

# CIBC 16<sup>th</sup> Annual Institutional Investor Conference

JANUARY 2013



# Cautionary Statement

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from the projections and estimates contained herein and include, but are not limited to the statements regarding the Company's key strengths which include having a disciplined business strategy that supports earnings stability and reserve replacement, low fixed operating costs and the absence of ongoing development costs, a geographically diversified asset base, stable mining operations run by reputable partners, long lived royalty and streaming contracts, and strong margins driving steady cash flow; having features of a lower risk investment vehicle; offering a premium return; that the Company will continue to experience no cost organic reserve growth; that the Company does accretive transactions; the projected future mine lives for the Company's 15 largest projects; that production growth is expected to continue at Andacollo and Peñasquito; that commercial production is expected during the fourth quarter of calendar 2013 at Mt. Milligan; that Mt. Milligan has exploration upside, is located in a favorable geographic location with strong local and regional infrastructure and robust economics, with minimized construction risk; that commercial production at Pascua-Lama is expected in the second half of calendar 2014; that the Company will continue to see ramp-up at Canadian Malartic and Wolverine; increased mill production at Mulatos and new production from Gold Hill and Pinson; and that the Company expects to see significant longer term growth potential and significant impact on net gold equivalent ounces from Mt. Milligan and Pascua-Lama. Factors that could cause actual results to differ materially from these forward-looking statements include, among others: the risks inherent in construction, development and operation of mining properties, including those specific to a new mine being developed and operated by a base metals company; changes in gold and other metals prices; decisions and activities of the Company's management; unexpected operating costs; decisions and activities of the operators of the Company's royalty and stream properties; unanticipated grade, geological, metallurgical, processing or other problems at the properties; inaccuracies in technical reports and reserve estimates, revisions by operators of reserves, mineralization or production estimates; changes in project parameters as plans of the operators are refined; the results of current or planned exploration activities; discontinuance of exploration activities by operators; economic and market conditions; operations in land subject to First Nations jurisdiction in Canada, the ability of operators to bring non-producing and not yet in development projects into production and operate in accordance with feasibility studies; erroneous royalty payment calculations; title defects to royalty properties; future financial needs of the Company; the impact of future acquisitions and royalty financing transactions; adverse changes in applicable laws and regulations; litigation; and risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental laws, enforcement and uncertain political and economic environments. These risks and other factors are discussed in more detail in the Company's public filings with the Securities and Exchange Commission. Statements made herein are as of the date hereof and should not be relied upon as of any subsequent date. The Company's past performance is not necessarily indicative of its future performance. The Company disclaims any obligation to update any forward-looking statements.

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**Footnotes located on pages 27 – 28.**

# Introduction

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- Company Overview
- Cornerstone Property Review
- Value Creation



# Company Overview

- A >\$5B public royalty & streaming company, listed on both the NASDAQ (RGLD) and the Toronto Stock Exchange (RGL)
- Focused on gold, which contributed 67% of revenues for the last twelve months ended September 30, 2012
- Portfolio of quality assets, including royalty/stream interests in:
  - 39 producing assets
  - 28 development assets
  - 41 evaluation-stage assets
  - 97 exploration-stage assets

## Key strengths

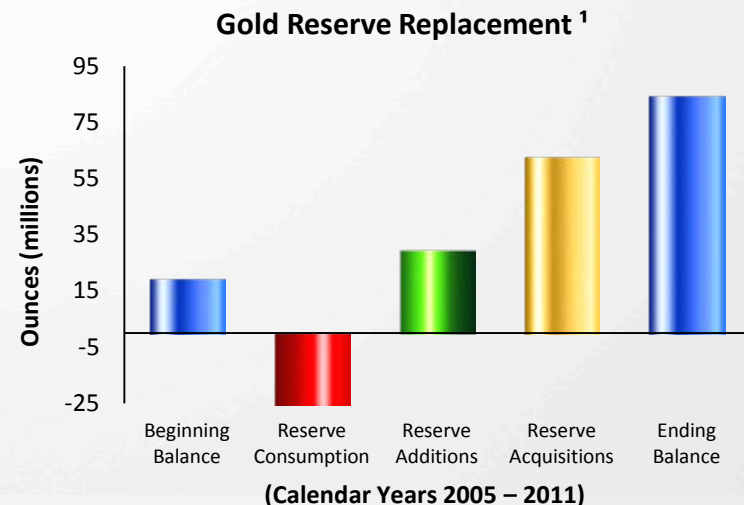
- Disciplined business strategy
- Low fixed operating costs and no ongoing development costs
- Geographically diversified asset base
- Stable mining operations run by reputable partners
- Long lived business interests
- Strong margins drive steady cash flow generation



# Key Strengths

## 1 Disciplined Business Strategy

- Designed to provide a premium return through a lower risk investment vehicle
- Strategy supports cash flow stability through reinvestment and reserve replacement
- Royal Gold uses two strategies to replace and grow reserves
  - Royalty/streaming interests typically span the life of a mine, so if a mine operator increases reserves by investing in further exploration, Royal Gold grows its reserves at no cost
  - Royal Gold has a long history of accretive acquisitions

