest in the Pascua-Lama project increased to 5.45%, at gold prices above \$800 per ounce, while the additional royalty equivalent on proceeds from copper produced from the Chilean portion of the project, increased to 1.09% (from 1.05%). Please refer to Item 2, Properties, for further discussion on our interest at Pascua-Lama.

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 Carmen de 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 will encompass CMCA's presently owned mining concessions on the Carmen de 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 is effective July 1, 2015, and applies to all final settlements of gold received on or after that date. Deliveries to RGLD Gold will be made monthly, and RGLD Gold expects to begin receiving gold deliveries in its first fiscal quarter of 2016, ending September 30, 2015.

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 the Royalty Agreement originally dated January 12, 2010, which provided RG

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Chile with a royalty equivalent to 75% of the gold produced from the sulfide portion of the Carmen de Andacollo mine until 910,000 payable ounces have been produced, and 50% of the gold produced thereafter. Approximately 259,000 ounces of payable gold subject to the royalty were produced through June 30, 2015, resulting in approximately 651,000 payable ounces remaining as of that date, before the step down to the 50% royalty rate. The Andacollo Stream Agreement on Carmen de Andacollo is separate and distinct from the former royalty of RG Chile.

CMCA paid total consideration of \$345 million to RG Chile in connection with the Royalty Termination Agreement. The transaction will be taxable in Chile and the United States, with net proceeds estimated at approximately \$300 million. RG Chile will receive payment for the royalty through June 30, 2015, the economic effective date of the termination. In addition to the \$345 million termination payment, a post-closing final royalty payment of approximately \$9 million was received in July 2015 to finalize all outstanding shipments for which final settlements had not been received as of July 1, 2015.

Acquisition of Gold Streams on Wassa, Bogoso and Prestea

On May 7, 2015, RGLD Gold announced signing a \$130 million gold stream transaction with a wholly-owned subsidiary of Golden Star Resources Ltd. (together "Golden Star"), pursuant to which RGLD Gold will advance financing to Golden Star, subject to certain conditions, for development projects at certain mines in Ghana, and in return for which Golden Star will sell and deliver gold to RGLD Gold. Separate from the stream transaction and subject to certain conditions, the Company will provide a \$20 million, 4-year term loan to Golden Star and will receive warrants to purchase 5 million shares of Golden Star Resources Ltd. common stock. Closing of the gold stream and term loan transactions occurred on July 28, 2015, when the conditions to closing were satisfied.

Pursuant to the stream transaction and subject to certain conditions, RGLD Gold will make \$130 million in advance payments to Golden Star in stages, including the \$40 million upfront payment made in connection with closing, and the balance on a pro rata basis with spending on the Wassa and Prestea underground projects, which RGLD Gold expects to make in five quarterly payments as follows: (i) \$15 million on September 1, 2015, (ii) \$30 million on December 1, 2015, and (iii) \$15 million on March 1, 2016, June 1, 2016 and September 1, 2016. Golden Star will deliver to RGLD Gold 8.5% of gold produced from the Wassa, Bogoso and Prestea projects, until 185,000 ounces have been delivered, 5.0% until an additional 22,500 have been delivered, and 3.0% thereafter. RGLD Gold will pay Golden Star a cash price equal to 20% of the spot price for each ounce delivered at the time of delivery until 207,500 ounces have been delivered, and 30% of the spot price for each ounce delivered thereafter.

In a separate transaction, on July 28, 2015, the Company provided a \$20 million, four-year term loan to Golden Star, subject to certain conditions. Interest under the loan will be 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 loan will be subject to mandatory prepayments that will range between 25-50% of excess cash flow after the development period for the projects. Golden Star will also grant warrants to the Company to purchase five million shares of Golden Star common stock. The warrants have a term of four years and an exercise price which equals a 30% premium to Golden Star's weighted average share price for the ten-day period ending two days prior to announcement of the transaction.

The Wassa mine is located approximately 90 miles west of Accra and has operated continuously since 2005. Golden Star forecasts calendar 2015 production of 113,000 ounces of gold from the single Wassa open pit. Open pit proven and probable reserves are 831,000 ounces at 1.39 grams per tonne. RGLD Gold's investment will fund development of the Wassa underground deposit, which has 746,000 ounces of proven and probable gold reserves at 4.27 grams per tonne. Once the underground deposit is in production, Golden Star expects average annual gold production of 150,000 ounces of gold over the life of mine from the combined open pit and underground at Wassa.

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Bogoso and Prestea are located approximately 125 miles west of Accra and have produced over 9 million ounces from both open pit and underground sources over the last 100 years. Underground development on the Prestea underground is already well advanced and Golden Star plans to modify the Bogoso plant to process Prestea material. Golden Star expects to spend \$40 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 annual production of approximately 75,000 ounces from Prestea, with estimated life of mine production of 620,000 ounces. Golden Star forecasts underground gold production from the Wassa and Prestea mines by late calendar 2016.

Fiscal 2015 Business Developments

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

Peak Gold Joint Venture and Royalty Acquisitions

On January 8, 2015, Royal Gold, through its wholly-owned subsidiary, Royal Alaska, LLC ("Royal Alaska"), and Contango ORE, Inc., through its wholly-owned subsidiary CORE Alaska, LLC (together, "Contango"), entered into a limited liability company agreement for Peak Gold, LLC ("Peak Gold"), a joint venture for exploration and advancement of the Tetlin gold project located near Tok, Alaska (the "Tetlin Project"). Contango contributed all of its assets relating to the Tetlin Project to Peak Gold, including a mining lease and certain state of Alaska mining claims. Royal Alaska contributed \$5.0 million in cash to Peak Gold. Contango will initially hold a 100% membership interest in Peak Gold. Royal Alaska has the right to obtain up to 40% of the membership interest in Peak Gold by making contributions of up to \$30.0 million (including Royal Alaska's initial \$5.0 million contribution) in cash to Peak Gold by October 31, 2018. Royal Alaska will act as the manager of Peak Gold unless and until it is removed or resigns from that position in the manner provided in Peak Gold's limited liability company agreement. The Tetlin Project is situated partly on lands leased from the Native Village of Tetlin, a federally recognized Indian tribe ("Tetlin").

Previously, on September 30, 2014, the Company acquired a 2.0% NSR royalty and a 3.0% NSR royalty held by private parties over areas comprising the Tetlin Project for total consideration of \$6.0 million.

Tulsequah Streaming Agreement

On December 22, 2014, RGLD Gold, terminated the Amended and Restated Gold and Silver Purchase and Sale Agreement (the "Agreement"), between RGLD Gold, the Company, Chieftain Metals Inc. and Chieftain Metals Corp. (together, "Chieftain"), relating to Chieftain's Tulsequah Chief polymetallic project located in British Columbia, Canada (the "Tulsequah Chief Project"). Pursuant to the terms of the Agreement, Chieftain repaid RGLD Gold's original \$10.0 million advance payment in January 2015. RGLD Gold holds a right of first refusal over the creation by Chieftain of any royalty, production payment, stream or similar interest on gold or silver production from the Tulsequah Chief Project for a period of two years from December 22, 2014. As a result of the termination of the Tulsequah Agreement and repayment of our investment, the carrying value of the Tulsequah Chief gold and silver stream, which included our \$10.0 million investment and approximately \$0.6 million of direct acquisition costs, was reduced to zero during the three months ended December 31, 2014. The Company wrote-off the approximate \$0.6 million of direct acquisition costs during the three months ended December 31, 2014.

Table of Contents*Acquisition of Gold Stream on the Ilovitza Project*

On October 20, 2014, RGLD Gold entered into a \$175.0 million gold stream transaction with Euromax Resources Ltd ("Euromax") that will finance a definitive feasibility study, permitting work, early stage engineering and a significant portion of the construction at Euromax's Ilovitza gold-copper project located in southeast Macedonia. RGLD Gold will make two advance deposit payments to Euromax totaling \$15.0 million, which will be used for completion of the definitive feasibility study and permitting of the project, followed by payments aggregating \$160 million towards project construction, in each case subject to certain conditions. Payment of the first \$7.5 million deposit was completed in March 2015. RGLD Gold's decision to proceed with the second \$7.5 million deposit and the construction payments is conditioned upon, among other things, its satisfaction with the progress of definitive feasibility study and environmental evaluations, demonstrated project viability, and, in the case of the construction payments, sufficient project financing and permits to construct and operate the mine. The construction payments would be paid pro-rata with the balance of the project funding. In exchange, Euromax will deliver physical gold equal to 25% of gold produced from the Ilovitza project until 525,000 ounces have been delivered, and 12.5% thereafter (in each case subject to adjustment). RGLD Gold's purchase price per ounce will be 25% of the spot price at the time of delivery.

Euromax has completed a prefeasibility study for the Ilovitza project which estimates a 23 year mine life and a production startup in calendar 2018.

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 royalty interests and the acquisition and management of stream interests. Royal Gold's long-lived assets (royalty and stream interests, net) are geographically distributed as shown in the following table:

| | As of June 30, 2015 | | |
|---------------|---------------------|-------------------|---|
| | Royalty interest | Stream interest | Total royalty and stream interests, net |
| Canada | \$ 251,688 | \$ 823,091 | \$ 1,074,779 |
| Chile | 653,019 | | \$ 653,019 |
| Mexico | 131,742 | | \$ 131,742 |
| United States | 110,286 | | \$ 110,286 |
| Australia | 50,119 | | \$ 50,119 |
| Africa | 12,760 | | \$ 12,760 |
| Other | 42,720 | 8,183 | \$ 50,903 |
| Total | \$ 1,252,334 | \$ 831,274 | \$ 2,083,608 |

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| As of June 30, 2014 | | | |
|---------------------|---------------------|-------------------|---|
| | Royalty interest | Stream interest | Total royalty and stream interests, net |
| Canada | \$ 293,798 | \$ 816,408 | \$ 1,110,206 |
| Chile | 662,482 | | \$ 662,482 |
| Mexico | 145,625 | | \$ 145,625 |
| United States | 68,889 | | \$ 68,889 |
| Australia | 55,241 | | \$ 55,241 |
| Africa | 15,226 | | \$ 15,226 |
| Other | 51,398 | | \$ 51,398 |
| Total | \$ 1,292,659 | \$ 816,408 | \$ 2,109,067 |

The Company's revenue, costs of sales and net revenue by reportable segment for our fiscal years ended June 30, 2015, 2014 and 2013 is geographically distributed as shown in the following table:

| Fiscal Year Ended June 30, 2015 | | | |
|------------------------------------|-------------------|------------------|-------------------|
| | Revenue | Cost of sales | Net revenue |
| Royalties: | | | |
| Canada | \$ 37,496 | \$ | \$ 37,496 |
| Chile | 39,508 | | 39,508 |
| Mexico | 43,008 | | 43,008 |
| United States | 42,675 | | 42,675 |
| Australia | 8,494 | | 8,494 |
| Africa | 3,075 | | 3,075 |
| Other | 9,659 | | 9,659 |
| Total royalties | \$ 183,915 | \$ | \$ 183,915 |
| Streams: | | | |
| Canada | \$ 94,104 | \$ 33,450 | \$ 60,654 |
| Total royalties and streams | \$ 278,019 | \$ 33,450 | \$ 244,569 |

| Fiscal Year Ended June 30, 2014 | | | |
|---------------------------------|------------|---------------|-------------|
| | Revenue | Cost of sales | Net revenue |
| Royalties: | | | |
| Canada | \$ 54,277 | \$ | \$ 54,277 |
| Chile | 50,733 | | 50,733 |
| Mexico | 43,093 | | 43,093 |
| United States | 34,671 | | 34,671 |
| Australia | 8,353 | | 8,353 |
| Africa | 7,943 | | 7,943 |
| Other | 10,883 | | 10,883 |
| Total royalties | \$ 209,953 | \$ | \$ 209,953 |
| Streams: | | | |

