

# BMO 2014 Global Metals & Mining Conference

Tony Jensen  
President and CEO

February 2014

World Class Royalty Company






# Cautionary Statement

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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, statements that forward looking EBITDA margins will be 80% to 85% of revenue (as the Company has reported approximately 90% EBITDA margins historically); that full production at Mt. Milligan, when achieved, would comprise approximately 50% of our 2013 net gold equivalent ounces production; that the Company expects to see future production of net gold equivalent ounces due to both Mt. Milligan and Pascua-Lama; that commercial production is expected during the first quarter of calendar 2014 at Mt. Milligan; and that the Company is confident in the long term value of 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 new mines such as Mt. Milligan and Pascua-Lama; statements regarding the Company's stream transaction with Rubicon Minerals; 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 and stream 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.

The Company and its affiliates, agents, directors and employees accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this material.

*Endnotes located on pages 27 and 28.*



# Royal Gold Overview

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## 💡 Embedded Growth

- Positioned to grow volume ~50% from Mt. Milligan alone

## 💡 Financially Robust

- Mt. Milligan investment complete
- Low costs with Adjusted EBITDA <sup>1</sup> margin at ~80-85% of revenue
- Liquidity of approx. \$1.1 billion

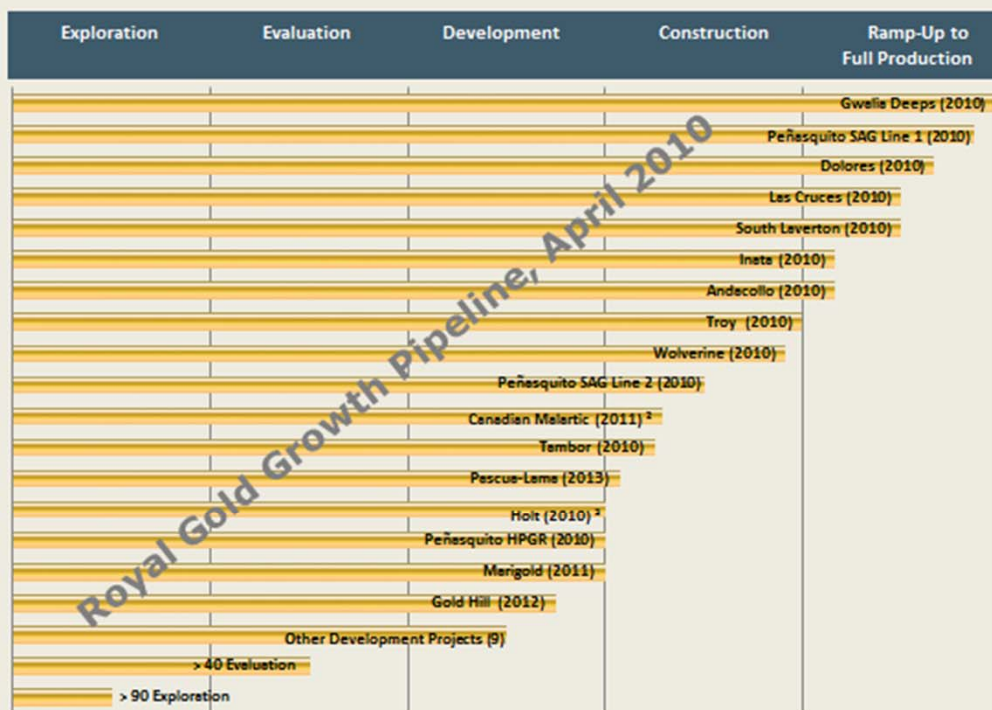
## 💡 Attractive Market Environment

- Royalty/streaming a compelling alternative to challenging equity/debt markets

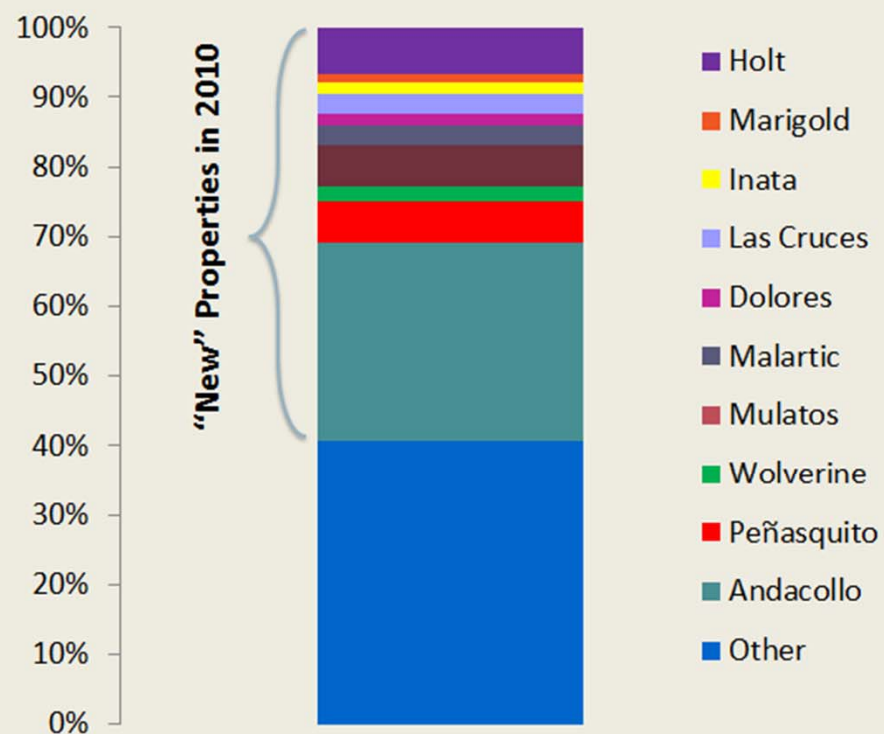
## 💡 Favorably Positioned

- Current value at discount to historical levels