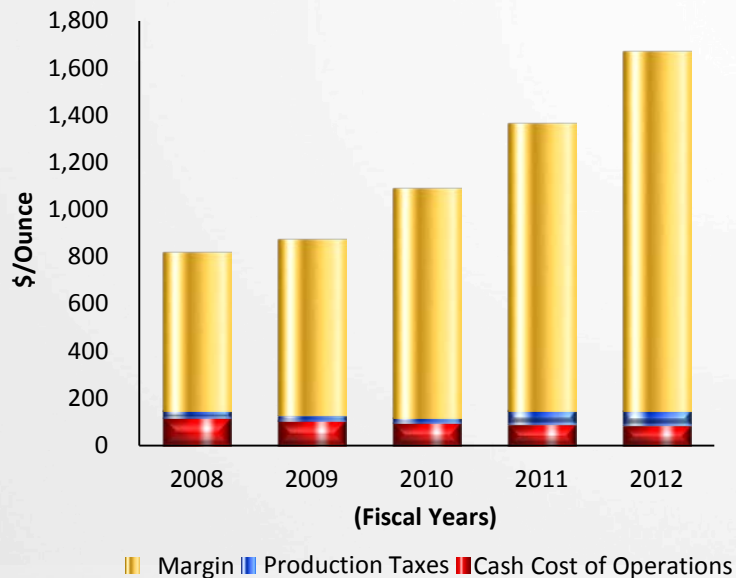


# Key Strengths

## 2 Low Fixed Operating Costs and No Ongoing Development Costs

- No responsibility for operating costs at the underlying mining property
- Not required to contribute to capital or development costs
- TTM cash operating expenses, including production taxes, represent only 8% <sup>1</sup> of revenue

Royal Gold Cash Cost Margin



Industry Cash Cost Margin

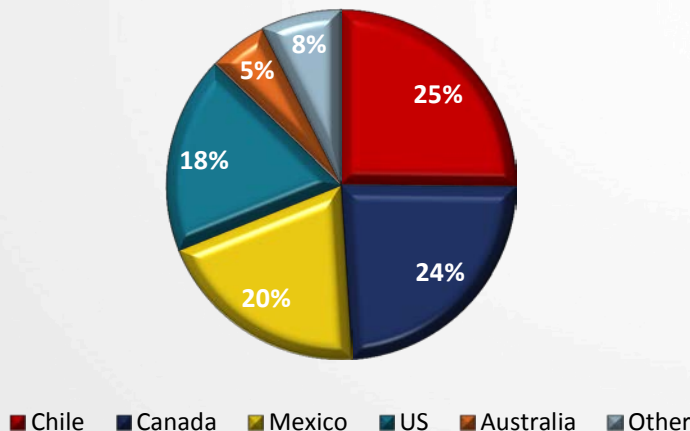


# Key Strengths

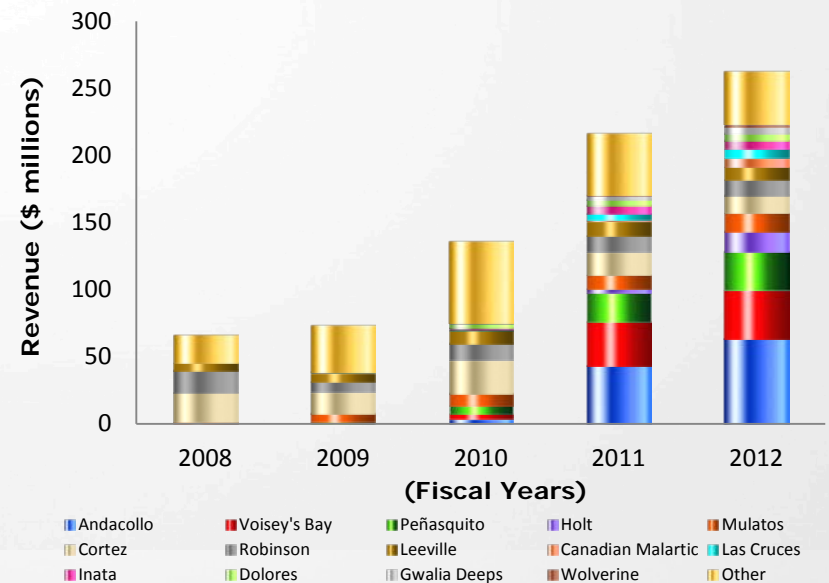
## 3 Geographically and Operationally Diverse Asset Base

- Revenue is derived from a diverse portfolio of assets, located in a variety of highly-regarded mining jurisdictions around the world
- Over the past several years, Royal Gold has substantially increased the geographical and asset diversification of its revenue stream

FY2012 Revenue by Geography



Operational Diversification

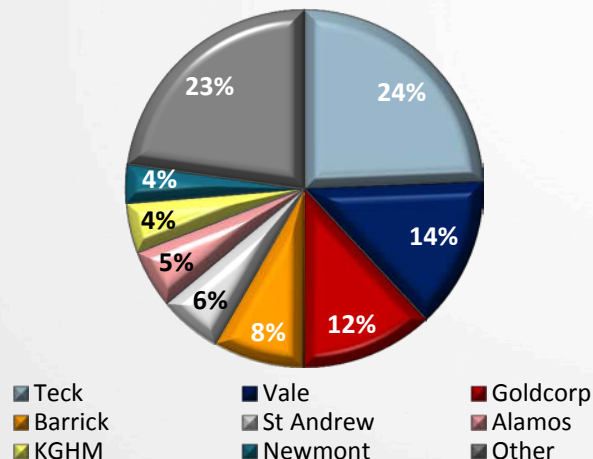


# Key Strengths

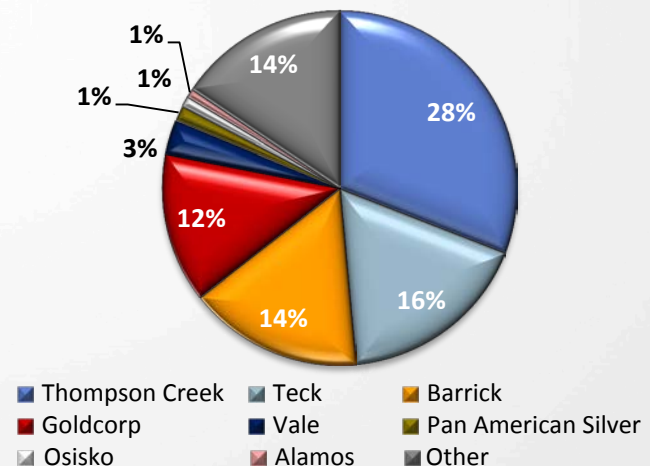
## 4 Stable Mining Operations with Reputable Operating Partners