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| | | | | | | |
|------------------------------------|-----------|----------------|-----------|--------------|-----------|----------------|
| Canada | \$ | 27,209 | \$ | 9,158 | \$ | 18,051 |
| Total royalties and streams | \$ | 237,162 | \$ | 9,158 | \$ | 228,004 |

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Fiscal Year Ended June 30, 2013

| | Revenue | Cost of sales | Net revenue |
|------------------------|-------------------|---------------|-------------------|
| Royalties: | | | |
| Canada | \$ 68,247 | \$ | \$ 68,247 |
| Chile | 84,631 | | 84,631 |
| Mexico | 53,550 | | 53,550 |
| United States | 50,416 | | 50,416 |
| Australia | 10,216 | | 10,216 |
| Africa | 8,770 | | 8,770 |
| Other | 13,394 | | 13,394 |
| Total royalties | \$ 289,224 | \$ | \$ 289,224 |

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

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

Competition

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

Regulation

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

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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 20 employees, 17 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 royalty and stream interests and may reduce our revenues. Certain contracts governing our royalty and stream interests have features that may amplify the negative effects of a drop in metals prices.

The profitability of our royalty and stream 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 royalty and stream 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 |
| 2005 - 2006 | \$ 725 | \$ 411 | \$ 14.94 | \$ 6.39 | \$ 3.99 | \$ 1.37 | \$ 16.16 | \$ 5.22 |
| 2007 - 2008 | \$ 1,011 | \$ 608 | \$ 20.92 | \$ 8.88 | \$ 4.08 | \$ 1.26 | \$ 24.52 | \$ 4.05 |
| 2009 - 2010 | \$ 1,421 | \$ 810 | \$ 30.70 | \$ 10.51 | \$ 4.42 | \$ 1.38 | \$ 12.52 | \$ 4.27 |
| 2011 - 2012 | \$ 1,895 | \$ 1,319 | \$ 48.70 | \$ 26.16 | \$ 4.60 | \$ 3.08 | \$ 13.17 | \$ 6.89 |
| 2013 | \$ 1,694 | \$ 1,192 | \$ 32.23 | \$ 18.61 | \$ 3.74 | \$ 3.01 | \$ 8.44 | \$ 5.97 |
| 2014 | \$ 1,385 | \$ 1,142 | \$ 22.05 | \$ 15.28 | \$ 3.37 | \$ 2.86 | \$ 9.62 | \$ 6.06 |
| 2015 to-date | \$ 1,296 | \$ 1,081 | \$ 18.23 | \$ 14.49 | \$ 2.92 | \$ 2.35 | \$ 7.01 | \$ 4.94 |

Declines in market prices for gold, silver, copper, nickel and certain other metals such as those experienced during our fiscal years 2014 and 2015 and through the date of this filing, decreased our revenues. Severe declines in market prices could cause an operator to reduce, suspend or terminate production from an operating project or construction work at a development project, which may result in a temporary or permanent reduction or cessation of revenue from those projects, and we might not be able to recover the initial investment in our royalty and stream interests. Our sliding-scale royalties, such as Cortez, Holt, Mulatos, Wolverine and other properties, amplify this effect, because when metal prices fall below certain thresholds in a sliding-scale royalty, a lower royalty rate will apply. Also, certain streaming agreements, including our Mount Milligan stream, provide us the right to purchase metals at fixed prices. In the event that prevailing market prices decline, the margin between the price at which we can purchase such metals pursuant to the terms of the streaming agreements and the price at which we sell such metals in the market will decline, and we will generate lower cash flow or earnings. Any price decline may result in a material and adverse effect on our profitability, results of operations and financial condition.

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

Where gold and silver are produced as by-product metals at the properties where we hold royalty and stream 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 other 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 royalty and stream interests on properties operated by third parties. The holder of a royalty or stream interest typically has no authority regarding the development or operation of a mineral property. Therefore, we typically are not in control of decisions regarding development or operation of any of the properties on which we hold a royalty or stream interest, and we have limited legal rights to influence those decisions.

Our strategy of acquiring and holding royalty and stream 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 royalty or stream interests, such as audit or access rights, that will permit us to protect our interests to a degree, there can be no assurance that such rights will always be available or sufficient, or that our efforts will be successful in achieving timely or favorable results or in affecting the operation of the properties in which we have a royalty or stream interest in ways that would be beneficial to our stockholders.

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

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

insufficient ore reserves;

increases in production or capital costs incurred by operators or third parties that may impact the amount of reserves available to be mined, cause an operator to delay or curtail mining development and operations, or render mining of ore uneconomical and cause an operator to close operations;

declines in the price of gold, silver, copper, nickel and other metals;

mine operating and ore processing facility problems;

economic downturns and operators' insufficient financing;

insolvency or bankruptcy of the operator;

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

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

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

community or civil unrest;

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labor shortages, 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; and

uncertain domestic and foreign political and economic environments.

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

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

The royalty and stream interests we acquire may not produce anticipated revenues. The success of our acquisitions of royalty and stream interests is based on our ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from our royalty and stream interests and, for development projects, 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 royalty or stream interest may not yield sufficient revenues to be profitable for us. Furthermore, operators of development stage properties must obtain and maintain all necessary environmental permits and access to water, power and other raw materials needed to begin production, and there can be no assurance that operators will be able to do so.

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

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

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

Our investments in the Mount Milligan, Andacollo, Voisey's Bay and Peñasquito properties, among others, were significant to us in fiscal year 2015, as our interests in these properties generated approximately \$179.1 million in revenue in fiscal year 2015, which was nearly 65% of our revenue for the period. We expect these properties, our new gold and silver stream at Pueblo Viejo, and others to be significant in fiscal year 2016. Any adverse development affecting the operation of or production from any of these properties would have a material adverse effect on our business, 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.

Unknown defects or impairments in our royalty or streaming interests and title defects could adversely affect our business and revenues.

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

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

Our royalty and stream interests generally are subject to uncertainties and complexities arising from the application of contract and property laws in the jurisdictions where the mining projects are located. Operators and other parties to the agreements governing our royalty and stream 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 royalty or stream interests may be delayed, curtailed or eliminated during the pendency of any such dispute or in the event our position is not upheld, which could have a material adverse effect on our business, results of operations, cash flows and financial condition. Disputes could arise challenging, among other things:

the existence or geographic extent of the royalty or stream interest;

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methods for calculating the royalty or stream interest, including whether certain operator costs may properly be deducted from gross proceeds when calculating royalties determined on a net basis;

third party claims to the same royalty interest or to the property on which we have a royalty or stream interest;

various rights of the operator or third parties in or to the royalty or stream interest;

production and other thresholds and caps applicable to payments of royalty or stream interests;

the obligation of an operator to make payments on royalty and stream interests; and

various defects or ambiguities in the agreement governing a royalty and stream 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. LNRLP received the first quarterly royalty payment relating to processing Voisey's Bay nickel concentrates at Vale's new Long Harbour Processing Plant. In response to questions concerning Vale's determination of the Long Harbour smelter and refining charges deducted from actual proceeds to calculate the NSR royalty payable, Vale recently stated that the charges included "the cost of product sold, pre-operating costs, depreciation and cost of capital," a calculation methodology that the Company estimates could result in a substantial reduction or elimination of royalty payable to LNRLP on Voisey's Bay nickel concentrates processed at Long Harbour. The Company strongly disagrees with Vale's determination that these changes are permissible deductions pursuant to the royalty agreement and is requesting further clarification of the basis for these charges while aggressively pursuing its legal remedies.

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

Potential litigation may arise between the operators of properties on which we have royalty and stream 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 royalty and stream 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 royalty and stream interests, to create new royalty and stream interests through the financing of exploration, development or producing mining projects, and to acquire companies that hold royalty or stream interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, technical, financial and other confidential information, submission of indications of interest and participation in discussions or negotiations for acquisitions. We also consider obtaining debt commitments for acquisition financing. In the event that we choose to raise debt capital

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to finance any acquisition, our leverage will be increased. We also could issue common stock or incur additional indebtedness to fund our acquisitions. Issuances of common stock would 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 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 royalty or stream interests where we believe such restructuring would provide a long-term benefit to the Company, though such restructuring may reduce near-term revenues or result in the incurrence of transaction related costs. We could enter into one or more acquisition or restructuring transactions at any time.

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

Our future success largely depends upon our ability to acquire royalty and stream interests at appropriate valuations, including through royalty, stream and corporate acquisitions and other financing transactions. Most of our revenues are derived from royalty and streams interests that we acquire or finance. There can be no assurance that we will be able to identify and complete the acquisition of such royalty and stream interests or businesses that own desired interests, at reasonable prices or on favorable terms, or, if necessary, that we will have or be able to obtain sufficient financing on reasonable terms to complete such acquisitions. Continued economic volatility or a credit crisis, or severe declines in market prices for gold, silver, copper, nickel and certain other metals, could adversely affect our ability to obtain debt or equity financing for acquisitions. 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 royalty or stream interests.

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

We face substantial competition in the acquisition of royalty and stream interests. We have competitors that are engaged in the acquisition of royalty and stream 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 royalty or stream interests, the reserves subject to our royalty and stream interests may decline as the producing properties on which we have such royalty and stream interests are mined or payment or production caps on certain of our royalty interests are met. We also may experience negative reactions from the financial markets or operators of properties on which we seek royalty and stream 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 royalty and stream interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments.

The payments of our royalty and stream interests are calculated by the operators of the properties on which we have royalty and stream 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

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production and accounting functions, and, given the complex nature of mining and ownership of mining interests, errors may occur from time to time in the allocation of production and the various other calculations made by an operator. Any of these errors may render calculations of such payments inaccurate. Certain agreements governing our royalty and stream interests require the operators to provide us with production and operating information that may, depending on the completeness and accuracy of such information, enable us to detect errors in the calculation of payments of royalty and deliveries under metal streams. We do not, however, have the contractual right to receive production information for all of our royalty interests. As a result, our ability to detect payment errors through our royalty and stream monitoring program and its associated internal controls and procedures is limited, and the possibility exists that we will need to make retroactive revenue adjustments. Some contracts governing our royalty and stream 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 royalty and stream interests to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from our royalty and stream interests.

The development and operation of mines is very capital intensive, and if operators of properties where we hold royalty and stream interests do not have the financial strength or sufficient credit or other financing capability to cover the costs of developing or operating a mine, the operator may curtail, delay or cease development or operations at a mine site. Operators' ability to raise and service sufficient capital may be affected by, among other things, macroeconomic conditions, future commodity prices of metals to be mined, or further economic volatility in the U.S. and global financial markets as has been experienced in recent years. If certain of the operators of the properties on which we have royalty and stream 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.