# Strong Track Record of Growth

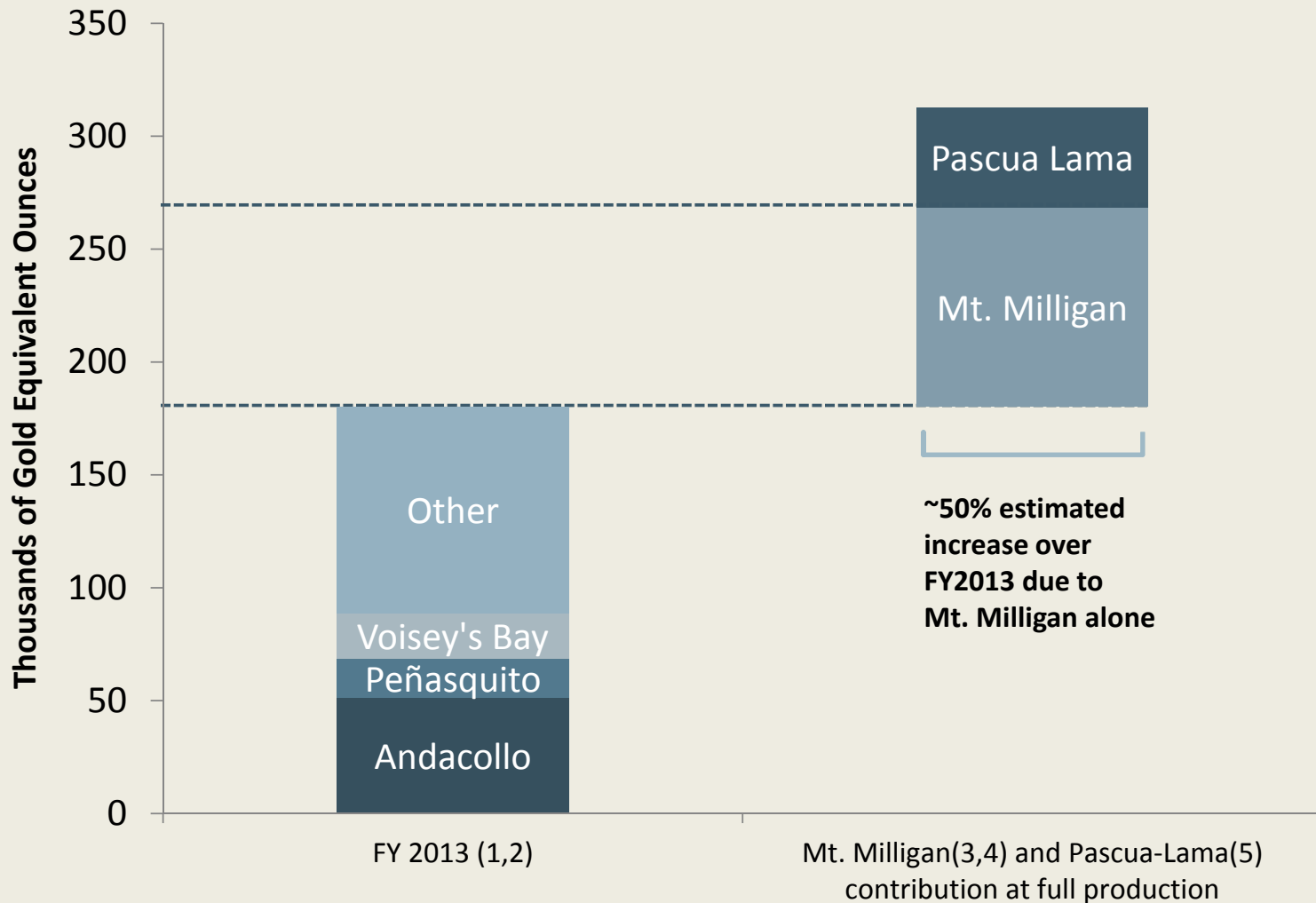


Fiscal 2013 Revenue Contribution by Property



# Embedded Growth

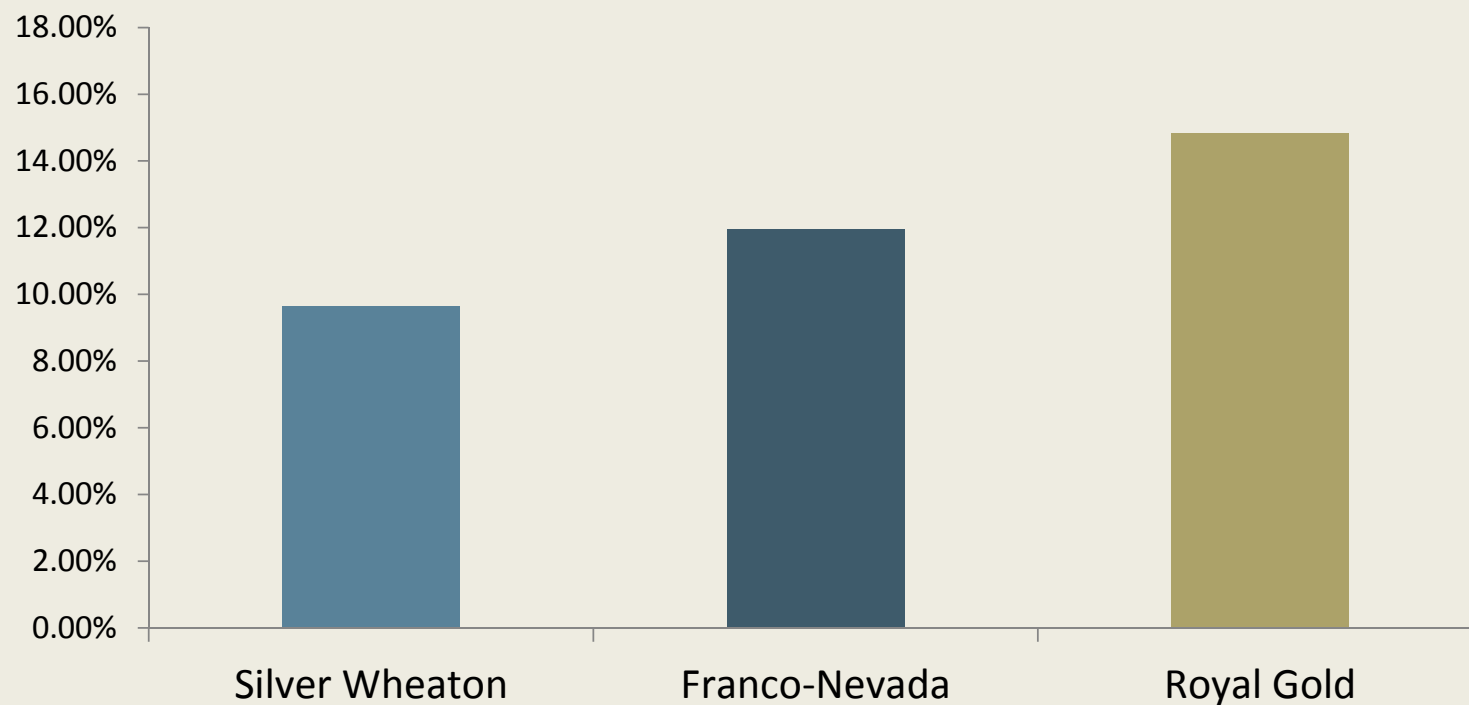
## Fully Invested



# Embedded Growth

## Royal Gold Growth Compared with Peers <sup>1,2</sup>

5-Year Estimated Volume Growth CAGR



*Updated as of December 31, 2013*

# Embedded Growth

## Development Cornerstone Properties

Mt. Milligan



Photo: July 2013

Stream: <sup>1</sup> 52.25% of payable gold

Reserves: <sup>2</sup> 6.0M oz (Au) Est. Mine Life: 22 Years

Commercial Prod: Q1 CY14 Est. Production: <sup>3</sup> 262k oz (Au)/yr

- Production ramp-up
- First concentrate production in September 2013
- First shipment in mid-November 2013; second shipment in late January 2014

Pascua-Lama



Photo: May 2013

Royalty: <sup>4,5</sup> 0.78% to 5.23% NSR sliding scale

Reserves: <sup>6</sup> 14.6M oz (Au) Est. Mine Life: 25 Years

Production: TBD <sup>7</sup> Est. Production: <sup>8</sup> 800-850k oz (Au)/yr

- Temporary suspension of project construction
- Environmental protection and regulatory compliance activities ongoing

# Embedded Growth

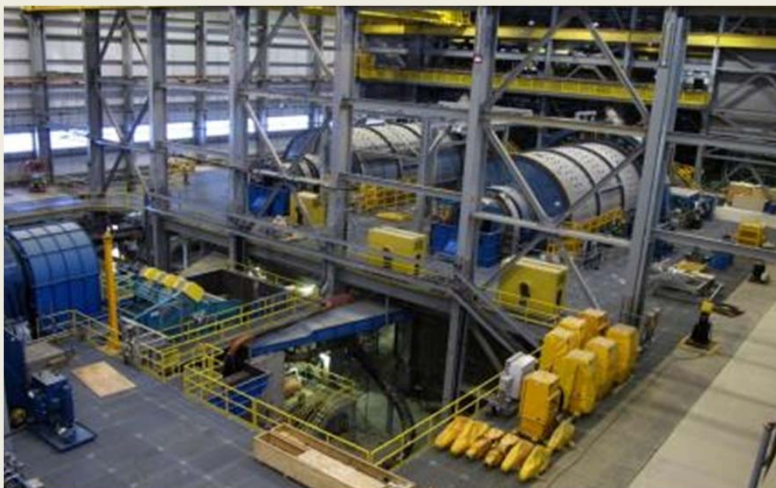
## Mt. Milligan Stream Ramping Up



*Mt. Milligan Facilities*



*Mt. Milligan Primary Crusher*



*Mt. Milligan Two 24ft Ball Mills*



*Mt. Milligan Flotation Circuit*



# Embedded Growth

## Phoenix Stream Agreement Details

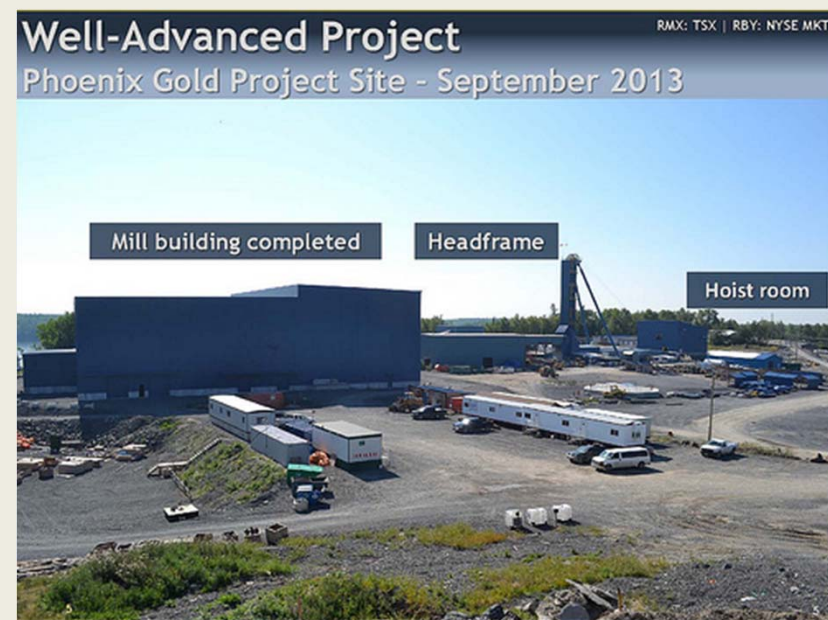
- 💡 Investment of \$75 million in five installments over next two years
  - 6.3% of production up to 135,000 oz
  - 3.15% thereafter
- 💡 Delivery payment of 25% of spot price at time of delivery <sup>1</sup>
- 💡 Rationale:
  - High grade operation in final stages of construction
  - Stable political jurisdiction
  - Permitted and partially developed infrastructure
  - Experienced management team
  - Area known for high-grade deposits and long lived assets