- Royal Gold owns interests on mines operated by many of the premier mining companies in the industry
- 66% of fiscal 2012 revenue was produced from investment grade rated companies

FY2012 Revenue by Operator



Net Gold Equivalent Reserves by Operator  
(December 31, 2011)<sup>1,2</sup>

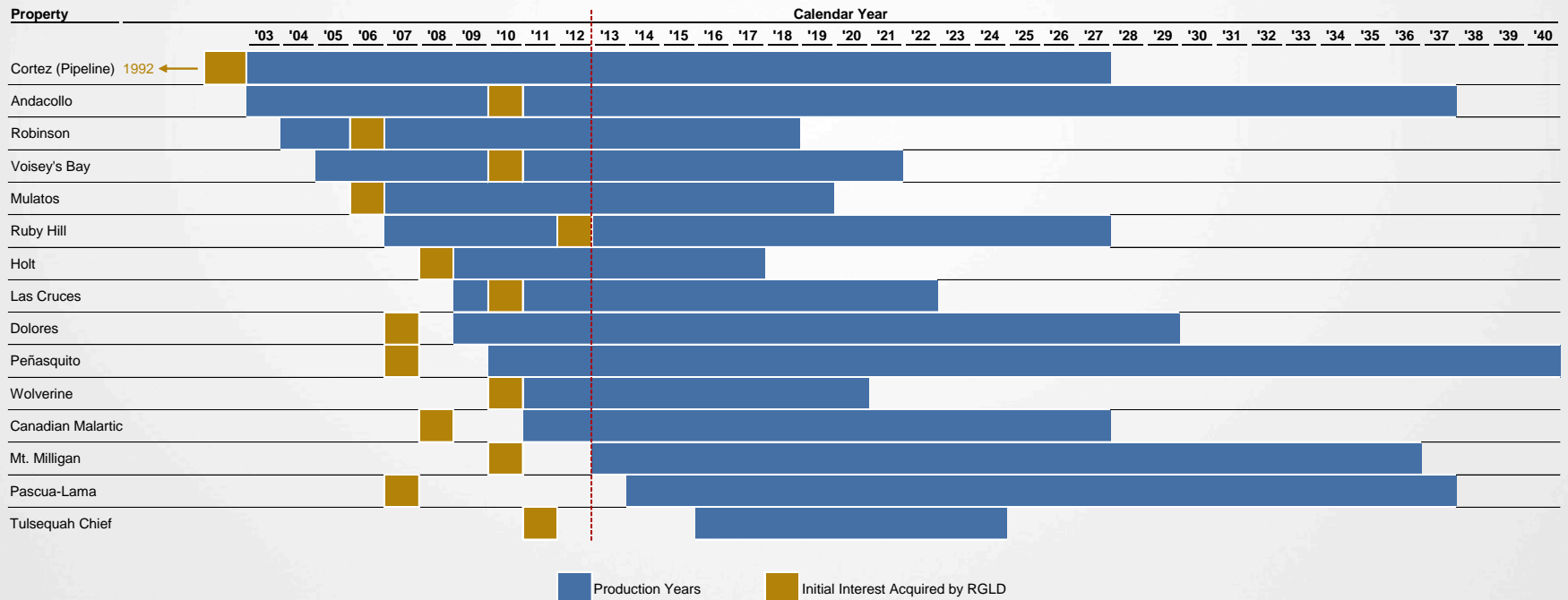




# Key Strengths

## 5 Long Lived Business Interests

- Royalty and streaming interests span, in most cases, the entire life-of-mine
- The median current projected life of Royal Gold's 15 largest properties is 15 years
  - The four largest, Mt. Milligan, Andacollo, Pascua-Lama, and Peñasquito, are each projected to last through at least 2036