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

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

our gold stream at Pueblo Viejo decreases from 7.50% 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 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 produced;

our stream at Andacollo decreases from 100% of payable gold to 50% of payable gold once 900,000 ounces have been delivered;

our royalty at Mulatos is subject to a 2.0 million ounce cap on gold production, of which there has been approximately 1.41 million ounces of cumulative production as of June 30, 2015; and

approximately 20% of our royalty at Pascua-Lama is limited to the first 14.0 million ounces of gold produced from the project, and another 24% of the royalty can be extended beyond 14.0 million ounces produced for a payment of \$4.4 million.

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

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

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond our control and the control of the operators of properties in which we have royalty and stream interests. Reserve estimates for our royalty and stream interests are prepared by the operators of the mining properties. We do not participate in the preparation or verification of such reports and have not independently assessed or verified the accuracy of such information.

The estimation of reserves and of other mineralized material is a subjective process, and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate, may cause a revision of such estimates. The volume and grade of reserves recovered and rates of production may be less than anticipated. Assumptions about gold and other precious metal prices are subject to great uncertainty, and such prices have fluctuated widely in the past. Declines in the market price of gold, silver, copper, nickel or other metals also may render reserves or mineralized material containing relatively lower ore grades uneconomical to exploit. Changes in operating costs and other factors including short-term operating factors, the processing of new or different ore grades, geotechnical characteristics and metallurgical recovery, may materially and adversely affect reserves. Finally, it is important to note that our royalty and stream agreements generally give us interests in only a small portion of the production from the operators' aggregate reserves, and the size of those interests varies widely based on the individual documents governing them.

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 royalty and stream interests constitute or will be converted into mineral reserves.

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

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

If title to properties is not properly maintained by the operators, or is successfully challenged by third parties, our royalty and stream 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

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

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

We derived approximately 85% of our revenues from foreign sources during fiscal year 2015, compared to approximately 85% in fiscal year 2014 and 83% in fiscal year 2013. Our principal producing royalty and stream interests on properties outside of the United States are located in Canada, Chile and Mexico. We currently have royalty and stream interests in mines and projects in other countries, including Argentina, Australia, Bolivia, Brazil, Burkina Faso, Dominican Republic, Finland, Ghana, Guatemala, Honduras, Macedonia, Nicaragua, Peru, Russia, Spain and Tunisia. In addition, future acquisitions may expose us to new jurisdictions. Our foreign activities are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, such things as:

expropriation or nationalization of property, which has occurred in the past in Argentina and other countries in which we have or may acquire royalty and stream interests;

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;

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;

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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;

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exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act and similar laws and regulations in other jurisdictions to which we, but not necessarily our competitors, may be subject;

suspension of the enforcement of creditors' rights and stockholders' rights;

risk of loss due to disease and other potential endemic health issues; and

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

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

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

Opposition from indigenous people may delay or suspend development or operations at the properties where we hold royalty and stream 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 royalty and stream 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 royalty and stream 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)." 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 royalty and stream interests in mines or projects could affect mine development and expansion, significantly increase regulatory obligations and compliance costs with respect to mine development and mine operations, increase the cost of holding mining 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, which governs the creation, maintenance and possession of mining claims and related activities on

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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, 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 royalty and stream 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 significant 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, 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

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Pascua-Lama project. In July 2012, the National Supreme Court of Justice of Argentina overturned preliminary injunctions suspending the application of the glacier law in the San Juan Province, where a portion of the Pascua-Lama project is located, but the Supreme Court must still rule on the constitutionality of the glacier law. Further, to the extent that we become subject to environmental liabilities for any time period during which we operated properties, the satisfaction of any liabilities would reduce funds otherwise available to us and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

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

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. The December 1997 Kyoto Protocol, which has been extended to 2020, establishes a set of greenhouse gas emission targets for countries that have ratified the Protocol, which include Ghana, Australia and Peru. Canada ratified the Protocol but renounced its ratification in December 2011. Furthermore, the U.S. Environmental Protection Agency has promulgated or is in the process of promulgating several rules aimed at regulating greenhouse gas emissions from new and existing sources, particularly in the power generation sector, and several U.S. states (such as California) have enacted legislation requiring greenhouse gas reductions that will affect energy prices and demand for carbon intensive products. Legislation and increased regulation regarding climate change could impose significant costs on the operators of properties where we hold royalty or stream interests, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. If an operator of a property on which we have a royalty or stream interest is forced to incur significant costs to comply with climate change regulation or becomes subject to environmental restrictions that limit its ability to continue or expand operations, our revenues from that property could be reduced, delayed or eliminated.

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

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

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

Management has concluded that as of June 30, 2015, 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

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translate to our revenues as discussed above in "*We depend on our operators for the calculation of payments of our royalty and stream interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments*". Given our dependence on third party calculations, there is a risk that material misstatements in results of operations and financial condition may not be prevented or detected on a timely basis by our internal controls over financial reporting and may require us to restate our financial statements.

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

As of June 30, 2015, we had \$370 million aggregate principal amount of our 2.875% convertible senior notes due 2019 (the "2019 Notes") outstanding, which we incurred in June 2012. In addition, we may incur additional indebtedness in connection with financing acquisitions, strategic transactions or for other purposes. As of June 30, 2015, we had \$650 million available for borrowing under our revolving credit facility, and since June 30, 2015, we have entered into several transactions that, when added to existing commitments, would result in drawing down our revolving credit facility and reducing our available liquidity to approximately \$350 million after closing all such transactions. As a result, we may seek additional debt or equity financing if we deem it advisable. Our indebtedness increases the risk that we may be unable to generate enough cash to pay amounts due in respect of our indebtedness.

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

increase our vulnerability to general adverse economic and industry conditions;

require us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions of royalty and stream interests, working capital, pay dividends and other general corporate purposes;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

restrict us from exploiting business opportunities;

place us at a competitive disadvantage compared to our competitors that have less indebtedness;

dilute our existing stockholders if we elect to issue common stock instead of paying cash in the event the holders convert the 2019 Notes, or any other convertible securities issued in the future;

require the consent of our existing lenders to borrow additional funds, as was required in connection with the issuance of the 2019 Notes; and

limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

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

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

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

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

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

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

We are subject to the risks normally associated with debt financing, including the risk that our cash flows may be insufficient to meet required principal and interest payments and the risk that we will be unable to refinance our indebtedness when it becomes due, or that the terms of such refinancing will not be as favorable as the terms of our indebtedness. As of June 30, 2015, our annual debt service obligation on the 2019 Notes was approximately \$10.6 million. In addition, the 2019 Notes include provisions providing for the lump sum payment of significant amounts of principal, whether upon maturity, upon the exercise of any applicable put, redemption or call rights or otherwise and all amounts, if any, due under our revolving credit facility are due at maturity. Our ability to make these payments when due will depend upon several factors, which may not be in our control. These factors include our liquidity or our ability to liquidate assets owned by us on or prior to such put, redemption, call or maturity dates and the amount by which we have been able to reduce indebtedness prior to such

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date though exchanges, refinancing, extensions, collateralization or other similar transactions (any of which transactions may also have the effect of reducing liquidity or liquid assets). In addition, we may incur additional indebtedness in the future, subject to the restrictions contained in the agreements governing the terms of our debt obligations, which may make it more difficult for us to satisfy our other debt obligations.

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

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

Under the Financial Accounting Standards Board Accounting Standards Codification Section 470-20, *Debt with Conversion and other Options* ("ASC 470-20"), an entity must separately account for the liability and equity components of convertible debt instruments (such as the 2019 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the 2019 Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the 2019 Notes. As a result, we are required to record a greater amount of non-cash interest expense as a result of the amortization of the discounted carrying value of the 2019 Notes to their face amount over the term of the 2019 Notes. We report lower net income in our financial results because ASC 470-20 requires interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the market price of our common stock and the trading price of the 2019 Notes.

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

Risks Related to Our Common Stock

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

The market price of our common stock has fluctuated and may decline in the future. The high and low sale prices of our common stock on the NASDAQ Global Select Market were \$100.84 and \$38.63 for the fiscal year ended June 30, 2013, \$76.85 and \$40.45 for the fiscal year ended June 30, 2014, and

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\$82.84 and \$55.55 for the fiscal year ending June 30, 2015. The fluctuation of the market price of our common stock has been affected by many factors that are beyond our control, including:

market prices of gold, silver, copper, nickel and other metals;

Central Bank interest rates;

expectations regarding inflation;

ability of operators to advance development projects, produce precious metals and develop new reserves;

currency values;

credit market conditions;

general stock market conditions; and

global and regional political and economic conditions.

Additional issuances of equity securities by us could dilute our existing stockholders, reduce some or all of our 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 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. In addition, the existence of the 2019 Notes may encourage short selling by market participants because the conversion of the 2019 Notes could depress the price of our common stock. These sales also could impair our ability to raise capital through the sale of additional equity or equity related securities in the future at a time and price that we deem appropriate. We are unable to predict the effect that sales may have on the then-prevailing market price of our common stock.

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

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

We may change our practice of paying dividends.

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

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flows, financial condition, and funding requirements for future opportunities or operations. In addition, there may be corporate law limitations or future contractual restrictions on our ability to pay dividends. If our board of directors declines or is unable to declare dividends in the future or reduces the current dividend level, our stock price could fall, and the success of an investment in our common stock would depend largely upon any future stock price appreciation. We have increased our dividends in prior years. There can be no assurance, however, that we will continue to do so or that we will pay any dividends at all.

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

Certain provisions of Delaware law, our organizational documents, our rights plans and the indenture governing the 2019 Notes could make it more difficult or more expensive for a third party to acquire us, even if a change of control would be beneficial to our stockholders. Delaware law prohibits, subject to certain exceptions, a Delaware corporation from engaging in any business combination with any "interested stockholder," which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation's voting stock, for a period of three years following the date that the stockholder became an interested stockholder. Additionally, our certificate of incorporation and bylaws contain provisions that could similarly delay, defer or discourage a change in control of us or management. These provisions could also discourage a proxy contest and make it more difficult for stockholders to elect directors and take other corporate actions. Such provisions provide for the following, among other things: (i) the ability of our board of directors to issue shares of common stock and preferred stock without stockholder approval, (ii) the ability of our board of directors to establish the rights and preferences of authorized and unissued preferred stock, (iii) a board of directors divided into three classes of directors serving staggered three year terms, (iv) permitting only the chairman of the board of directors, chief executive officer, president or board of directors to call a stockholders' meeting and (v) requiring advance notice of stockholder proposals and related information. Furthermore, we have a stockholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the stockholder rights plan could cause significant dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors. In addition, if an acquisition event constitutes a fundamental change, holders of the 2019 Notes will have the right to require us to purchase their 2019 Notes in cash. If an acquisition event constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their 2019 Notes in connection with such make-whole fundamental change. These provisions could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, which may cause the market price of our common stock to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

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SEC or with the Canadian securities regulatory agencies available at www.sec.gov or www.sedar.com, respectively.