# Embedded Growth

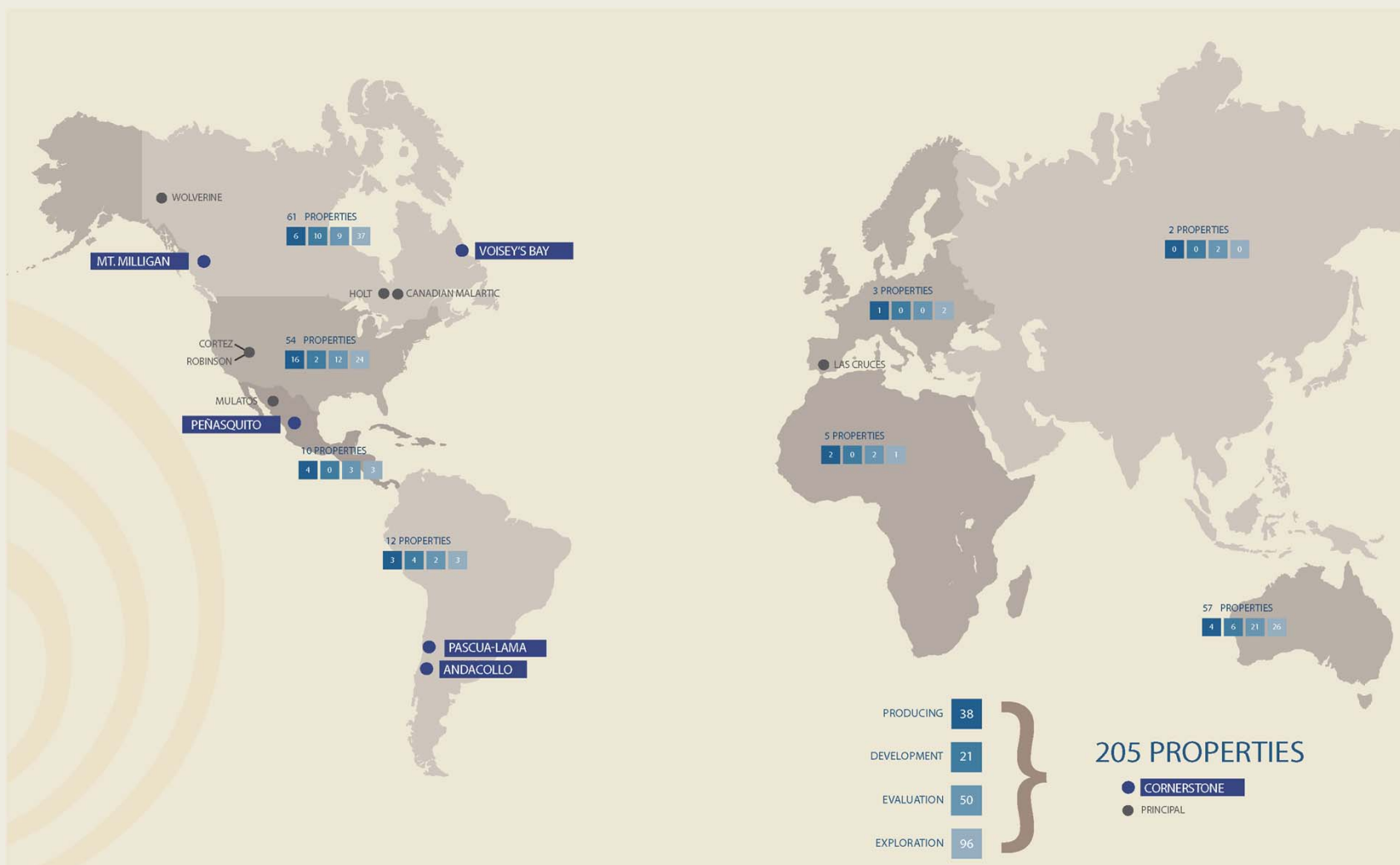
## Phoenix Stream Agreement Details

- Operator: Rubicon Minerals
- Location: Red Lake, Ontario
- LOM projected production: 2.19M oz (Au)
- Production start-up: 12-14 months following completion of financing
- Estimated mine life: 13 years
- Est. average annual production: 165,300 oz



# Financially Robust

## Diverse Portfolio of Assets



# Financially Robust

## Cornerstone Producing Properties

**Andacollo**  **Teck**



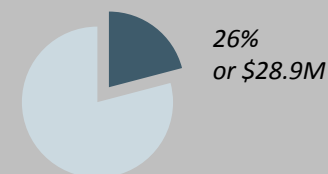
Royalty: <sup>1</sup> 75% of Au production (NSR)

Reserves: <sup>2</sup> 1.8M oz (Au)

Estimated Mine Life: 20+ Years

Actual CY13 production: 64,600k oz (Au)

Contribution to 1H FY 2014 revenue



**Peñasquito**  **GOLDCORP**



Royalty: 2.0% NSR

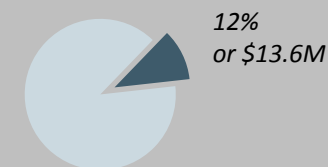
Reserves: <sup>3,4</sup> 11.6M oz (Au), 605M oz (Ag)

Estimated Mine Life: <sup>3</sup> 13 Years

Actual CY13 production: 396,200 ozs (Au)

21.8M oz (Ag) <sup>4</sup>

Contribution to 1H FY2014 revenue



**Voisey's Bay**  **VALE**



Royalty: 2.7% NSR

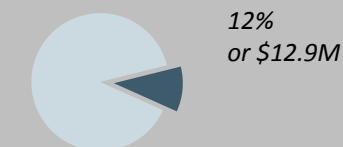
Reserves: <sup>2</sup> 1.0B lbs (Ni); 0.6B lbs (Cu)

Est. Mine Life: 20+ Years <sup>5</sup>

Actual CY13 production: 138.1M lbs (Ni);