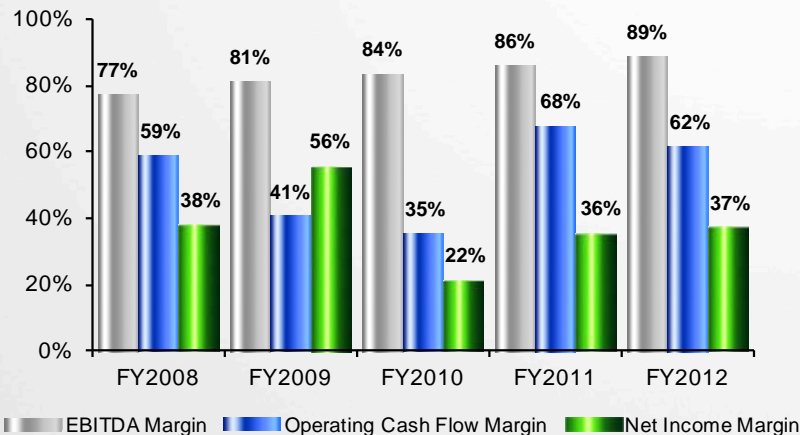


# Key Strengths

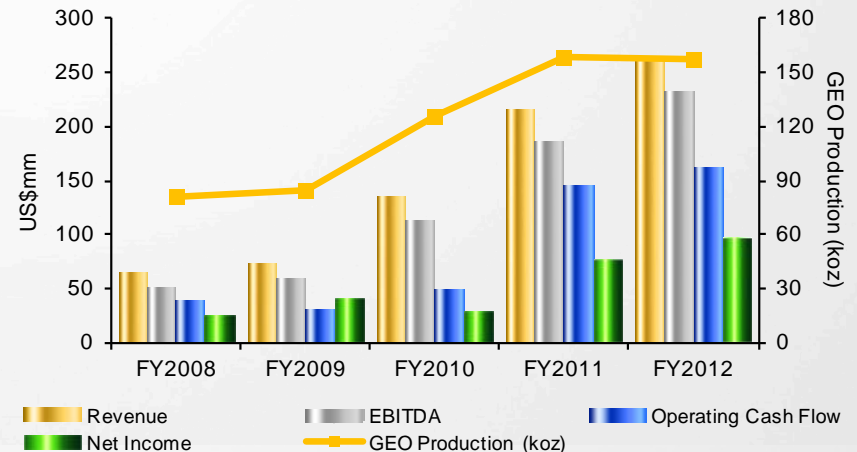
## 6 Strong Margins Drive Steady Cash Flow

- Royal Gold's low fixed operating costs drive strong operating margins
- Royal Gold's EBITDA has increased every year since FY2006, reaching \$233.2M in FY2012
- Royal Gold expects production growth in FY2013 and 2014, with further contribution from the ramp up/expansions at Andacollo and Peñasquito
  - Followed by the expected commissioning of Mt. Milligan in FY2014 and Pascua-Lama in FY2015

Historical Margins <sup>1</sup>



Historical Financial Results (US\$M) <sup>1</sup>



# Cornerstone Property Review



# Portfolio of Quality Assets <sup>1</sup>



# Andacollo (Teck)

## Region IV, Chile

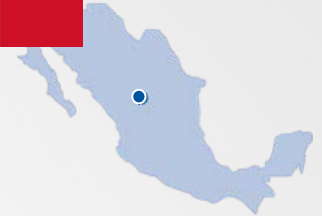


🏆 Royalty: <sup>1</sup>	75% NSR until 910K ounces are produced; 50% NSR thereafter
🏆 Reserves: <sup>2</sup>	1.8M ozs gold
🏆 FY 2012 Production: <sup>3</sup>	51.4K ozs gold
🏆 FY 2012 Revenue:	\$64.1M
🏆 Mine Life:	20+ years
🏆 Status:	Growth expected; fiscal 2012 production of 44,000 TPD vs. design capacity of 55,000 TPD



# Peñasquito (Goldcorp)

## Zacatecas, Mexico



🏆 Royalty:	2.0% NSR
🏆 Reserves: <sup>1</sup>	- 16.5M ozs gold - 6.2B lbs lead - 960M ozs silver - 14.8B lbs zinc
🏆 FY 2012 Production: <sup>2</sup>	- 294.5K ozs gold - 164.0M lbs lead - 21.5M ozs silver - 312.6M lbs zinc
🏆 FY 2012 Revenue:	\$28.5M
🏆 Mine Life:	22 years
🏆 Status:	Growth expected; fiscal 2012 production of 93,500 TPD vs. design capacity of 130,000 TPD



# Voisey's Bay (Vale)

## Labrador and Newfoundland, Canada

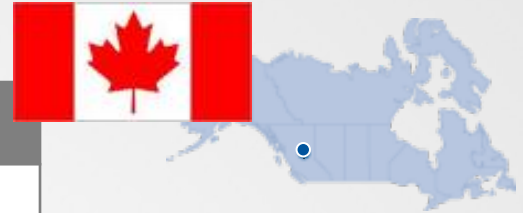


🏆 Royalty:	2.7% NSR
🏆 Reserves: <sup>1</sup>	- 1.2B lbs nickel - 668M lbs copper
🏆 FY 2012 Production: <sup>2</sup>	- 131.6M lbs nickel - 107.2M lbs copper
🏆 FY 2012 Revenue:	\$36.0M
🏆 Mine Life: <sup>3</sup>	20+ years
🏆 Status:	Steady state; 6,000 TPD



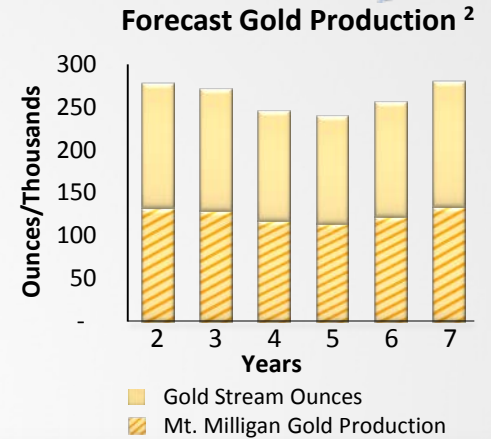
# Mt. Milligan (Thompson Creek)

## Growth Catalyst



### British Columbia, Canada

🏗️ Mine profile:	Open pit copper/gold porphyry
🏗️ Reserves: <sup>1</sup>	6.0M oz gold
🏗️ Est. production: <sup>2,3</sup>	262,000 ozs of gold annually during first six years; 195,000 ozs of gold annually over life of mine
🏗️ Est. mine life: <sup>2</sup>	22 years
🏗️ Status:	Commercial production expected in the fourth quarter of calendar 2013

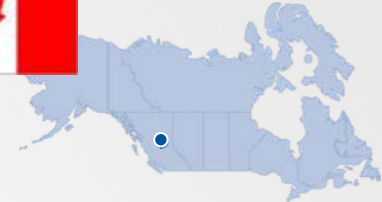




# Mt. Milligan (Thompson Creek)

## Investment Summary

### British Columbia, Canada



#### Transaction summary:

25% of gold for \$311.5M in July 2010  
 15% of gold for \$270M in December 2011  
12.25% of gold for \$200M in August 2012  
**= 52.25% of gold for \$781.5M**