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

Principal Producing Properties

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

Andacollo (Region IV, Chile)

As of June 30, 2015, we owned a royalty equivalent to 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. As of June 30, 2015, approximately 259,000 payable ounces of gold have been sold. Please refer to Item 1, Business, Recent Business Developments, for an update on our interest at Andacollo.

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

Gold production at Andacollo decreased approximately 21% during our fiscal year ended June 30, 2015, when compared to the fiscal year ended June 30, 2014. The decrease in production is primarily due to reduced mill throughput associated with unplanned maintenance activities during the September 2015 quarter and planned maintenance activities during the March 2015 quarter. Teck expects higher mill throughput rates during the remainder of calendar 2015.

Andacollo production attributable to Royal Gold, resulting from our new streaming interest, will switch to metal sales completed in the quarter (instead of provisional estimated ounces in concentrate and true-ups based upon final smelter settlements). The eleven concentrate shipments (approximately 22,900 ounces of contained gold based on provisional weights and assays) that were not final settled as of June 30, 2015 will be subject to the new stream agreement. Andacollo will deliver gold to RGLD Gold within five business days following the end of the month in which final smelter settlement occurs. RGLD Gold typically sells gold ounces over a three week period following physical receipt. Andacollo final settlements generally take 5-6 months from the bill-of-lading date. The difference in timing between Andacollo quarterly production and final smelter settlements may result in divergences of ounces between Teck's figures and those reported by Royal Gold for future quarters.

Cortez (Nevada, USA)

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

The royalty interests we hold at Cortez include:

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

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the 1.25% NVR. A 0.618% portion of our NVR1 royalty covers the mining claims that comprise the undeveloped Crossroads deposit.

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

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

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

Production at Cortez increased 140% during our fiscal year ended June 30, 2015, when compared to the fiscal year ended June 30, 2014, as surface mining activity increased at the Pipeline and Gap pits, where our royalty applies, while no significant activity occurred in these areas during the prior fiscal year. Barrick has indicated that mining in calendar 2015 will include Cortez Hills, which is not subject to our interest, and Crossroads pre-stripping. As a result, production subject to our interests is expected to be lower during the remainder of calendar 2015.

Holt (Ontario, Canada)

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

Production at Holt decreased approximately 1% during our fiscal year ended June 30, 2015, when compared to the fiscal year ended June 30, 2014. St Andrew reported higher tonnes milled and lower grades during the period.

Mount Milligan (British Columbia, Canada)

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 Thompson Creek Metals Company, Inc. ("Thompson Creek"). The cash purchase price is equal to the lesser of \$435 per ounce, with no inflation adjustment, or the prevailing market price. The Mount Milligan project is located within the Omenica Mining Division in North Central British Columbia, approximately 96 miles northwest of Prince George, 53 miles north of Fort St. James, and 59 miles west of Mackenzie. The

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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.

Mount Milligan began the commissioning and start-up phase during the third quarter of calendar 2013 and reached commercial production as of February 2014. Ramp-up activities continued throughout calendar 2014 and are ongoing. Thompson Creek management reported during the second half of calendar 2014 that additional crushing capacity is necessary to reach 60,000 tonnes per day on a consistent basis and temporary crushing was initiated. Due to current metal prices, construction of a secondary crushing circuit will not commence until market conditions improve.

Throughput and production were negatively impacted by unscheduled mechanical issues in the grinding and flotation circuits in the mill and by frozen ore and plugged feeders during the first quarter of calendar 2015. Thompson Creek reported solutions are underway to address the issues experienced during the first quarter, and it remains Thompson Creek's objective to achieve daily mill throughput of approximately 60,000 tonnes per by the end of calendar 2015.

In light of first quarter calendar 2015 operational results, Thompson Creek revised its calendar 2015 gold production guidance to 200,000-220,000 payable ounces from 220,000-240,000 payable ounces. Despite the revision, the updated guidance represents an increase in payable gold production from calendar 2014 of approximately 13% to 18%. For the quarter ended June 30, 2015, Thompson Creek reported its highest average daily mill throughput of 44,940 tonnes per day, and for May and June 2015 averaged 49,913 tonnes, which is over 80% of design capacity.

During the fiscal year ended June 30, 2015, RGLD Gold purchased approximately 74,300 ounces of physical gold. RGLD Gold sold approximately 76,900 ounces of gold during the period at an average price of \$1,223.77 per ounce, and had approximately 5,300 ounces of gold in inventory as of June 30, 2015.

Mount Milligan delivers gold to RGLD Gold within two business days of the receipt of the final smelter settlement proceeds, and RGLD Gold typically sells gold ounces over a three week period following physical receipt. Mount Milligan final settlements generally take five months from the bill-of-lading date. The difference in timing between Mount Milligan quarterly production results and final smelter settlements may result in divergences of ounces between Thompson Creek's figures and those reported by Royal Gold for each quarter.

Mulatos (Sonora, Mexico)

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

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The sliding-scale NSR royalty is based on 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 |
|--|------------------------------|
| \$0.00 - \$299.99 | 1.00% |
| \$300.00 - \$324.99 | 1.50% |
| \$325.00 - \$349.99 | 2.00% |
| \$350.00 - \$374.99 | 3.00% |
| \$375.00 - \$399.99 | 4.00% |
| \$400 or greater | 5.00% |

The Mulatos royalty is capped at 2.0 million gold ounces of production. As of June 30, 2015, approximately 1.41 million cumulative ounces of gold have been produced.

Production attributable to our royalty interest at Mulatos decreased approximately 6% during our fiscal year ended June 30, 2015, when compared to the fiscal year ended June 30, 2014. Lower than planned throughput and recovery associated with milling operations negatively impacted production during the current period. Alamos expects that a new grinding circuit in the mill will reduce grind size and improve gold recovery, allowing the mill to ramp up to targeted recoveries in mid-calendar 2015.

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.

Production for gold at Peñasquito increased approximately 39% during our fiscal year ended June 30, 2015, as Goldcorp experienced higher sulfide ore gold grades but lower recoveries. Reported production for silver and lead decreased approximately 11% and 10%, respectively, while reported zinc production increased approximately 10% when compared to our fiscal year ended June 30, 2014.

In April 2015, Goldcorp reported that it integrated its Concentrate Enrichment Process and Pyrite Leach Process into a single Metallurgical Enhancement Project ("MEP"). The MEP entered the feasibility study phase, which Goldcorp expects to complete in early calendar 2016. Goldcorp expects the study to form the basis of a new life-of-mine plan for Peñasquito, which could extend mine life by more than five years through increased gold and silver recoveries, result in production of higher quality processing, and lower mining costs through minimization of re-handling and simplified mining of complex ores.

Robinson Mine (Nevada, USA)

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

Copper and gold production attributable to our royalty interest at Robinson increased approximately 45% and 24%, respectively, during our fiscal year ended June 30, 2015, when compared to the fiscal year ended June 30, 2014. The production increase was due to higher copper grade and

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recovery as mining returned to the Ruth pit during the second half of calendar 2014, whereas mining primarily came from the lower grade Kimbley pit during the prior fiscal year. KGHM stated that mining will continue in the Ruth pit until the December 2015 quarter, when it expects that ore deliveries primarily will come from lower grade stockpiled ores.

Voisey's Bay (Labrador, Canada)

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

Historically, Vale supplied us with Voisey's Bay nickel concentrate shipment data on a monthly basis, and copper concentrate shipment data on a quarterly basis. This data allowed us to estimate our Voisey's Bay quarterly royalty revenue for financial reporting purposes. We did not receive all of this data for the months relevant to the royalty payments due for the December 2014 and March 2015 quarters, and in April 2015 we announced our intention to recognize Voisey's Bay royalty revenue on a cash basis, or in the period in which actual payment information is received from Vale, beginning with the June 2015 quarter. Accordingly, the revenue recognized for the Voisey's Bay royalty for the June 2015 quarter only included positive adjustments from the estimated March 2015 quarterly revenue (approximately \$3.0 million).

Vale reported that it is processing a blend of nickel matte from its Indonesian operations and nickel concentrates from Voisey's Bay at its new Long Harbour hydrometallurgical plant, and that it will process only Voisey's Bay concentrate at Long Harbour as of the end of calendar 2015. We received the first quarterly royalty payment relating to processing Voisey's Bay nickel concentrates at Long Harbour. In response to questions concerning Vale's determination of the Long Harbour smelter and refining charges deducted from actual proceeds to calculate the NSR royalty payable, Vale recently stated that the charges included "the cost of product sold, pre-operating costs, depreciation and cost of capital." The Company strongly disagrees with Vale's determination that these charges are permissible deductions pursuant to the royalty agreement and is requesting further clarification of the basis for these charges while aggressively pursuing its legal remedies. See Note 15 to the consolidated financial statements for discussion of litigation between the Company and Vale.

Nickel and copper production attributable to our royalty interest at Voisey's Bay decreased approximately 49% and 16%, respectively, during our fiscal year ended June 30, 2015 when compared to the fiscal year ended June 30, 2014. We did not receive sufficient production information for our third and fourth fiscal quarters of 2015 to explain the difference.

Wassa, Bogoso and Prestea (Western Region, Ghana)

As discussed in further detail in Item 1, Business, Recent Business Developments, RGLD Gold owns the right to purchase 8.5% of the gold produced from the Wassa, Bogoso and Prestea projects, operated by Golden Star, until 185,000 ounces have been delivered, 5.0% until an additional 22,500 ounces have been delivered and 3.0% thereafter. RGLD Gold will pay Golden Star a cash price equal to 20% of the spot price for each ounce delivered at the time of delivery until 207,500 ounces have been delivered, and 30% of the spot price for each ounce delivered thereafter. The transaction closed on July 28, 2015, and RGLD Gold anticipates its first purchase of gold from Golden Star during the first quarter of fiscal 2016. The Company considers the gold stream principal to its business.

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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. There is an airport at Takoradi that 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.

Bogoso and Prestea are open pit operations producing both oxide and refractory ores 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.

Golden Star is pursuing a strategy of transforming to a low cost non-refractory gold producer. In line with this strategy, the refractory mining and processing operations at Bogoso were due to be closed in the fourth quarter of 2015. On July 3, 2015, Golden Star reported the failure of a ball mill motor in the refractor ore mill, which will impact production for calendar 2015. Golden Star management is contemplating the early shutdown of the refractory ore operations. Future production at Bogoso and Prestea will come from open pit and underground operations.

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)

As of June 30, 2015, we owned a 0.78% to 5.23% sliding-scale NSR royalty on the Pascua-Lama project, which straddles the border between Argentina and Chile, and is being developed by Barrick. Also as of June 30, 2015, the Company owned an additional royalty equivalent to 1.05% of proceeds from copper produced from the Chilean portion of the project, net of allowable deductions, sold on or after January 1, 2017. Please refer to Item 1, Business, Recent Business Developments, for an update on our interest at Pascua-Lama. The Pascua-Lama project is located within 7 miles of Barrick's operating Veladero mine. Access to the project is from the city of Vallenar, Region III, Chile, via secondary roads C-485 to Alto del Carmen, Chile, and C-489 from Alto del Carmen to El Corral, Chile.

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

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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. It is expected to produce an average of 800,000-850,000 ounces of gold and 35 million ounces of silver annually during its first full five years of operation.