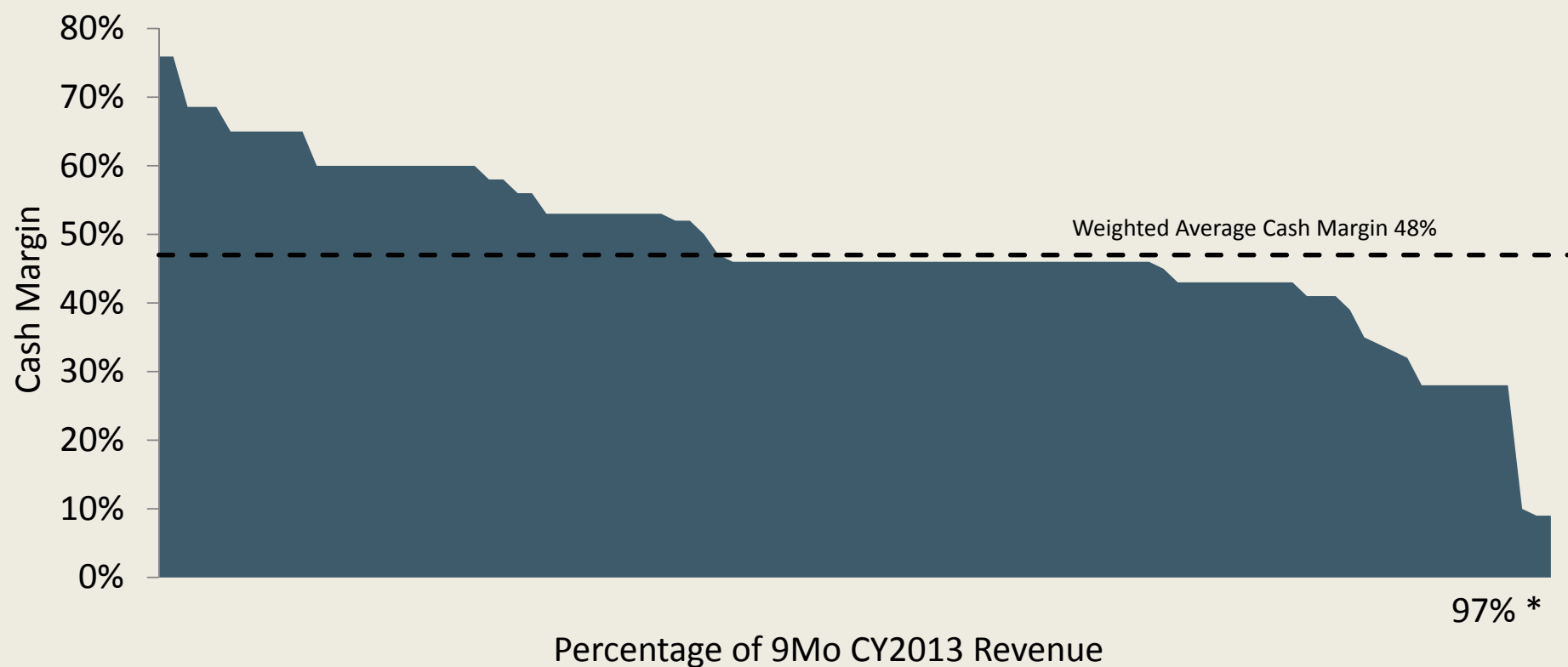
88.2M lbs (Cu)

Contribution to 1H FY2014 revenue



# Financially Robust

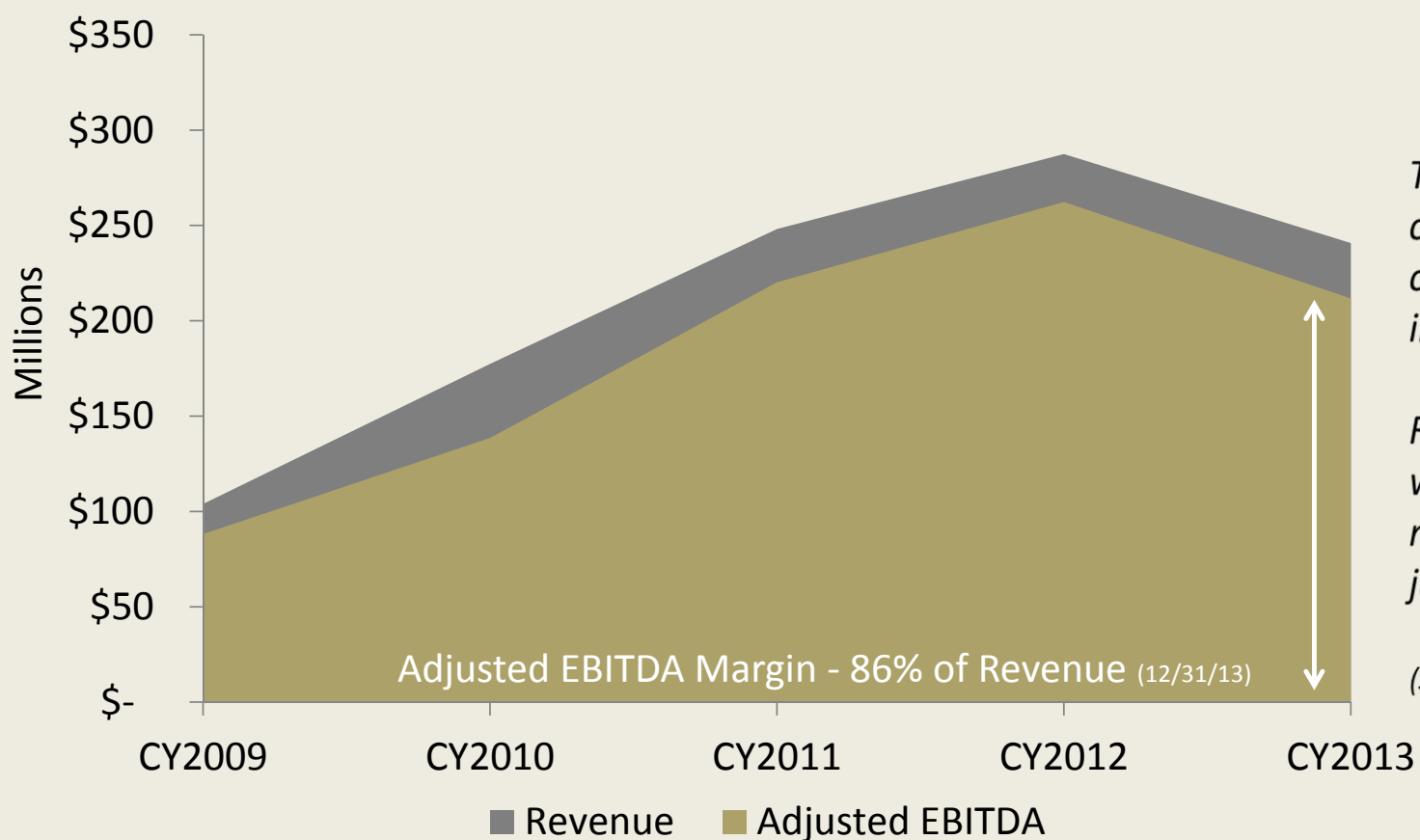
## Cash Margin by Operating Property <sup>1</sup>



\*3% of Royal Gold's revenue does not have a corresponding cash margin, as the operator does not report it to the level of detail associated with our royalties; this includes Leeville and Cortez.

# Financially Robust

## Efficient Use of Resources Maximizes Margins



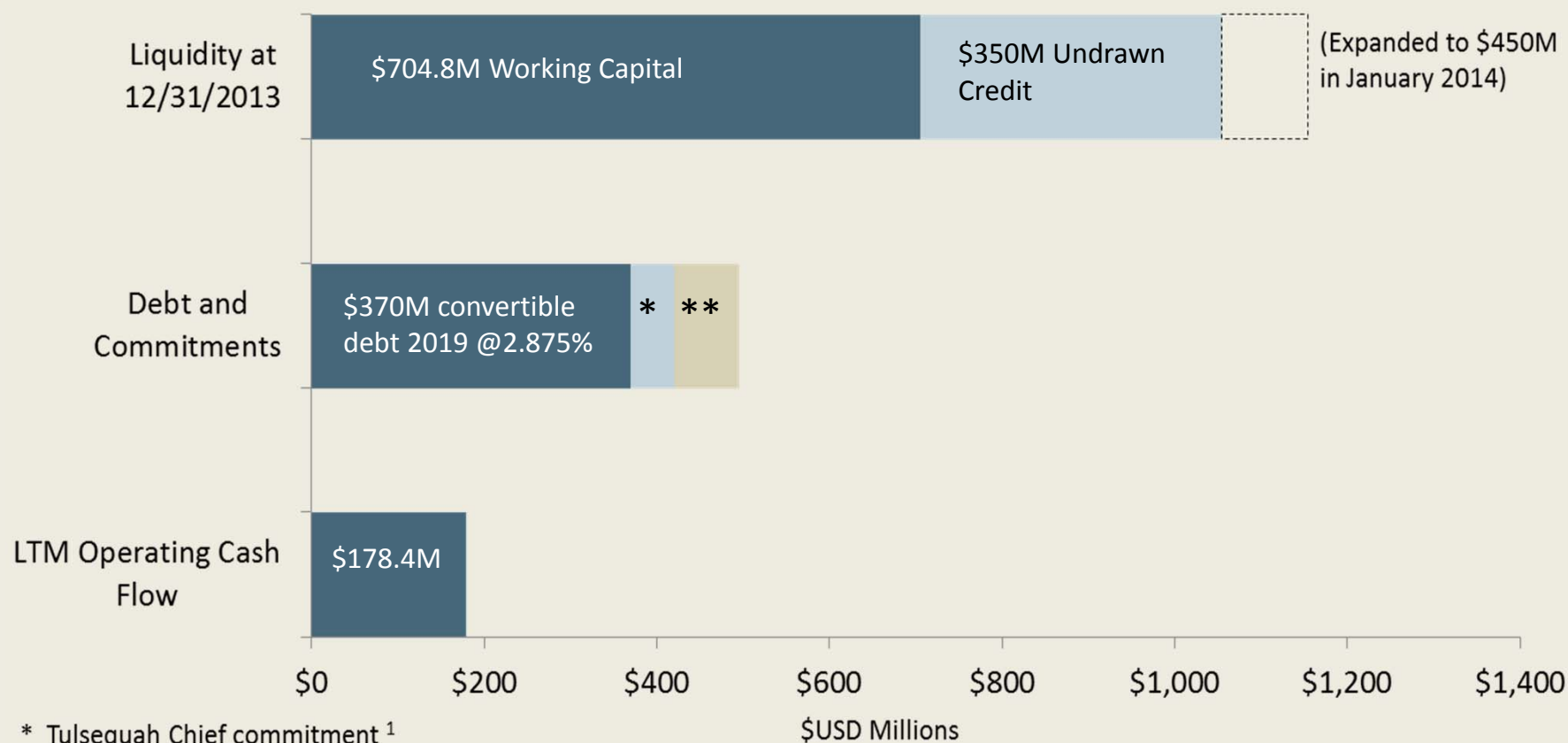
*The average employee count at a mining company with >\$250M in EBITDA is over 9,000.*