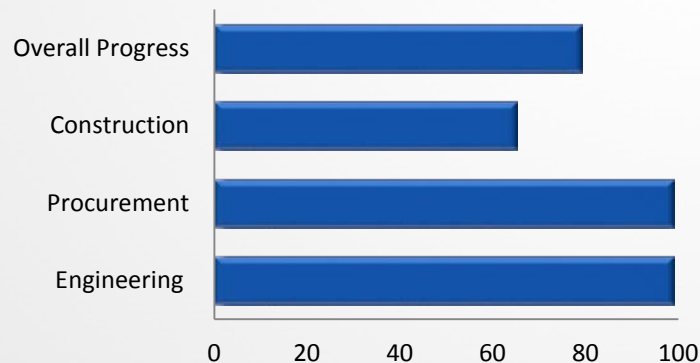
Delivery payment of \$435/oz or prevailing market price for life of mine  
 (no inflation adjustment)

#### Current investment:

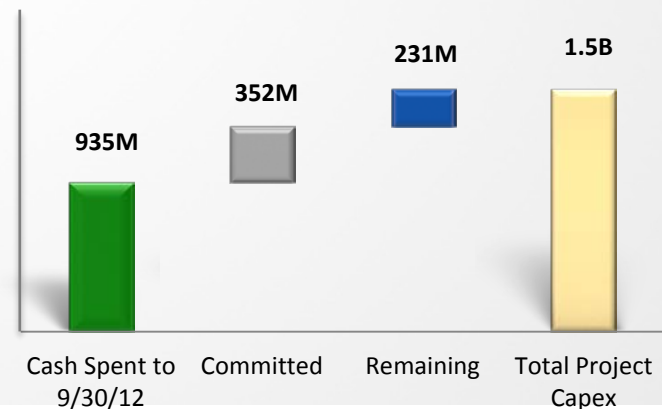
🔦 \$669.6M to date  
🔦 \$111.9M to be paid during construction in three quarterly payments

{	\$62.0M – March 1, 2013
	\$37.0M – June 1, 2013
	\$12.9M – September 1, 2013

**Development Update <sup>1</sup>**  
 (as of September 30, 2012)



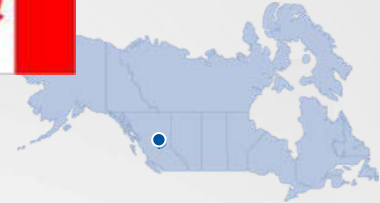
**High End of Mt. Milligan Capital Guidance <sup>1</sup> (C\$)**



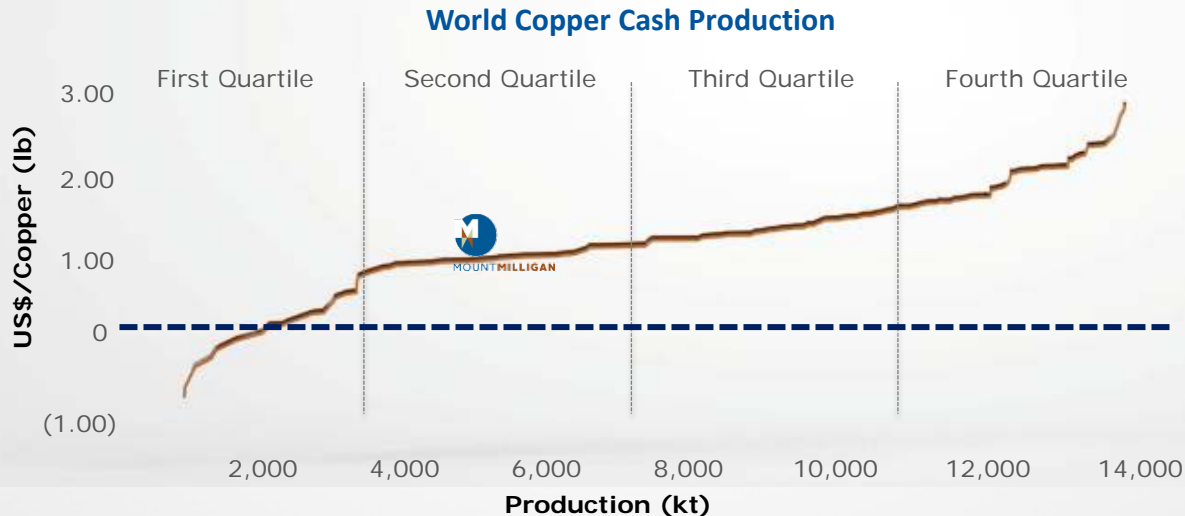
# Mt. Milligan (Thompson Creek)

## Attractive Attributes

### British Columbia, Canada



<ul style="list-style-type: none"> <li>Favorable geographic location</li> </ul>	<ul style="list-style-type: none"> <li>Provincial and Federal permits</li> </ul>
<ul style="list-style-type: none"> <li>Strong local and regional infrastructure:                             <ul style="list-style-type: none"> <li>Low cost power</li> <li>Adequate water</li> <li>Road, rail and port access</li> <li>Support communities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Low strip ratio</li> </ul>
<ul style="list-style-type: none"> <li>Long mine life</li> </ul>	<ul style="list-style-type: none"> <li>Exploration upside</li> </ul>
<ul style="list-style-type: none"> <li>Construction risk substantially minimized</li> </ul>	<ul style="list-style-type: none"> <li>Attractive operating economics</li> </ul>