During the fourth quarter of calendar 2013, Barrick announced the temporary suspension of construction at Pascua-Lama, except for activities required for environmental and regulatory compliance. 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.

Phoenix Gold (Ontario, Canada)

RGLD Gold owns the right to purchase 6.30% of any gold produced from the Phoenix Gold Project until 135,000 ounces have been delivered, and 3.15% thereafter. For each delivery of gold, RGLD Gold will pay a purchase price per ounce of 25% of the spot price of gold at the time of delivery.

The Phoenix Gold Project is located in Red Lake, Ontario, Canada, and operated by Rubicon Minerals Corporation ("Rubicon"). The Red Lake greenstone belt is host to one of Canada's preeminent gold producing districts, the Red Lake District. The Phoenix Gold Project is located in this belt, which also hosts the Red Lake and Cochenour mines. The project is located approximately 350 miles by road northwest of Thunder Bay and approximately 295 miles by road east-northeast of Winnipeg, Manitoba. Red Lake can be reached via Highway 105, which branches off the Trans-Canada Highway 17 some 105 miles south of Red Lake. Red Lake is also serviced with daily flights from Thunder Bay and Winnipeg.

Rubicon announced on June 24, 2015, that the Phoenix Gold Project successfully poured its first gold of approximately 741 ounces and that construction of the mill was complete. The commissioning of the mill circuit continues with the processing of low-grade mineralized material. Rubicon further reported in June 2015 that two stopes were ready for production and five stopes were in various stages of development.

As of June 30, 2015, the Company considers Phoenix Gold to be a principal development stage property. RGLD Gold anticipates its first purchase of gold from the Phoenix Gold Project will occur during the first quarter of fiscal 2016, at which time the Company will reclassify our Phoenix Gold stream interest to a principal producing property.

Reserve Information

Table 1 below summarizes proven and probable reserves for gold, silver, copper, nickel, zinc, lead, cobalt and molybdenum that are subject to our royalty and stream interests as of December 31, 2014, 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, 2014. Please refer to pages 38-40 for the footnotes to Table 1.

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Table 1
Proven and Probable Gold Reserves
As of December 31, 2014⁽¹⁾

Gold⁽²⁾

| 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⁾ | Barrick | United States | 15.911 | 0.027 | 0.423 |
| Cortez (Pipeline) GSR1 | 0.40 - 5.0% GSR ⁽⁸⁾ | Barrick | United States | 22.722 | 0.030 | 0.671 |
| Cortez (Pipeline) GSR2 | 0.40 - 5.0% GSR ⁽⁸⁾ | Barrick | United States | 92.447 | 0.034 | 3.134 |
| Cortez (Pipeline) GSR3 | 0.71% GSR ⁽⁹⁾ | Barrick | United States | 34.177 | 0.025 | 0.867 |
| Cortez (Pipeline) NVR1 | 1.01% NVR ⁽⁹⁾ | Barrick | United States | 18.812 | 0.030 | 0.555 |
| Cortez (Pipeline) NVR1C | 0.62% NVR ⁽⁹⁾ | Barrick | United States | 80.992 | 0.036 | 2.938 |
| | 1.0 - 2.0% NSR ⁽¹⁰⁾⁽¹¹⁾ | | | | | |
| Gold Hill | 0.6 - 0.9% NSR ⁽¹²⁾ | Kinross/Barrick | United States | 6.552 | 0.019 | 0.124 |
| Goldstrike (SJ Claims) | 0.9% NSR | Barrick | United States | 43.954 | 0.097 | 4.266 |
| Hasbrouck Mountain (DEV) | | West Kirkland/Clover Nevada LLC | United States | 35.616 | 0.017 | 0.588 |
| Leeville | 1.8% NSR | Newmont | United States | 5.176 | 0.219 | 1.131 |
| Marigold | 2.0% NSR | Silver Standard | United States | 144.988 | 0.014 | 1.997 |
| Pinson | 3.0% NSR ⁽¹³⁾ | Atna | United States | 7.557 | 0.064 | 0.483 |
| | 2.94% NSR ⁽¹⁴⁾ | | | | | |
| Robinson | 3.0% NSR | KGHM | United States | 131.586 | 0.004 | 0.579 |
| Ruby Hill | 3.0% NSR | Barrick | United States | 1.726 | 0.014 | 0.024 |
| Soledad Mountain (DEV) | 3.0% NSR ⁽¹⁵⁾ | Golden Queen | United States | 51.052 | 0.019 | 0.984 |
| Twin Creeks | 2.0% GPR | Newmont | United States | 1.461 | 0.108 | 0.158 |
| Wharf | 0.0 - 2.0% NSR ⁽¹⁶⁾ | Coeur Mining | United States | 19.630 | 0.022 | 0.432 |
| Back River George Lake (DEV) | 2.35% NSR ⁽¹⁷⁾ | Sabina Gold & Silver | Canada | 1.404 | 0.145 | 0.203 |
| Back River Goose Lake (DEV) | 1.95% NSR ⁽¹⁸⁾ | Sabina Gold & Silver Agnico | Canada | 15.119 | 0.168 | 2.537 |
| Canadian Malartic | 1.0 - 1.5% NSR ⁽¹⁹⁾ | Eagle/Yamana | Canada | 116.034 | 0.030 | 3.503 |
| | 0.00013 × quarterly avg. gold | | | | | |
| Holt | | St Andrew price | Canada | 3.109 | 0.141 | 0.439 |
| Kutcho Creek (DEV) | 2.0% NSR | Capstone Mining | Canada | 11.509 | 0.011 | 0.124 |
| | 52.25% of payable gold | | | | | |
| Mt. Milligan ⁽²⁰⁾ | | Thompson Creek | Canada | 597.570 | 0.010 | 6.182 |
| Pine Cove (DEV) | 7.5% NPI | Anaconda Mining | Canada | 2.905 | 0.060 | 0.175 |
| | 6.5% of payable gold ⁽²¹⁾ | | | | | |
| Rainy River (DEV) | | New Gold | Canada | 104.276 | 0.033 | 3.772 |
| Schaft Creek (DEV) | 3.5% NPI | Copper Fox/Teck | Canada | 1037.054 | 0.006 | 5.775 |
| Williams | 0.97% NSR | Barrick | Canada | 10.449 | 0.067 | 0.703 |
| Dolores | 3.25% NSR | Pan American | Mexico | 66.028 | 0.026 | 1.718 |
| Mulatos | 1.0 - 5.0% NSR ⁽²²⁾ | Alamos | Mexico | 93.239 | 0.019 | 1.732 |
| Peñasquito ⁽²³⁾ | 2.0% NSR (Oxide) | Goldcorp | Mexico | 98.921 | 0.008 | 0.850 |
| | 2.0% NSR (Sulfide) | | | 602.942 | 0.016 | 9.700 |
| | 100% of payable gold ⁽²⁴⁾ | | | | | |
| Andacollo | | Teck | Chile | 485.537 | 0.003 | 1.614 |
| El Morro (DEV) | 1.4% NSR ⁽²⁵⁾ | Goldcorp/New Gold | Chile | 198.103 | 0.013 | 2.674 |
| El Toqui | 1.0 - 3.0% NSR ⁽²⁶⁾ | Nyrstar | Chile | 4.145 | 0.047 | 0.194 |
| Pascua-Lama (DEV) ⁽²⁷⁾ | 0.78 - 5.45% NSR ⁽²⁸⁾ | Barrick | Chile | 320.645 | 0.046 | 14.680 |
| Don Mario | 3.0% NSR | Orvana | Bolivia | 1.703 | 0.037 | 0.064 |
| | | Compañía Inversora en Minas | Argentina | 1.327 | 0.148 | 0.196 |
| Don Nicolas (DEV) | 2.0% NSR | | | | | |
| El Limon | 3.0% NSR | B2Gold | Nicaragua | 1.521 | 0.142 | 0.216 |
| La India (DEV) | 3.0% NSR | Condor Gold | Nicaragua | 7.605 | 0.089 | 0.675 |
| Mara Rosa (DEV) | 1.0% NSR | Amarillo Gold | Brazil | 18.868 | 0.050 | 0.946 |

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|----------------------------------|---|------------------|--------------|--------|-------|-------|
| Balcooma (DEV) | 1.5% NSR | Snow Peak Mining | Australia | 0.762 | 0.002 | 0.001 |
| Celtic/Wonder North (DEV) | 1.5% NSR | SR Mining | Australia | 1.507 | 0.064 | 0.097 |
| Gwalia Deeps | 1.5% NSR | St. Barbara | Australia | 10.857 | 0.204 | 2.220 |
| King of the Hills | 1.5% NSR | St. Barbara | Australia | 0.495 | 0.127 | 0.063 |
| | | Silver Lake | | | | |
| Kundip (DEV) | 1.0 - 1.5% GSR ⁽²⁹⁾ | Resources | Australia | 3.097 | 0.099 | 0.307 |
| Meekatharra (Nannine) (DEV) | 1.5% NSR | Metals X Limited | Australia | 0.000 | 0.000 | 0.000 |
| | 1.5% NSR | | | | | |
| Meekatharra (Paddy's Flat) (DEV) | A\$10 per gold ounce produced ⁽³⁰⁾ | Metals X Limited | Australia | 3.858 | 0.125 | 0.483 |
| Meekatharra (Reedys) (DEV) | 1.5%, 1.5 - 2.5%, 1% NSR ⁽³¹⁾ | Metals X Limited | Australia | 0.992 | 0.092 | 0.092 |
| Meekatharra (Yaloginda) | 0.45% NSR | Metals X Limited | Australia | 3.858 | 0.007 | 0.028 |
| Red Dam (DEV) | 2.5% NSR | Phoenix Gold | Australia | 1.764 | 0.063 | 0.111 |
| South Laverton | 1.5% NSR | Saracen | Australia | 13.486 | 0.060 | 0.803 |
| | | China Hanking | | | | |
| Southern Cross (DEV) | 1.5% NSR | Holdings | Australia | 1.582 | 0.075 | 0.119 |
| Inata | 2.5% GSR | Avocet | Burkina Faso | 5.820 | 0.056 | 0.326 |
| Taparko ⁽³²⁾ | 2.0% GSR | Nord Gold | Burkina Faso | 7.162 | 0.081 | 0.578 |
| Wassa, Bogoso and Prestea | 8.5% of payable gold ⁽³³⁾ | Golden Star | Ghana | 31.375 | 0.061 | 1.928 |
| Svetloye (DEV) | 1.0% NSR | Polymetal | Russia | 8.069 | 0.082 | 0.664 |

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**Proven and Probable Silver Reserves
As of December 31, 2014⁽¹⁾**