*Royal Gold stands out with less than \$25 million in overhead and just 21 employees.*

*(Source: S&P Capital iQ screen)*

# Financial Strength

## Strong Balance Sheet and Cash Flow in an Attractive Market



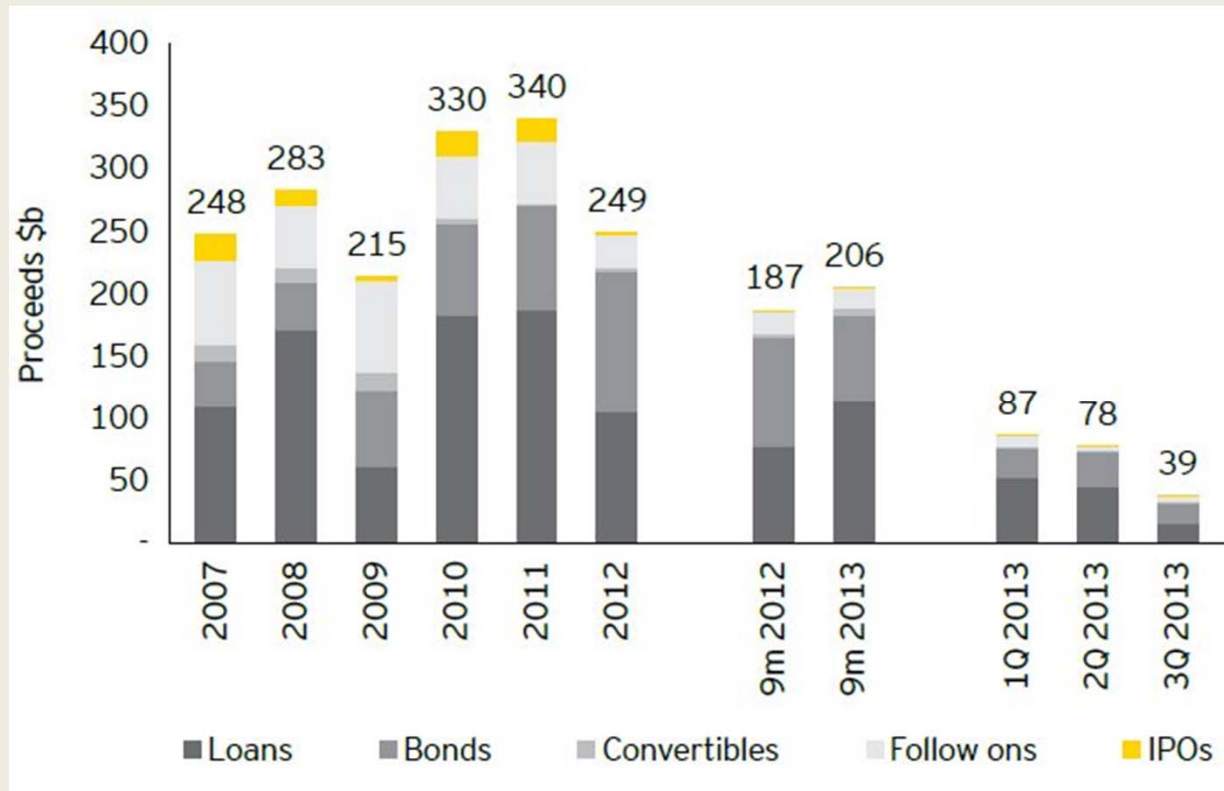
\* Tulsequah Chief commitment <sup>1</sup>

\*\* Phoenix commitment <sup>2</sup>

# Attractive Market Environment

- Mineral industry sources of capital are limited

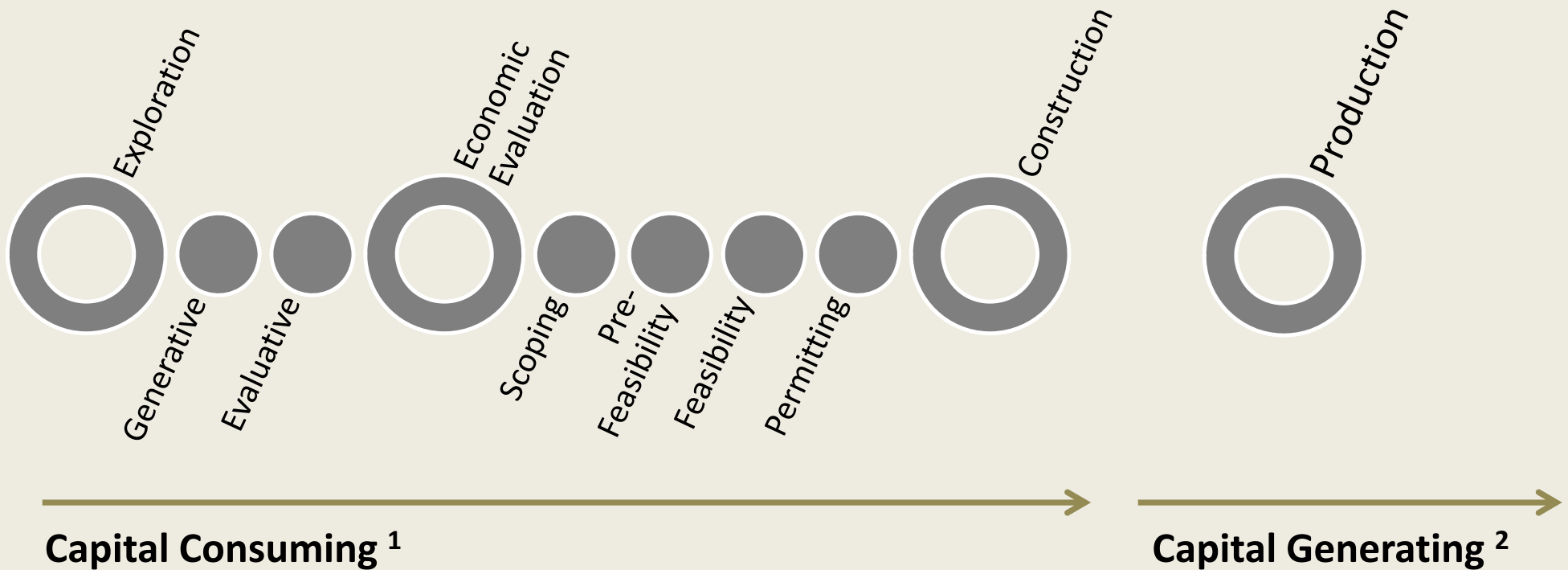
Capital Raised by Asset Class (\$B) <sup>1</sup>