Source: Thompson Creek, CRU Group





# Pascua-Lama (Barrick)

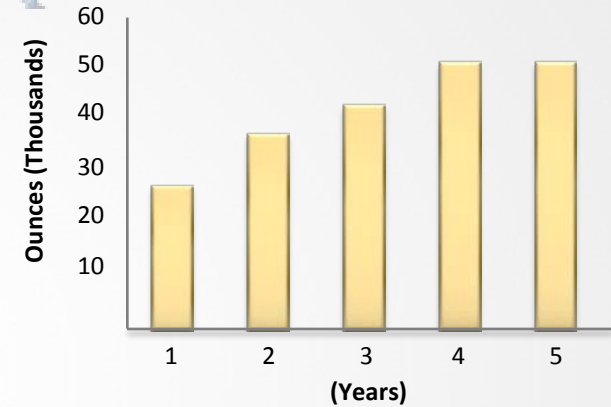
## Growth Catalyst



### Region III, Chile

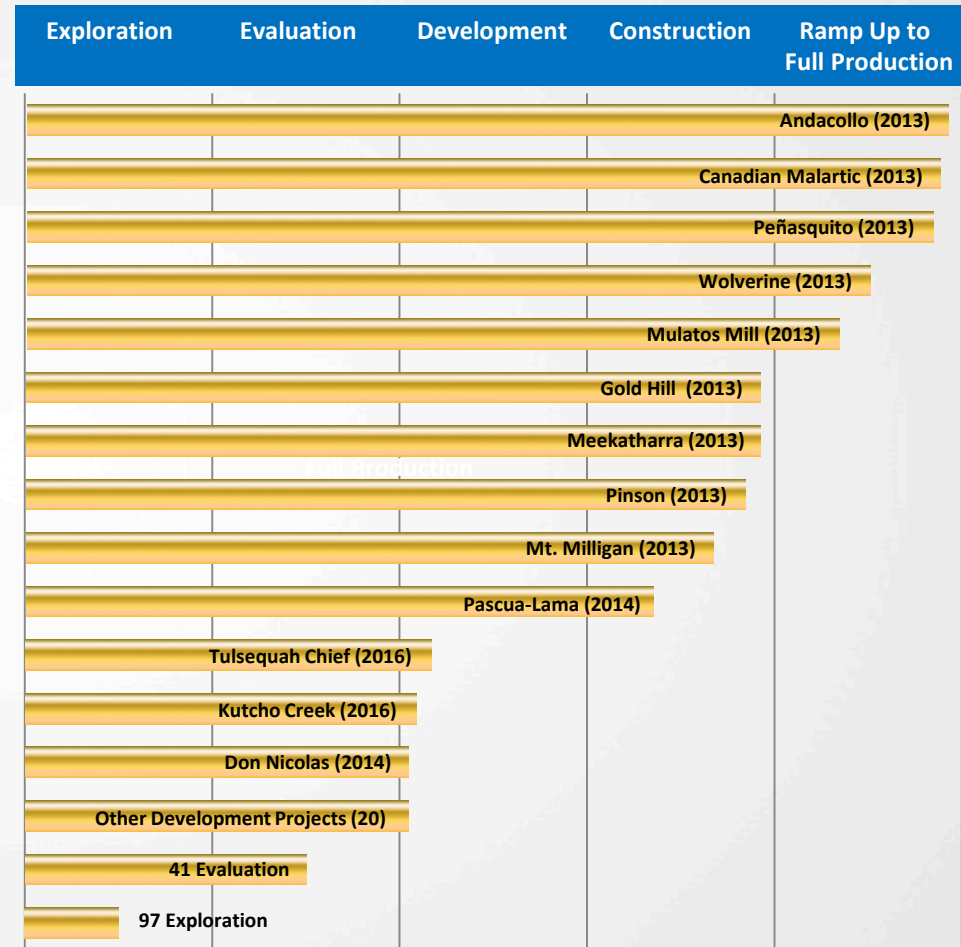
Royalty: <sup>1,2</sup>	0.78% to 5.23% NSR (5.23% above \$800 gold)
Reserves: <sup>3</sup>	14.7M ozs gold (limited to gold in Chile)
Capital:	\$8.0B to \$8.5B
Initial Production:	Second half of CY 2014
Production Guidance: <sup>4</sup>	800K to 850K ozs gold (average for first five years)
Mine Life:	25+ years

Forecast Royalty Ounces <sup>5</sup>



# Project Development Pipeline

- Near term production growth from cornerstone producing properties – Andacollo and Peñasquito
- Continued ramp-up at producing growth assets – Canadian Malartic and Wolverine
- Increased production at Mulatos due to new mill
- New production from Gold Hill and Pinson
- Significant longer term growth potential from cornerstone development properties – Pascua-Lama and Mt. Milligan