Silver⁽³⁴⁾

| PROPERTY | ROYALTY | OPERATOR | LOCATION | PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾ | | |
|----------------------------|--|---------------------------------|---------------|--|-------------------------------------|--|
| | | | | Tons of Ore (M) | Average Silver Grade (opt) | Silver Contained Ozs ⁽⁶⁾ (M) |
| Gold Hill | 1.0 - 2.0% NSR ⁽¹⁰⁾⁽¹¹⁾ 0.6 - 0.9% NSR ⁽¹²⁾ | Kinross/Barrick | United States | 6.552 | 0.278 | 1.823 |
| Hasbrouck Mountain (DEV) | 1.5% NSR | West Kirkland/Clover Nevada LLC | United States | 35.616 | 0.297 | 10.569 |
| Soledad Mountain (DEV) | 3.0% NSR ⁽¹⁵⁾ | Golden Queen | United States | 51.052 | 0.324 | 16.516 |
| Troy | 3.0% GSR | Hecla Mining | United States | 16.460 | 1.038 | 17.080 |
| Kutcho Creek (DEV) | 2.0% NSR | Capstone Mining | Canada | 11.509 | 1.009 | 11.618 |
| Rainy River (DEV) | 60% of payable silver ⁽²¹⁾ | New Gold | Canada | 104.276 | 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 Silver | Mexico | 66.028 | 0.971 | 64.100 |
| Peñasquito ⁽²³⁾ | 2.0% NSR (Oxide) | Goldcorp | Mexico | 98.921 | 0.824 | 81.520 |
| | 2.0% NSR (Sulfide) | | | 602.942 | 0.879 | 529.650 |
| Don Mario | 3.0% NSR | Orvana | Bolivia | 1.703 | 1.069 | 1.821 |
| La India (DEV) | 3.0% NSR | Condor Gold | Nicaragua | 7.605 | 0.156 | 1.185 |
| Don Nicolas (DEV) | 2.0% NSR | Compañía Inversora en Minas | Argentina | 1.327 | 0.302 | 0.401 |
| Balcooma (DEV) | 1.5% NSR | Snow Peak Mining | Australia | 0.762 | 0.498 | 0.380 |
| El Toqui | 0.0 - 3.0% NSR ⁽²⁶⁾ | Nyrstar | Chile | 4.145 | 0.329 | 1.364 |
| Svetloye (DEV) | 1.0% NSR | Polymetal | Russia | 8.069 | 0.095 | 0.765 |

**Proven and Probable Base Metal Reserves
As of December 31, 2014⁽¹⁾**

Copper⁽³⁵⁾

| 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 | 2.5% NSR | Nord Resources | United States | 111.200 | 0.295% | 656.000 |
| Robinson | 3.0% NSR | KGHM | United States | 131.586 | 0.410% | 1078.697 |
| Troy | 3.0% GSR | Hecla Mining | United States | 16.460 | 0.364% | 119.750 |
| Caber (DEV) | 1.0% NSR | Nyrstar | Canada | 0.676 | 0.839% | 11.355 |
| Kutcho Creek (DEV) | 2.0% NSR | Capstone Mining | Canada | 11.509 | 2.010% | 462.678 |
| Schaft Creek (DEV) | 3.5% NPI | Copper Fox/Teck | Canada | 1037.054 | 0.271% | 5630.715 |
| Voisey's Bay ⁽³⁶⁾ | 2.7% NSR | Vale | Canada | 16.204 | 1.321% | 428.093 |
| Balcooma (DEV) | 1.5% NSR | Snow Peak Mining | Australia | 0.762 | 2.130% | 32.466 |
| Don Mario | 3.0% NSR | Orvana | Bolivia | 1.703 | 1.234% | 42.038 |
| El Morro (DEV) | 1.4% NSR | | Chile | 198.103 | 0.494% | 1959.099 |

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Lead⁽³⁸⁾

| | | | | | | |
|-----------------------------------|-----------|----------------------|-------|---------|--------|---------|
| | | Goldcorp/New Gold | | | | |
| Pascua-Lama (DEV) ⁽³⁷⁾ | 1.09% NSR | Barrick | Chile | 320.645 | 0.085% | 548.177 |
| Las Cruces | 1.5% NSR | First Quantum | Spain | 9.744 | 4.876% | 950.302 |

| PROPERTY | ROYALTY | OPERATOR | LOCATION | PROVEN + PROBABLE RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾ | | |
|----------------|-----------------------------------|---------------------|-----------|--|--|--|
| | | | | Tons of Ore (M) | Average Base Metal Grade (%) | Base Metal Contained Lbs ⁽⁶⁾ (M) |
| Balcooma (DEV) | 1.5% NSR | Snow Peak Mining | Australia | 0.762 | 0.517% | 7.879 |
| Peñasquito | 2.0% NSR (Sulfide) | Goldcorp | Mexico | 602.942 | 0.281% | 3757.000 |
| El Toqui | 0.0 - 3.0% NSR ⁽²⁶⁾ | Nyrstar | Chile | 4.145 | 0.272% | 22.509 |

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Zinc⁽³⁹⁾

| 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 |
| Balcooma (DEV) | 1.5% NSR | Snow Peak Mining | Australia | 0.762 | 1.921% | 29.274 |
| Peñasquito | 2.0% NSR (Sulfide) | Goldcorp | Mexico | 602.942 | 0.680% | 9081.000 |
| El Toqui | 0.0 - 3.0% NSR ⁽²⁶⁾ | Nyrstar | Chile | 4.145 | 5.956% | 493.712 |

NICKEL⁽⁴⁰⁾

| PROPERTY | ROYALTY | OPERATOR | LOCATION | PROVEN + PROBABLE | | RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾ |
|------------------------------|----------|----------|----------|-------------------|------------------------------|---|
| | | | | Tons of Ore (M) | Average Base Metal Grade (%) | Base Metal Contained Lbs ⁽⁶⁾ (M) |
| Voisey's Bay ⁽³⁶⁾ | 2.7% NSR | Vale | Canada | 16.204 | 2.368% | 767.297 |

Proven and Probable Base Metal Reserves
As of December 31, 2014⁽¹⁾

COBALT⁽⁴¹⁾

| PROPERTY | ROYALTY | OPERATOR | LOCATION | PROVEN + PROBABLE | | RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾ |
|------------------------------|----------|----------|----------|-------------------|------------------------------|---|
| | | | | Tons of Ore (M) | Average Base Metal Grade (%) | Base Metal Contained Lbs ⁽⁶⁾ (M) |
| Voisey's Bay ⁽³⁶⁾ | 2.7% NSR | Vale | Canada | 16.204 | 0.111% | 35.957 |

MOLYBDENUM⁽⁴²⁾

| PROPERTY | ROYALTY | OPERATOR | LOCATION | PROVEN + PROBABLE | | RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾ |
|--------------------|----------|-----------------|----------|-------------------|------------------------------|---|
| | | | | Tons of Ore (M) | Average Base Metal Grade (%) | Base Metal 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, 2014, with the exception of the following properties: Hasbrouck Mountain June 3, 2015; Svetloye January 1, 2015; Don Mario September 30, 2014; Gwalia, King of the Hills, Kundip and South Laverton June 30, 2014; Back River and Red Dam February 28, 2014; El Toqui, Inata, Troy, Wharf and Williams December 31, 2013; Celtic/Wonder North November 21, 2013; Schaft Creek December 31, 2012; Southern Cross June 30, 2012; Don Nicolas, Johnson Camp, Pascua-Lama and Robinson 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)

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Gold reserves were calculated by the operators at the following per ounce prices: \$1,450 Kundip; A\$1,400 Celtic/Wonder North, Meekatharra (Nannine, Paddy's Flat, Reedys and Yaloginda), South Laverton and Southern Cross; A\$1,390 King of the Hills; \$1,366 Schaft Creek; \$1,350 El Toqui; A\$1,310 Red Dam; \$1,300 Canadian Malartic, El Limon, El Morro, Leeville, Marigold, Peñasquito, Pinson, Svetloye, Twin Creeks and Wharf; \$1,225 Hasbrouck Mountain; \$1,250 Back River, Dolores, Holt, La India, Mount Milligan, Mulatos, Soledad Mountain and Taparko; A\$1,250 Gwalia Deeps; \$1,200 Andacollo, Gold Hill, Pascua-Lama, Rainy River, Robinson and Wassa, Bogoso and Prestea; \$1,100 Bald Mountain, Cortez, Don Mario, Don Nicolas, Goldstrike, Mara Rosa, Ruby Hill and Williams; \$950 Inata; 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

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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. 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) 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) NVR1 and GSR3 reserves and additional mineralized material are subsets of the reserves and additional mineralized material covered by GSR1 and GSR2.

(10) The royalty is capped at \$10 million. As of June 30, 2015, royalty payments of approximately \$2.9 million have been received.

(11) 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.

(12) The 0.6% to 0.9% sliding-scale NSR applies to the M-ACE claims. The operator did not break out reserves or resources subject to the M-ACE claims royalty.

(13) Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. An additional Cordilleran royalty applies to a portion of Section 28.

(14) Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. Additional Rayrock royalties apply to Sections 28, 32 and 33; these royalty rates vary depending on pre-existing royalties. The Rayrock royalties take effect once 200,000 ounces of gold have been produced from open pit mines on the property.

(15) Royalty is capped at \$300,000 plus simple interest.

(16) NSR sliding-scale schedule (price of gold per ounce royalty rate): \$0.00 to under \$350 - 0.0%; \$350 to under \$400 - 0.5%; \$400 to under \$500 - 1.0%; \$500 or higher - 2.0%.

(17) George Lake royalty applies to production above 800,000 ounces.

(18) Goose Lake royalty applies to production above 400,000 ounces.

(19) NSR sliding-scale schedule (price of gold per ounce royalty rate): \$0.00 to \$350 - 1.0%; above \$350 - 1.5%.

(20) This is a metal stream whereby the purchase price for gold ounces delivered is \$435 per ounce, or the prevailing market price of gold, if lower; no inflation.

(21)

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This is a metal stream whereby Royal Gold is entitled to 6.5% of the gold produced until 230,000 ounces have been delivered, 3.25% thereafter; and 60% of the silver produced until 3.1 million ounces have been delivered, 30% thereafter. The purchase price for ounces delivered is 25% of the spot price per ounce of gold or silver.

- (22) The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 1.41 million ounces of cumulative production as of June 30, 2015. 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%.
- (23) Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.
- (24) As of June 30, 2015, the royalty rate is 75% until 910,000 payable ounces of gold have been produced; 50% thereafter. There have been approximately 256,000 cumulative payable ounces produced as of June 30, 2015. Gold is produced as a by-product of copper. Refer to Item 1, Business, Recent Business Development for updates on our interest at Andacollo.
- (25) 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.
- (26) 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%.
- (27) 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.
- (28) 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.
- (29) Royalty pays 1.0% for the first 250,000 ounces of production and then 1.5% for production above 250,000 ounces.
- (30) The A\$10 per ounce royalty applies on production above 50,000 ounces.