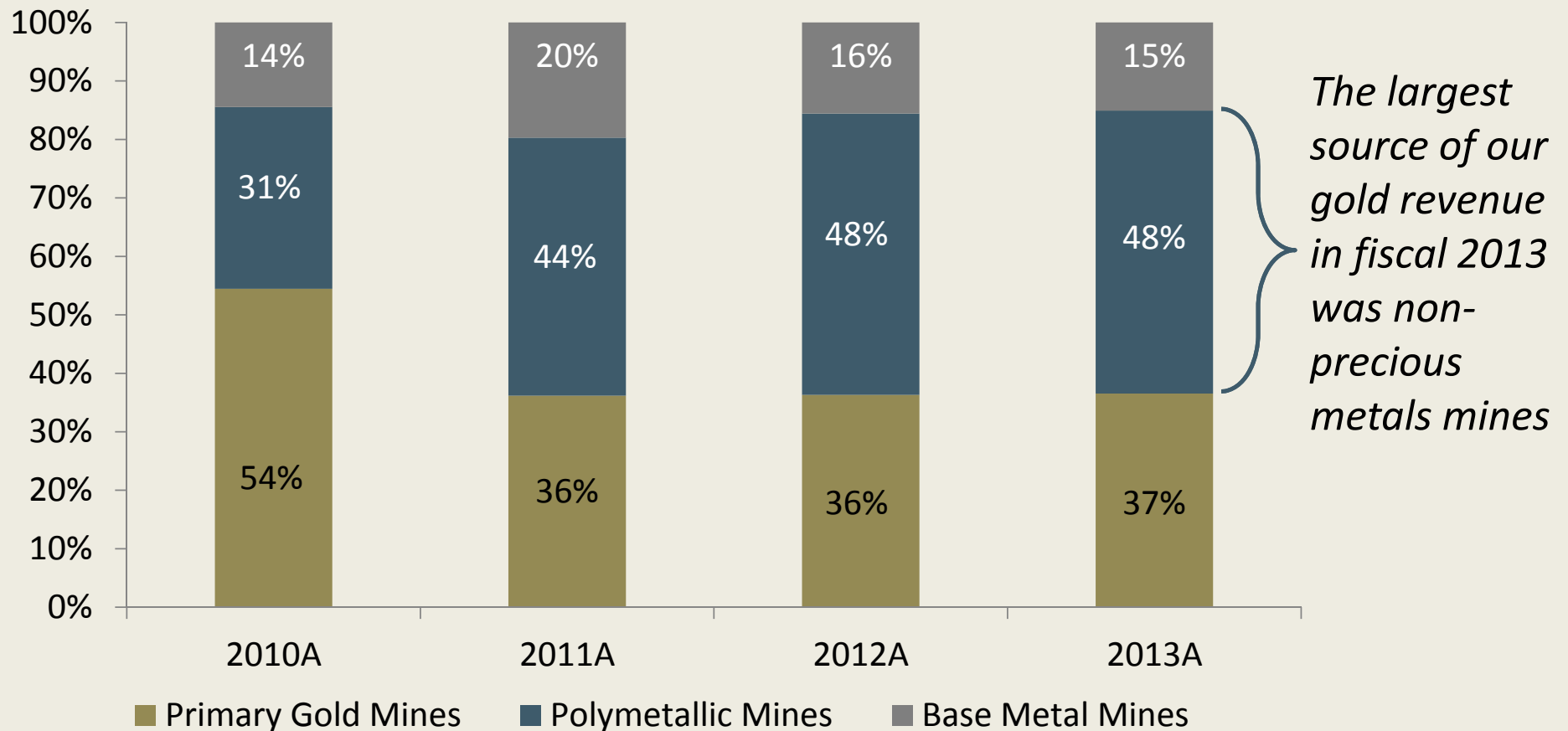
# Attractive Market Environment

## Multiple Investment Entry Points



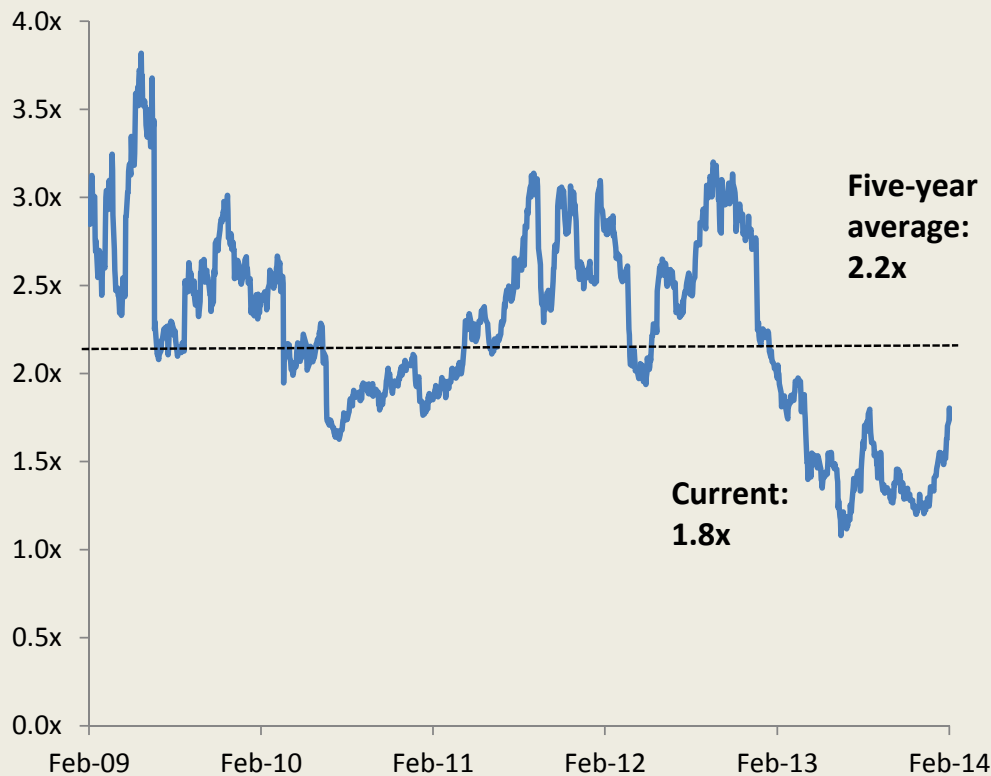
# Attractive Market Environment

## Multiple Sources for New Business Opportunities

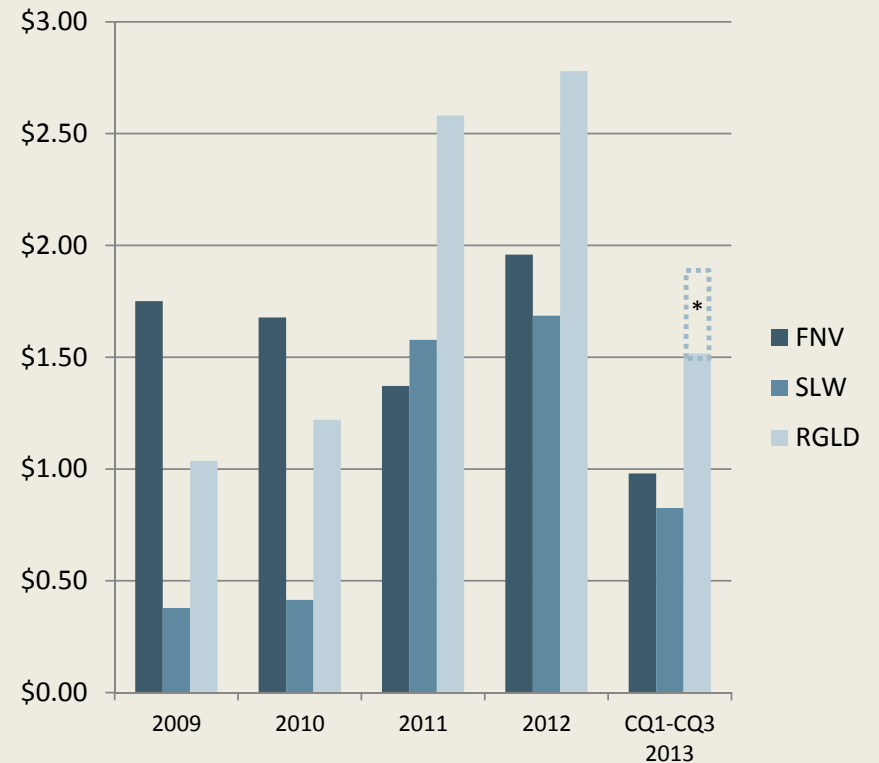


# Favorably Positioned

## RGLD Price to Book Value



## EBITDA Per Share



Calendar year reported EBITDA figures. Source: Ycharts

\*RGLD reported EBITDA of \$0.35/share, or \$0.70/share on an adjusted basis, for CQ4 2013.