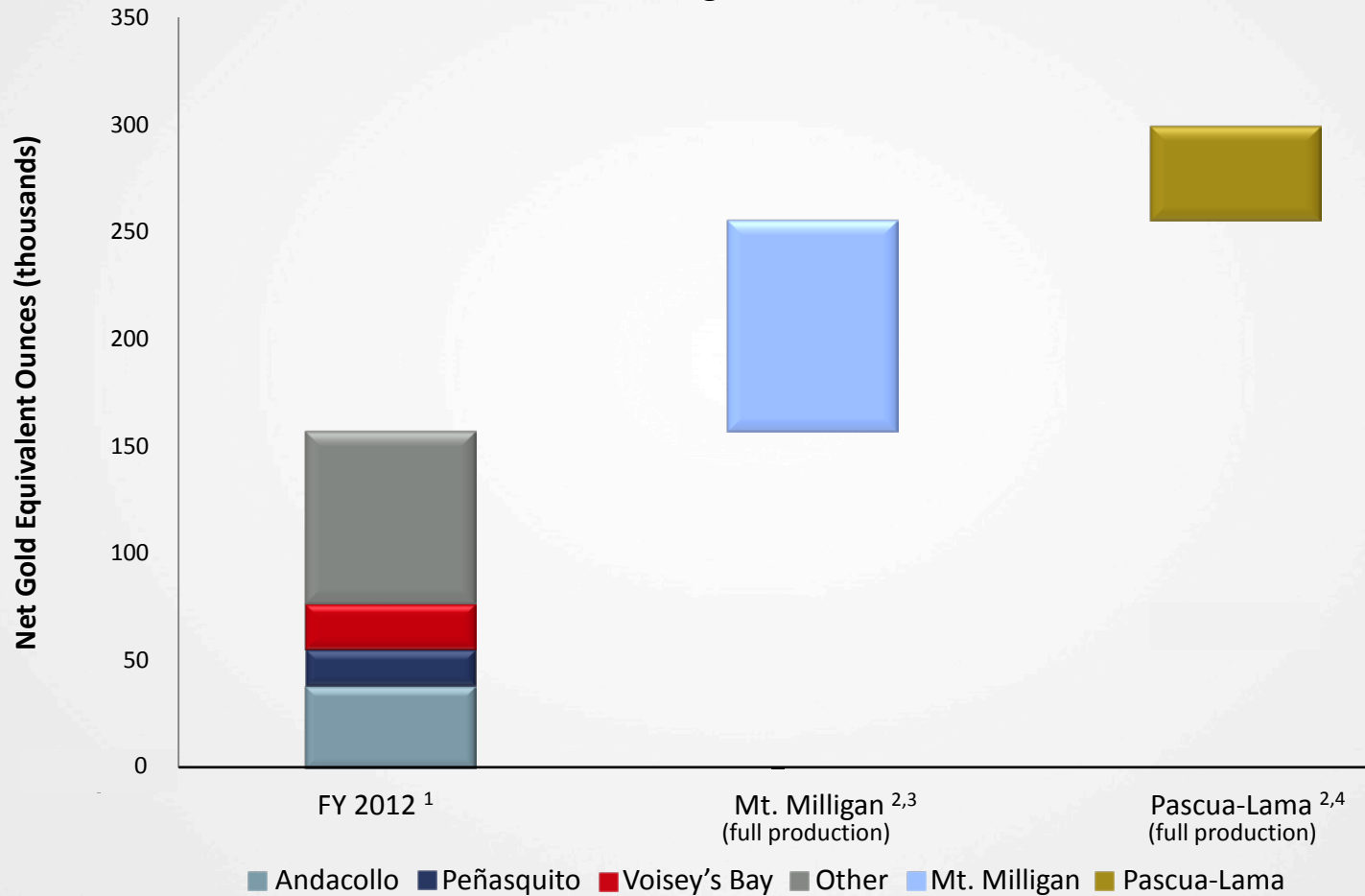
# Value Creation



# Significant Impact

## Mt. Milligan and Pascua-Lama

Long-term Impact of  
Mt. Milligan and Pascua-Lama



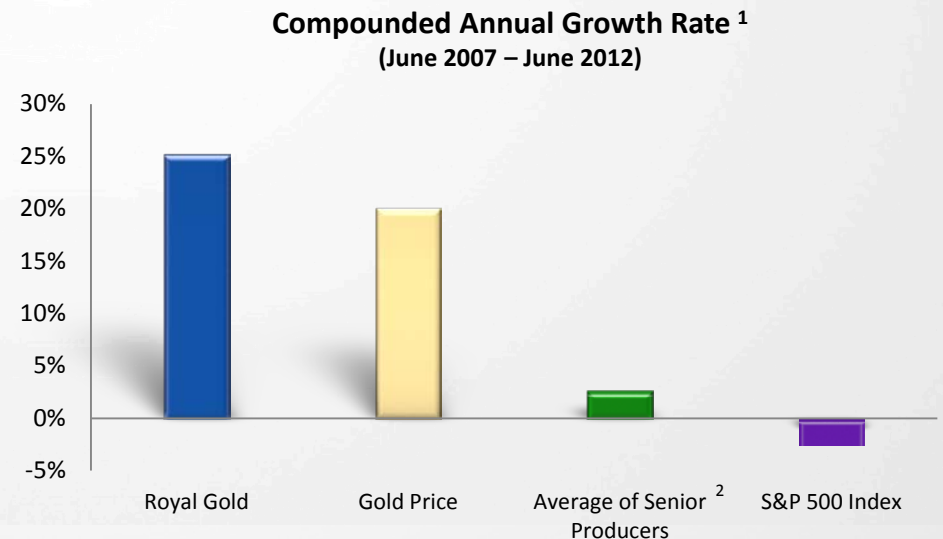
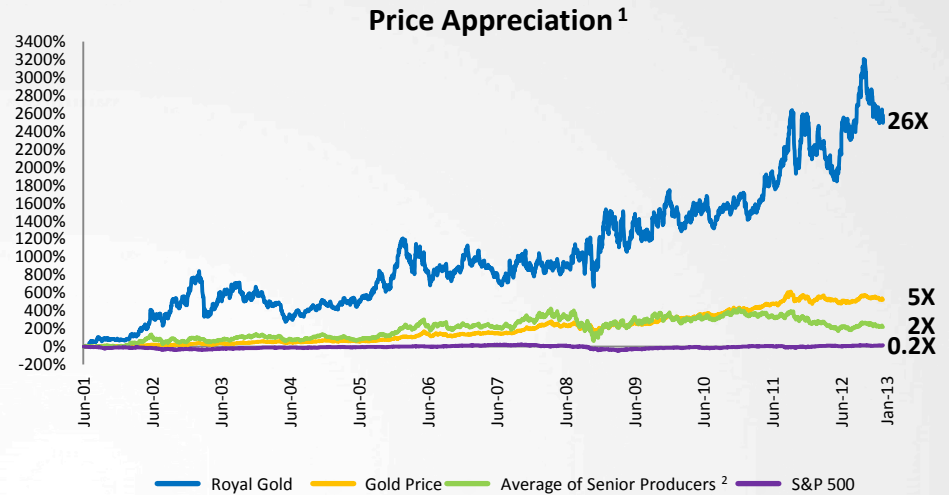