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- (31) 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.
- (32) 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.
- (33) This is a metal stream whereby Royal Gold is entitled to 8.5% payable gold until 185,000 ounces of payable gold has been delivered from the Wassa, Bogoso and Prestea properties, 5.0% until an additional 22,500 ounces have been delivered and 3.0% thereafter. The purchase price for gold ounces delivered is 20% of spot price per ounce, until 207,500 ounces have been delivered and 30% thereafter, of the London PM gold fixing price as quoted in United States dollars per ounce by the LBMA on the Date of Delivery.
- (34) Silver reserves were calculated by the operators at the following prices per ounce: \$25.96 Schaft Creek; \$25.00 Don Nicolas; \$24.69 Troy; \$23.00 El Toqui; \$22.50 Svetloye; \$22.00 Peñasquito; \$20.00 Don Mario and Gold Hill; \$18.50 Dolores; \$18.00 Hasbrouck Mountain and Rainy River; and \$17.00 Soledad. No silver price was reported for Balcooma, Kutcho Creek or La India.
- (35) Copper reserves were calculated by the operators at the following prices per pound: \$3.52 Schaft Creek; \$3.35 Troy and Voisey's Bay; \$3.00 El Morro, Mount Milligan and Robinson; \$2.75 Don Mario and Las Cruces; \$2.50 Johnson Camp; and \$2.00 Pascua-Lama. No copper reserve price was reported for Balcooma, Caber or Kutcho Creek.
- (36) Additional mineralized material figures are from December 31, 2005 and have not been updated by the operator.
- (37) Royalty applies to all copper production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. This royalty will take effect after January 1, 2017.
- (38) 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.
- (39) Zinc reserve price was calculated by the operators at the following prices per pound: \$1.13 El Toqui; and \$0.90 Peñasquito. No zinc reserve price was reported for Balcooma, Caber, or Kutcho Creek.
- (40) Nickel reserve price was calculated by the operator at the following price per pound: \$7.47 Voisey's Bay.
- (41) Cobalt reserve price was calculated by the operator at the following price per pound: \$12.95 Voisey's Bay. Molybdenum reserve price was calculated by the operator at the following price per pound: \$15.30 Schaft Creek.

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.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information and Current Stockholders**

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "RGLD" and on the TSX under the symbol "RGL." The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices, in U.S. dollars, for our common stock on NASDAQ for each quarter since July 1, 2013.

| Fiscal Year: | | Sales Prices | |
|--------------|--|--------------|----------|
| | | High | Low |
| 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., March 2015) | \$ 77.20 | \$ 57.55 |
| | Fourth Quarter (April, May, June 2015) | \$ 67.99 | \$ 61.00 |
| 2014 | First Quarter (July, Aug., Sept. 2013) | \$ 67.25 | \$ 40.45 |
| | Second Quarter (Oct., Nov., Dec. 2013) | \$ 53.76 | \$ 42.56 |
| | Third Quarter (Jan., Feb., March 2014) | \$ 72.90 | \$ 47.02 |
| | Fourth Quarter (April, May, June 2014) | \$ 76.85 | \$ 58.86 |

As of July 28, 2015, there were 920 stockholders of record of our common stock.

Dividends

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

For calendar year 2015, our annual dividend is \$0.88 per share of common stock and exchangeable shares. We paid the first payment of \$0.22 per share on January 16, 2015, to common stockholders and the holders of exchangeable shares of record at the close of business on January 2, 2015. We paid the second payment of \$0.22 per share on April 17, 2015, to common stockholders and the holders of exchangeable shares of record at the close of business on April 2, 2015. We paid the third payment of \$0.22 per share on July 17, 2015 to common stockholders of record at the close of business on July 2, 2015. Subject to board approval, we anticipate paying the fourth payment of \$0.22 per share on October 16, 2015, to common shareholders of record at the close of business on October 2, 2015. All exchangeable shares have been exchanged for shares of Royal Gold common stock on a one-for-one basis as of June 30, 2015.

For calendar year 2014, our annual dividend was \$0.84 per share of common stock and exchangeable shares, paid on a quarterly basis of \$0.21 per share. For calendar year 2013, we paid an annual dividend of \$0.80 per share of common stock and exchangeable shares in four quarterly payments of \$0.20 each.

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

| | Fiscal Years Ended June 30, | | | | |
|---|---|------------|------------|------------|------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | (Amounts in thousands, except per share data) | | | | |
| Revenue ⁽¹⁾ | \$ 278,019 | \$ 237,162 | \$ 289,224 | \$ 263,054 | \$ 216,469 |
| Operating income | \$ 87,235 | \$ 108,720 | \$ 171,167 | \$ 156,634 | \$ 118,925 |
| Net income | \$ 52,678 | \$ 63,472 | \$ 73,409 | \$ 98,309 | \$ 77,299 |
| Net income available to Royal Gold common stockholders | \$ 51,965 | \$ 62,641 | \$ 69,153 | \$ 92,476 | \$ 71,395 |
| Net income per share available to Royal Gold common stockholders: | | | | | |
| Basic | \$ 0.80 | \$ 0.96 | \$ 1.09 | \$ 1.61 | \$ 1.29 |
| Diluted | \$ 0.80 | \$ 0.96 | \$ 1.09 | \$ 1.61 | \$ 1.29 |
| Dividends declared per common share ⁽²⁾ | \$ 0.87 | \$ 0.83 | \$ 0.75 | \$ 0.56 | \$ 0.42 |

| | As of June 30, | | | | |
|---------------------------------------|------------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | (Amounts in thousands) | | | | |
| Royalty and stream interests, net | \$ 2,083,608 | \$ 2,109,067 | \$ 2,120,268 | \$ 1,890,988 | \$ 1,690,439 |
| Total assets | \$ 2,925,432 | \$ 2,891,544 | \$ 2,905,341 | \$ 2,376,366 | \$ 1,902,702 |
| Debt | \$ 322,110 | \$ 311,860 | \$ 302,263 | \$ 293,248 | \$ 226,100 |
| Total liabilities | \$ 509,505 | \$ 518,987 | \$ 534,705 | \$ 512,937 | \$ 415,007 |
| Total Royal Gold stockholders' equity | \$ 2,353,122 | \$ 2,354,725 | \$ 2,348,887 | \$ 1,838,459 | \$ 1,460,162 |

(1) Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 17% increase in revenue during fiscal year 2015 when compared to fiscal year 2014 and the 18% decrease in revenue during fiscal year 2014 when compared to fiscal year 2013.

(2) The 2015, 2014, 2013, 2012 and 2011 calendar year dividends were \$0.88, \$0.84, \$0.80, \$0.60 and \$0.44, respectively, as approved by our board of directors. Please refer to Item 5 of this report for further information on our dividends.

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

Royal Gold, Inc. ("Royal Gold", the "Company", "we", "us", or "our"), together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties, metal streams, and similar interests. Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. We seek to acquire existing royalty and stream interests or to finance projects that are in production or in the development stage in exchange for royalty or stream interests. In the ordinary course of business, we engage in a continual review of opportunities to acquire existing royalty and stream interests, establishing new streams on operating mines, to create new royalty and stream interests through the financing of mine development or exploration, or to acquire companies that hold royalty and stream 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,

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

As of June 30, 2015, the Company owned stream interests on one producing property and two development stage properties and owned royalty interests on 36 producing properties, 22 development stage properties and 135 exploration stage properties, of which the Company considers 47 to be evaluation stage projects. The Company uses "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Except for one joint venture property (as discussed below), we do not conduct mining operations on the properties in which we hold royalty and streaming interests, and we are not required to contribute to capital costs, exploration costs, environmental costs or other operating costs on those properties. During the fiscal year ended June 30, 2015, we focused on the management of our existing royalty and streaming interests and the acquisition of additional royalty and streaming interests.

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

For the fiscal years ended June 30, 2015, 2014 and 2013, gold, silver, copper and nickel price averages and percentage of revenue by metal were as follows:

| Metal | Fiscal Year Ended | | | | | |
|-------------------|-------------------|-----------------------|---------------|-----------------------|---------------|-----------------------|
| | June 30, 2015 | | June 30, 2014 | | June 30, 2013 | |
| | Average Price | Percentage of Revenue | Average Price | Percentage of Revenue | Average Price | Percentage of Revenue |
| Gold (\$/ounce) | \$ 1,224 | 81% | \$ 1,296 | 72% | \$ 1,605 | 70% |
| Silver (\$/ounce) | \$ 17.36 | 3% | \$ 20.57 | 6% | \$ 28.97 | 7% |
| Copper (\$/pound) | \$ 2.89 | 7% | \$ 3.18 | 8% | \$ 3.48 | 11% |
| Nickel (\$/pound) | \$ 7.02 | 4% | \$ 6.89 | 8% | \$ 7.44 | 8% |
| Other | N/A | 5% | N/A | 6% | N/A | 4% |

Operators' Production Estimates by Royalty and Stream Interest for Calendar 2015

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2015. The following table shows such production estimates for our principal producing properties for calendar 2015 as well as the actual production reported to us by the various operators through June 30, 2015. 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 Royalty and Stream Interest for Calendar 2015
Principal Producing Properties**

| Royalty/Stream | Calendar 2015 Operator's Production Estimate ⁽¹⁾⁽²⁾ | | | Calendar 2015 Operator's Production Actual ⁽³⁾⁽⁴⁾ | | |
|-------------------------------|--|--------------------|----------------------|--|-----------------|--------------------|
| | Gold (oz.) | Silver (oz.) | Base Metals (lbs.) | Gold (oz.) | Silver (oz.) | Base Metals (lbs.) |
| Andacollo ⁽⁵⁾ | 52,200 | | | 22,200 | | |
| Cortez GSR1 | 104,100 | | | 82,900 | | |
| Cortez GSR2 | 27,900 | | | 26,300 | | |
| Cortez GSR3 | 132,000 | | | 109,200 | | |
| Cortez NVR1 | 97,200 | | | 81,600 | | |
| Holt | 64,000 | | | 32,100 | | |
| Mount Milligan ⁽⁶⁾ | 200,000 - 220,000 | | | 106,000 | | |
| Mulatos ⁽⁷⁾ | 150,000 - 170,000 | | | 38,000 | | |
| Peñasquito ⁽⁸⁾⁽⁹⁾ | 700,000 - 750,000 | 24 - 26 million | | 453,600 | 12.0 million | |
| Lead ⁽⁸⁾⁽⁹⁾ | | | 175 - 185 million | | | 84.2 million |
| Zinc ⁽⁸⁾⁽⁹⁾ | | | 400 - 415 million | | | 188.0 million |

- (1) Production estimates received from our operators are for calendar 2015. 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) The operators of our Voisey's Bay and Robinson royalty interests did not release public production guidance for calendar 2015, thus estimated and actual production information is not shown in the table.
- (3) Actual production figures shown are for the period January 1, 2015 through June 30, 2015, unless otherwise noted.
- (4) Actual production figures for Andacollo and Cortez are based on information provided to us by the operators, and actual production figures for Holt, Mount Milligan, Mulatos and Peñasquito (gold) are the operators' publicly reported figures.
- (5) The estimated and actual production figures shown for Andacollo are contained gold in concentrate.
- (6) The estimated and actual production figures shown for Mount Milligan are payable gold in concentrate.
- (7) Actual production shown is for the period ended March 31, 2015. Production information for the quarter ended June 30, 2015, was not available from the operator as of the date of this report.
- (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 actual gold production figure for gold reflects payable gold in concentrate and doré as reported by the operator. The actual production for silver, lead and zinc were not publicly available. The Company's royalty interest at Peñasquito includes gold, silver, lead and zinc.