# Royal Gold Summary

- **Embedded Growth**
  - Positioned to grow via Mt. Milligan
- **Financially Robust**
  - Mt. Milligan investment complete
  - EBITDA margin ~80-85% of revenue
  - Liquidity of \$1.1 billion
- **Attractive Market Environment**
  - Compelling alternative to challenging equity/debt markets
- **Favorably Positioned**
  - Current value at discount to historical levels
  - Strong EBITDA per Share





# APPENDIX

# Royalty vs Stream

## Royalty Financing



## Stream Financing

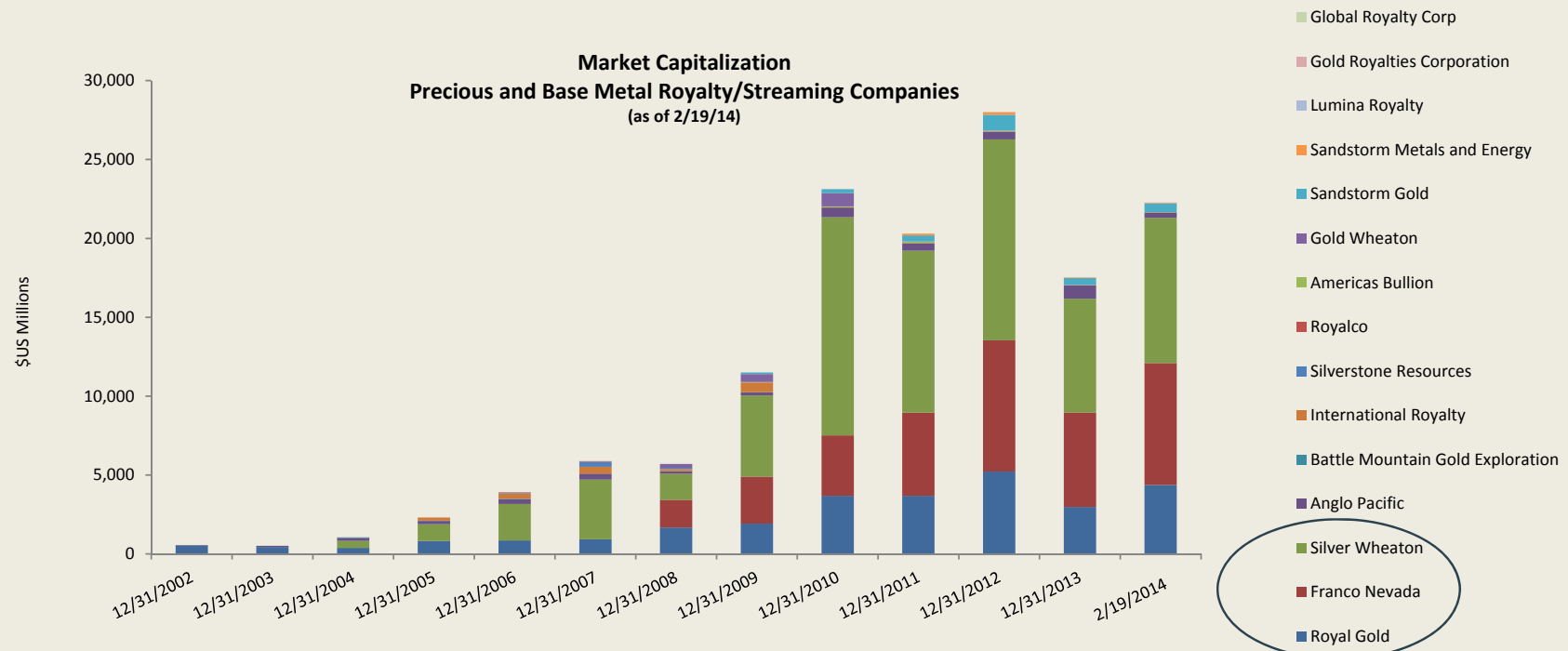


# Differences Between Royalties and Streams

	ROYALTY	STREAM
OWNER HOLDS RIGHT TO:	Receive a percentage of the production from a mine, usually over the LOM, often after deducting offsite refining and transportation charges	Purchase all, or percentage of the designated metal at a fixed or variable (% of spot) price over LOM or specified time period
NATURE OF CONTRACT:	May be considered an interest in mineral property and, depending on jurisdiction, run with the land	A contractual arrangement for the purchase and sale of refined metal
INITIAL PAYMENT AND ON-GOING COSTS:	<ul style="list-style-type: none"> <li>• One upfront payment</li> <li>• No additional costs</li> </ul>	<ul style="list-style-type: none"> <li>• One upfront payment and ongoing per ounce payments as metal is delivered</li> <li>• No additional costs besides per ounce payment unless contractually agreed</li> </ul>
CONSIDERATIONS:	<ul style="list-style-type: none"> <li>• Corporate structure and tax efficiency</li> <li>• Non-dilutive to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate structure and tax efficiency</li> <li>• Non-dilutive to shareholders</li> <li>• Often used on by-product metal production/base metal mines</li> </ul>

# Royalty/Streaming Sector

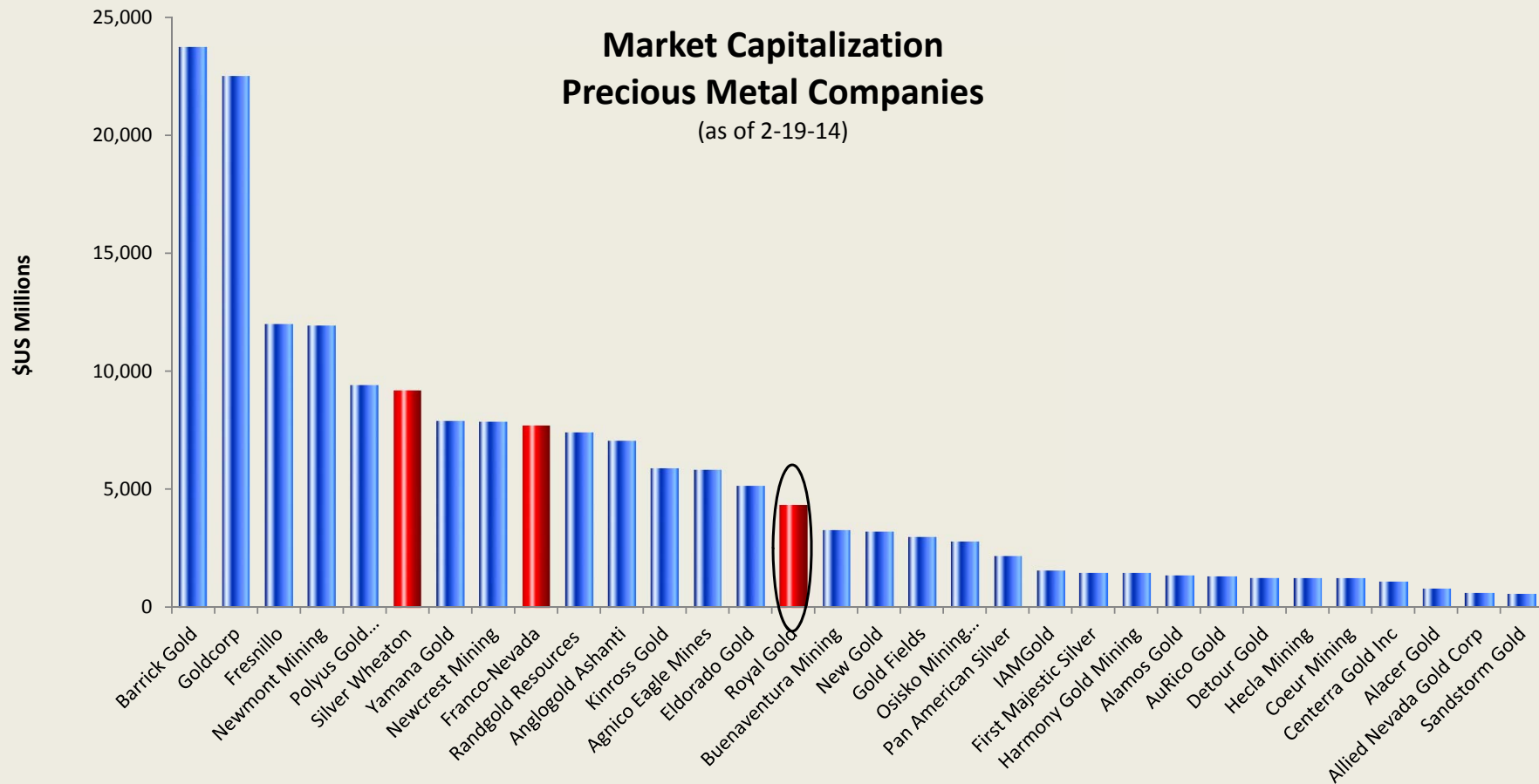
- Metal royalty model established by Royal Gold (1992) and Franco Nevada (1985)
- Silver Wheaton began metal streaming in 2004
- Business model success has attracted new companies
- Sector market capitalization ~US\$22.3B; dominated by three companies: Silver Wheaton, Franco Nevada and Royal Gold