# Premium Investment Vehicle

Lower Risk + Financial Performance + Growth



Note: This chart represents the views of Royal Gold



# Footnotes



# Footnotes

## PAGE 5. KEY STRENGTHS (Disciplined Business Strategy)

1. Reserves within Royal Gold's area of interest.

## PAGE 6. KEY STRENGTHS (Low Fixed Operating Costs and No Ongoing Development Costs)

1. TTM ended September 30, 2012. Calculation includes \$20.2 million General & Administrative expenses, and \$9.8 million Production Taxes, less \$6.4 million non-cash employee stock compensation expense, and \$276.5M in revenue.
2. Cash costs as defined by the Gold Institute's industry definition.

## PAGE 8. KEY STRENGTHS (Stable Mining Operations with Reputable Operating Partners)

1. Net gold equivalent reserves are calculated by applying the Company's interests to the reported reserves at each individual property, and considering the per ounce delivery payment associated with metal streams as a reduction to gross ounces.
2. Gold equivalent reserve ounces were calculated using metal ratios, as of December 31, 2011, based on the following prices: \$1,531.00 gold; \$28.18 silver; \$3.43 copper; \$0.90 lead; \$0.83 zinc; \$8.29 nickel; \$13.74 cobalt; and \$13.61 molybdenum.

## PAGE 10. KEY STRENGTHS (Strong Margins Drive Steady Cash Flow)

1. FY2009 results were impacted by two one-time gains related to the Barrick royalty portfolio acquisition and the Benson royalty buy-back by Golden Star. The effect of these gains was \$33.7 million pre-tax. FY2010 results were impacted by pre-tax effects of severance and acquisition costs of \$19.4 million related to the International Royalty Corporation transaction. FY2012 results were impacted by a \$1.3 million royalty restructuring charge at Relief Canyon.

## PAGE 12. PORTFOLIO OF QUALITY ASSETS

1. Three producing oil and gas properties are not shown.
2. Producing properties are those that generated revenue during fiscal 2012 or are expected to generate revenue in fiscal 2013.
3. Royal Gold considers and categorizes an exploration property to be an evaluation stage property if additional mineralized material has been identified on the property but reserves have yet to be identified.

## PAGE 13. ANDACOLLO

1. 75% of payable gold until 910,000 payable ounces; 50% thereafter. As of September 30, 2012, there have been approximately 114,000 cumulative payable ounces produced. Gold is a by-product of copper.
2. Reserves as of December 31, 2011.
3. Reported production relates to the amount of metal sales subject to our royalty interest as reported to us by the operator of the mine.

## PAGE 14. PEÑASQUITO

1. Reserves as of December 31, 2011.
2. Reported production relates to the amount of metal sales subject to our royalty interests as reported to us by the operator of the mine.

## PAGE 15. VOISEY'S BAY

1. Reserves as of December 31, 2011.
2. Reported production relates to the amount of metal sales subject to our royalty interests as reported to us by the operator of the mine.
3. Based on 2008 Vale Inco EIS.

## PAGE 16. MT. MILLIGAN

1. Reserves as of October 23, 2009.
2. Per Thompson Creek's National Instrument 43-101 technical report filed on SEDAR, under Thompson Creek's profile, on October 13, 2011.
3. Gold stream ounces are prior to the deduction of \$435/ounce.

## PAGE 17. MT. MILLIGAN

1. Per Thompson Creek's presentation dated November 9, 2012.

## PAGE 21. PASCUA-LAMA

1. 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%. The royalty is interpolated between upper and lower endpoints.
2. Approximately 20% of the royalty is limited to the first 14.0M 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.
3. Reserves as of December 31, 2011. Royalty applies to all gold production from an area of interest in Chile. Only that portion of reserves pertaining to our royalty interest in Chile is reflected here.
4. Based on the Technical Report for the Pascua-Lama project filed by Barrick Gold, March 2011.
5. Royalty ounces are based on production guidance estimated by Barrick (see footnote 4 above).

# Footnotes

## PAGE 24: SIGNIFICANT IMPACT

1. Gold equivalent ounces for fiscal 2012 were calculated by dividing actual revenue by the annual annual average gold price of \$1,673 for fiscal 2012.
2. Net gold equivalent ounces are calculated by applying the Company's interests to production at each individual property, and considering the per ounce delivery payment associated with metal streams as a reduction to gross ounces.
3. Net gold equivalent ounces at Mt. Milligan are based upon an estimated annual production rate of 262,100 ounces of gold for the first six years using a gold price of \$1,678 per ounce for conversion purposes of the delivery payment.
4. Net gold equivalent ounces at Pascua-Lama are based upon an estimated annual production rate of 839,000 ounces of gold during the first five years.

## PAGE 25: PREMIUM INVESTMENT VEHICLE

1. Does not include dividend distribution.
2. Senior producers include Barrick, Newmont, AngloGold, Gold Fields, Goldcorp, Kinross and Agnico Eagle.



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