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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 royalty interests, as reported to us by the operators of the mines:

**Historical Production⁽¹⁾ by Property
Principal Producing Properties
For the Fiscal Years Ended June 30, 2015, 2014 and 2013**

| Property | Metal | 2015 | | 2014 | | 2013 | |
|----------------|--------|---------|-------|---------|-------|---------|-------|
| Andacollo | Gold | 41,500 | oz. | 50,400 | oz. | 68,600 | oz. |
| Cortez GSR1 | Gold | 153,000 | oz. | 7,600 | oz. | 81,200 | oz. |
| Cortez GSR2 | Gold | 76,000 | oz. | 87,800 | oz. | 900 | oz. |
| Cortez GSR3 | Gold | 229,000 | oz. | 95,400 | oz. | 82,100 | oz. |
| Cortez NVR1 | Gold | 167,000 | oz. | 84,400 | oz. | 60,400 | oz. |
| Holt | Gold | 61,500 | oz. | 63,100 | oz. | 56,400 | oz. |
| Mount Milligan | Gold | 76,900 | oz. | 21,100 | oz. | N/A | |
| Mulatos | Gold | 140,900 | oz. | 149,800 | oz. | 218,000 | oz. |
| Peñasquito | Gold | 742,100 | oz. | 534,200 | oz. | 371,100 | oz. |
| | Silver | 24.6 | Moz. | 27.7 | Moz. | 21.1 | Moz. |
| | Lead | 158.4 | Mlbs. | 175.5 | Mlbs. | 126.3 | Mlbs. |
| | Zinc | 340.8 | Mlbs. | 310.9 | Mlbs. | 282.3 | Mlbs. |
| Robinson | Gold | 34,300 | oz. | 27,600 | oz. | 49,100 | oz. |
| | Copper | 101.1 | Mlbs. | 69.6 | Mlbs. | 146.2 | Mlbs. |
| Voisey's Bay | Nickel | 62.8 | Mlbs. | 123.7 | Mlbs. | 143.9 | Mlbs. |
| | Copper | 64.8 | Mlbs. | 80.5 | Mlbs. | 101.9 | Mlbs. |

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

Critical Accounting Policies

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

Use of Estimates

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

Our most critical accounting estimates relate to our assumptions regarding future gold, silver, nickel, copper and other metal prices and the estimates of reserves, production and recoveries of third-party mine operators. We rely on reserve estimates reported by the operators on the properties in which we have royalty and stream 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

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or charge depreciation, depletion and amortization to earnings. On an ongoing basis, management evaluates these estimates and assumptions; however, actual amounts could differ from these estimates and assumptions. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

Royalty and Stream Interests

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

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

Asset Impairment

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

Estimates of gold, silver, copper, nickel and other metal prices, operators' estimates of proven and probable reserves related to our royalty or streaming 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 royalty and stream 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 royalty and stream 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, 2015 and 2014.

Revenue

Revenue is recognized pursuant to guidance in ASC 605 and based upon amounts contractually due pursuant to the underlying royalty or streaming agreement. Specifically, revenue is recognized in

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accordance with the terms of the underlying royalty or stream agreements subject to (i) the pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the royalty or stream being fixed or determinable; and (iv) the collectability being reasonably assured. For our streaming agreements, we sell most of the delivered gold within three weeks of receipt and recognize revenue when the metal received is sold.

Gold Sales

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

Cost of Sales

Cost of sales is specific to our stream agreements and is the result of the Company's purchases of gold for a cash payment of a set contractual price, or the prevailing market price of gold when purchased.

Exploration Costs

Exploration costs are specific to our joint venture for exploration and advancement of the Tetlin gold project, as discussed further in Item 1, Business, Fiscal 2015 Business Developments and Note 3 of our notes to consolidated financial statements. Exploration costs associated with 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.

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

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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, 2015, we had current assets of \$790.8 million compared to current liabilities of \$25.0 million resulting in a working capital surplus of \$765.8 million and a current ratio of 32 to 1. This compares to current assets of \$736.0 million and current liabilities of \$22.5 million at June 30, 2014, resulting in a working capital surplus of \$713.5 million and a current ratio of approximately 33 to 1.

During the fiscal year ended June 30, 2015, liquidity needs were met from \$278.0 million in revenue and our available cash resources. As of June 30, 2015, the Company had \$650 million available and no amounts outstanding under its revolving credit facility. The Company was in compliance with each financial covenant under its revolving credit facility as of June 30, 2015. 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.

Working capital, combined with the Company's undrawn revolving credit facility, totaled approximately \$1.4 billion in liquidity at June 30, 2015. As discussed further in Item 1, Business, Recent Developments, the Company entered into several new significant transactions that, when added to existing firm commitments, totaled approximately \$1.1 billion in anticipated capital expenditures in fiscal year 2016. The Company plans to fund these commitments with its existing \$1.4 billion in liquidity plus cash flow from operations. Before considering our expected cash flow from operations, at June 30, 2016 we would have approximately \$350 million in available liquidity after all of these commitments are funded. Cash flow from operations was \$192.2 million in fiscal year 2015, and is expected to increase in fiscal year 2016 (assuming similar gold prices) as three of the new transactions are expected to deliver incremental operating cash flow in fiscal year 2016.

We believe that our current financial resources and funds generated from operations will be adequate to cover anticipated expenditures for debt service, general and administrative expense costs and capital expenditures for the foreseeable future. Our current financial resources are also available to fund dividends and for acquisitions of royalty and stream interests, including the remaining conditional commitments incurred in connection with the Ilovitza, Golden Star, Rainy River, Pueblo Viejo 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 royalty and stream interest or other acquisitions, we may seek additional debt or equity financing as necessary.

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

Recent Liquidity and Capital Resource Developments

Amendment to Revolving Credit Facility

On April 29, 2015, the Company entered into Amendment No. 1 (the "Amendment") to the Sixth Amended and Restated Revolving Credit Agreement, dated as of January 29, 2014 (the "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. Pursuant to the Amendment, the maximum availability under the Credit Agreement increased from \$450 million to \$650 million and the \$150 million accordion feature was eliminated. As of June 30, 2015, the Company had no amounts outstanding under the Credit Agreement.

Dividend Increase

On November 13, 2014, we announced an increase in our annual dividend for calendar 2015 from \$0.84 to \$0.88, payable on a quarterly basis of \$0.22 per share. The newly declared dividend is 5% higher than the dividend paid during calendar 2014. Royal Gold has steadily increased its annual dividend since calendar 2001.

Summary of Cash Flows

Operating Activities

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 royalty and streaming 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.

Net cash provided by operating activities totaled \$147.2 million for the fiscal year ended June 30, 2014, compared to \$172.6 million for the fiscal year ended June 30, 2013. The decrease was primarily due to a decrease in proceeds received from our royalty interests, net of production taxes, of approximately \$58.1 million. This decrease was partially offset by a decrease in income and other foreign withholding tax payments of \$15.9 million.

Investing Activities

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 is primarily due to a decrease in funding for royalty or stream acquisitions and the recent 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 Ilovitza stream acquisitions. The Company made its final commitment (\$12.8 million) as part of the Phoenix Gold Project stream acquisition during the quarter ended March 31, 2015.

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

Table of ContentsFinancing Activities

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 the prior year period. 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 the same period of the prior year.

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

Contractual Obligations

Our contractual obligations as of June 30, 2015, 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⁾ | \$ 412,550 | \$ 10,637 | \$ 21,275 | \$ 380,638 | \$ |
| Total | \$ 412,550 | \$ 10,637 | \$ 21,275 | \$ 380,638 | \$ |

(1)

Amounts represent principal (\$370 million) and estimated interest payments (\$42.6 million) assuming no early extinguishment.

For information on our contractual obligations, see Note 6 of the notes to consolidated financial statements under Part II, Item 8, "Financial Statements and Supplementary Data" of this report. The above table does not include royalty or stream commitments as discussed in Note 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, 2015, Compared with Fiscal Year Ended June 30, 2014*

For the fiscal year ended June 30, 2015, we recorded net income available to Royal Gold common stockholders of \$52.0 million, or \$0.80 per basic share and diluted share, compared to net income available to Royal Gold common stockholders of \$62.6 million, or \$0.96 per basic share and diluted share, for the fiscal year ended June 30, 2014. The decrease in our earnings per share was primarily attributable to impairment charges of approximately \$31.3 million (including a royalty receivable write down of \$3.0 million) on certain non-principal royalty interests during our quarter ended December 31, 2014, as discussed further below. This decrease was partially offset by an increase in our revenue and a decrease in our income tax expense, which are also discussed below. The effect of the earlier impairment charges on our fiscal year ended June 30, 2015, earnings per share was \$0.37 per basic share, after taxes.

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For the fiscal year ended June 30, 2015, we recognized total revenue of \$278.0 million, at an average gold price of \$1,224 per ounce, an average silver price of \$17.36 per ounce, an average nickel price of \$7.02 per pound and an average copper price of \$2.89 per pound, compared to total revenue of \$237.2 million, at an average gold price of \$1,296 per ounce, an average silver price of \$20.57 per ounce, an average nickel price of \$6.89 per pound and an average copper price of \$3.18 per pound, for the fiscal year ended June 30, 2014. Revenue and the corresponding production, attributable to our royalty and stream interests, for the fiscal year ended June 30, 2015 compared to the fiscal year ended June 30, 2014 is as follows:

Revenue and Reported Production Subject to our Royalty and Stream Interests
Fiscal Years Ended June 30, 2015 and 2014
(In thousands, except reported production in ozs. and lbs.)

| Royalty/Stream | Metal(s) | Fiscal Year Ended June 30, 2015 | | Fiscal Year Ended June 30, 2014 | |
|-------------------------------|----------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| | | Revenue | Reported Production ⁽¹⁾ | Revenue | Reported Production ⁽¹⁾ |
| Stream: | | | | | |
| Mount Milligan ⁽²⁾ | Gold | \$ 94,104 | 76,900 oz. | \$ 27,209 | 21,100 oz. |
| Royalty: | | | | | |
| Andacollo | Gold | \$ 38,033 | 41,500 oz. | \$ 48,777 | 50,400 oz. |
| Peñasquito | | \$ 30,306 | | \$ 29,281 | |
| | Gold | | 742,100 oz. | | 534,200 oz. |
| | Silver | | 24.6 Moz. | | 27.7 Moz. |
| | Lead | | 158.4 Mlbs. | | 175.5 Mlbs. |
| | Zinc | | 340.8 Mlbs. | | 310.9 Mlbs. |
| Cortez | Gold | \$ 18,044 | 229,000 oz. | \$ 8,138 | 95,400 oz. |
| Voisey's Bay | | \$ 16,665 | | \$ 25,128 | |
| | Nickel | | 62.8 Mlbs. | | 123.7 Mlbs. |
| | Copper | | 64.8 Mlbs. | | 80.5 Mlbs. |
| Holt | Gold | \$ 11,954 | 61,500 oz. | \$ 13,813 | 63,100 oz. |
| Mulatos | Gold | \$ 8,339 | 140,900 oz. | \$ 9,443 | 149,800 oz. |
| Robinson | | \$ 8,016 | | \$ 6,354 | |
| | Gold | | 34,300 oz. | | 27,600 oz. |
| | Copper | | 101.1 Mlbs. | | 69.6 Mlbs. |
| Other ⁽³⁾ | Various | \$ 52,558 | N/A | \$ | |