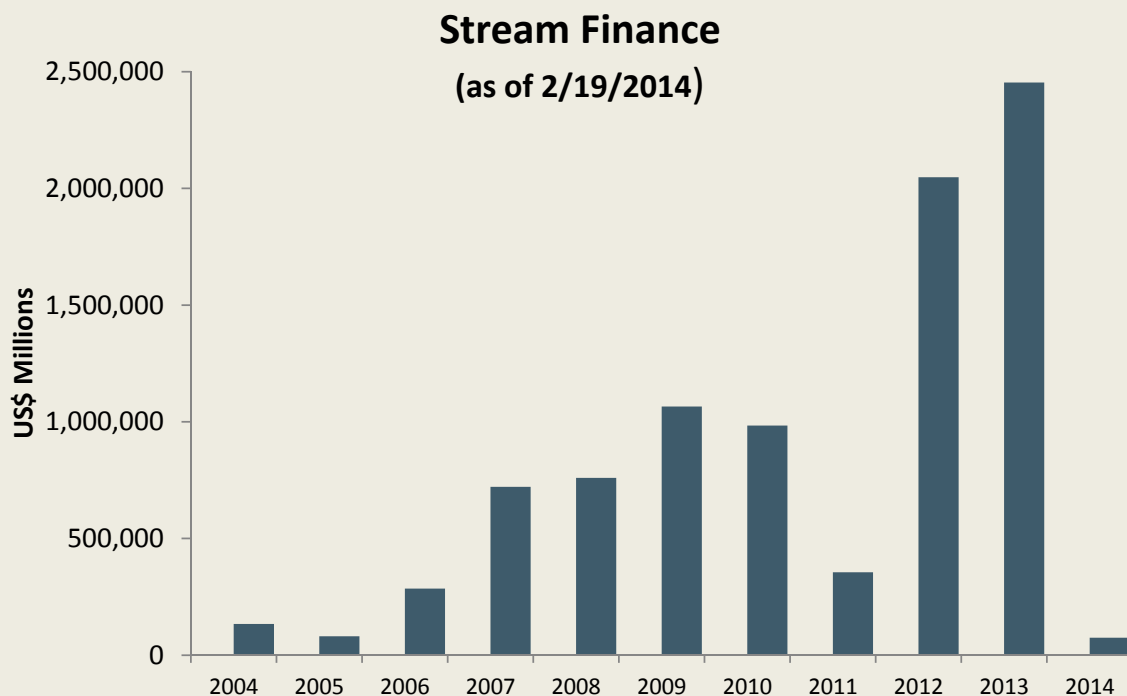
# Precious Metal Sector

- Three largest royalty/streaming companies are within the top fifteen precious metal companies



# Over US\$9B Deployed Over Past 10 Years in Royalty and Stream Finance

- Royal/stream finance is now a well known source of capital with nearly 70 transactions over past decade
- Streams can be used for project development, mergers and acquisitions, debt or hedge restructuring or other purposes



# Endnotes

Many of the matters in these endnotes and the accompanying slides constitute forward looking statements and are subject to numerous risks, which could cause actual results to differ. See complete Cautionary Statement on page 2.

## PAGE 3 ROYAL GOLD OVERVIEW

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

## PAGE 5 EMBEDDED GROWTH: FULLY INVESTED

1. Gold equivalent ounces for fiscal 2013 were calculated by dividing actual revenue by the average gold price of \$1,605 for fiscal 2013.
2. Net gold equivalent ounces are calculated by applying the Company's interests in production at each individual property, and considering the per ounce delivery payment associated with metal streams as a reduction to gross ounces.
3. Gold equivalent ounces for the future period were calculated by dividing future estimated revenue by the spot price of approximately \$1,350 on September 18, 2013.
4. As reported by the operator, net gold equivalent ounces at Mt. Milligan are based upon operator's estimated annual production rate of 262,100 ounces of gold for the first six years using a gold price of \$1,350 per ounce for conversion purposes of the delivery payment.
5. As reported by the operator, net gold equivalent ounces at Pascua-Lama are based upon operator's estimated annual production rate of 800,000 to 850,000 ounces of gold during the first five years. On October 31, 2013, Barrick

announced a temporary suspension of construction activities at Pascua-Lama, except for those required for environmental protection and regulatory compliance. It also stated that a restart decision will depend upon improved project economics such as go-forward costs, the outlook for metal prices, and reduced uncertainty associated with legal and other regulatory requirements.

## PAGE 6 EMBEDDED GROWTH: ROYAL GOLD GROWTH COMPARED WITH PEERS

1. Source for Franco-Nevada's growth forecast is their Investor Day Presentation, March 2013, Slide 57 (volume based on gold equivalent ounces at \$1,600/Au Eq Oz through 2017), plus additional volume from two recently announced transactions that will contribute to volume on or prior to 2017. Silver Wheaton's growth forecast is based upon their December 2013 updated presentation. Royal Gold's growth forecast is based upon growth above its FY2013 gold equivalent ounce production at \$1,650/oz. Future growth CAGR is a function of additional gold equivalent ounces from Mt. Milligan, based on future estimated annual production at a gold equivalent ounce basis of \$1,350 per ounce.
2. Pascua-Lama not included in the CAGR growth chart, since it is not expected to begin production within the 5-year timeframe.

## PAGE 7 EMBEDDED GROWTH: DEVELOPMENT CORNERSTONE PROPERTIES

1. 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 adjustment. Per Thompson Creek's National Instrument 43-101 technical report filed on SEDAR, under Thompson Creek's profile, on October 13, 2011.

2. Reserves as of October 23, 2009.
3. Estimated production of 262,000 ounces of gold annually during the first six years; 195,000 ounces of gold thereafter, per Thompson Creek's National Instrument 43-101 technical report filed on SEDAR, under Thompson Creek's profile, on October 13, 2011.
4. 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.
5. 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.

(continued next page)

# Endnotes (cont.)

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## PAGE 7 EMBEDDED GROWTH:

### DEVELOPMENT CORNERSTONE PROPERTIES

6. 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.
7. On October 31, 2013, Barrick announced a temporary suspension of construction activities at Pascua-Lama, except for those required for environmental protection and regulatory compliance. It also stated that a restart decision will depend upon improved project economics such as go-forward costs, the outlook for metal prices, and reduced uncertainty associated with legal and other regulatory requirements.
8. Based on Barrick's guidance of 800,000-850,000 oz of gold production during the first five years.

## PAGE 9 EMBEDDED GROWTH:

### PHOENIX STREAM AGREEMENT DETAILS

1. Royal Gold's purchase price per ounce will be 25% of the spot price at time of delivery, with the possibility that the percentage could fall as low as 19.6% if Rubicon's capital structure has certain levels of secured debt.

## PAGE 12 FINANCIALLY ROBUST:

### PRODUCING CORNERSTONE PROPERTIES

1. 75% of payable gold until 910,000 payable ounces; 50% thereafter. As of December 31, 2013, there have been approximately 197,000 cumulative payable ounces produced.
2. Reserves as of December 31, 2012, as reported by the operator.

3. Updated reserves and mine life per Goldcorp's technical report dated January 8, 2014.
4. Reserves also include 3.7 billion pounds of lead and 9.0 billion pounds of zinc. CY2013 production also included 147.9 million pounds of lead and 256.6 million pounds of zinc.
5. Per BoAML 2008 Vale Inco EIS.

## PAGE 13 FINANCIALLY ROBUST:

### CASH MARGIN BY OPERATING PROPERTY

1. Cash margin calculated by subtracting reported cash cost per unit of production from the average metal unit price over the same period.

## PAGE 15 FINANCIAL STRENGTH:

### STRONG BALANCE SHEET AND CASH FLOW IN AN ATTRACTIVE MARKET

1. \$50M commitment for the Tulsequah Chief project to be paid over the development period of the project.
2. \$75M commitment for the Phoenix project to be paid in five installments over the year.

## PAGE 16 ATTRACTIVE MARKET ENVIRONMENT

1. EY Metals/Mining Capital Review, 3Q 9Mo 2013.

## PAGE 17 ATTRACTIVE MARKET ENVIRONMENT:

### MULTIPLE INVESTMENT ENTRY POINTS

1. Source: Minerals Council of Australia "Life Cycle of a Mine," Royal Gold Estimates.
2. Source: Royal Gold estimates from reserve lives; includes both polymetallic deposits.

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