

SOLID STEADY SUCCESSFUL

2018 ANNUAL REPORT

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CORPORATE PROFILE

Royal Gold, Inc. acquires and manages precious metals stream and royalty interests, with a primary focus on gold. The Company's portfolio provides investors with a unique opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with mine operations.

Precious metal streams are purchase agreements with mine operators that provide, in exchange for a lump sum advance payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. A royalty is the right to receive a percentage of the metal produced from a mineral property. Existing royalties can be acquired outright from either a mineral resource company or a private party; new royalties can be created by providing capital to an operator or explorer in exchange for a royalty. Except for one joint venture property where we conduct exploration, we do not conduct work on the properties in which we hold stream and royalty interests, and we are not responsible for contributing to exploration, operating, environmental or capital costs on those properties.

Royal Gold owns a large portfolio of producing, development, evaluation and exploration stage streams and royalties located in some of the world's most prolific gold regions. Approximately 95% of our reserves and 88% of our fiscal 2018 revenue was derived from North America, the Dominican Republic and Chile.

With this high-quality portfolio, Royal Gold maintains upside potential through exploration successes by the operators and generally benefits when new reserves are discovered and produced. This successful business model generates strong cash flow and high margins with a lower cost structure, providing shareholders with a premium precious metals investment.

Royal Gold is based in Denver, Colorado, and is publicly traded on the NASDAQ Global Select Market, under the symbol "RGLD."

SELECTED FINANCIAL DATA¹

SELECTED STATEMENTS OF OPERATIONS DATA

	Fiscal Years Ended June 30,				
<i>(Amounts in thousands, except per share data)</i>	2018	2017	2016	2015	2014
Revenue	\$ 459,042	\$ 440,814	\$ 359,790	\$ 278,019	\$ 237,162
Net (loss) income attributable to Royal Gold common stockholders	\$ (113,134)	\$ 101,530	\$ (77,149)	\$ 51,965	\$ 62,641
Net (loss) income per share available to Royal Gold common stockholders:					
Basic	\$ (1.73)	\$ 1.55	\$ (1.18)	\$ 0.80	\$ 0.96
Diluted	\$ (1.73)	\$ 1.55	\$ (1.18)	\$ 0.80	\$ 0.96
Dividends declared per common share ²	\$ 0.99	\$ 0.95	\$ 0.91	\$ 0.87	\$ 0.83

SELECTED STATEMENTS OF CASH FLOWS DATA

	As of June 30,				
<i>(Amounts in millions)</i>	2018	2017	2016	2015	2014
Net cash from operating activities	\$ 328.82	\$ 266.85	\$ 169.31	\$ 192.10	\$ 147.20

SELECTED BALANCE SHEET DATA

	As of June 30,				
<i>(Amounts in thousands)</i>	2018	2017	2016	2015	2014
Stream and royalty interests, net	\$ 2,501,117	\$ 2,892,256	\$ 2,848,087	\$ 2,083,608	\$ 2,109,067
Total assets	\$ 2,682,016	\$ 3,094,065	\$ 3,069,729	\$ 2,914,474	\$ 2,882,316
Debt	\$ 351,027	\$ 586,170	\$ 600,685	\$ 313,869	\$ 302,632
Total liabilities	\$ 540,747	\$ 773,801	\$ 783,844	\$ 503,981	\$ 509,759
Total Royal Gold stockholders' equity	\$ 2,102,167	\$ 2,275,377	\$ 2,229,016	\$ 2,353,122	\$ 2,354,725

Footnotes

¹ Certain information, including the Company's audited financial statements, is contained in the Form 10-K.

² Dividends are paid on a calendar year basis and do not correspond with the fiscal year dividend amounts shown in the Selected Financial Data.

The 2018, 2017, 2016, 2015 and 2014 calendar year dividends were \$1.00, \$0.96, \$0.92, \$0.88 and \$0.84, respectively, as approved by our board of directors.

KEY ELEMENTS OF OUR BUSINESS STRATEGY:



BUSINESS MODEL: Royal Gold's stream and royalty business model provides investors with a diversified portfolio of 40 producing assets without incurring many of the costs and risks associated with mine operations.



CAPITAL DEPLOYMENT: Royal Gold maintains a strong balance sheet that allows us to opportunistically invest at favorable times in the price cycle, often when counterparties most need financing.



GOLD FOCUSED: 77% of Royal Gold's revenue in fiscal 2018 was generated from gold.



FINANCIAL FLEXIBILITY: Royal Gold's unique business model allows us to source our capital efficiently, with a preference to grow our business from free cash flow.

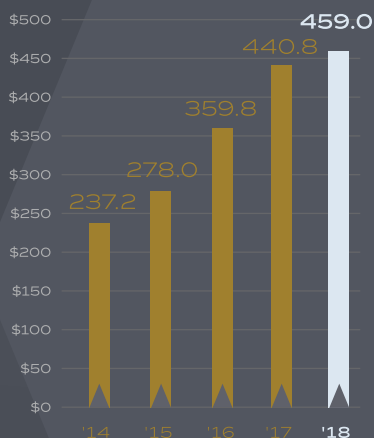


GROWTH: Royal Gold emphasizes investment in long lived assets that we believe will provide our shareholders resource to reserve conversion upside.



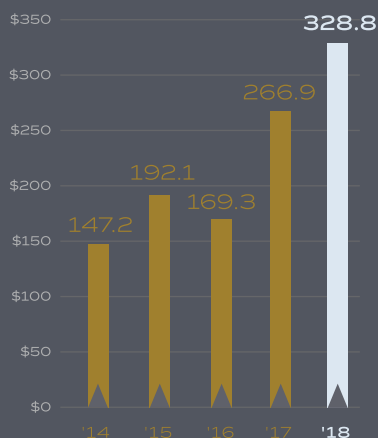
RETURN TO SHAREHOLDERS: Royal Gold concentrates on margin expansion by maintaining a lean cost structure, measures success on per share metrics and believes paying a sustainable and growing dividend is important.

FINANCIAL HIGHLIGHTS



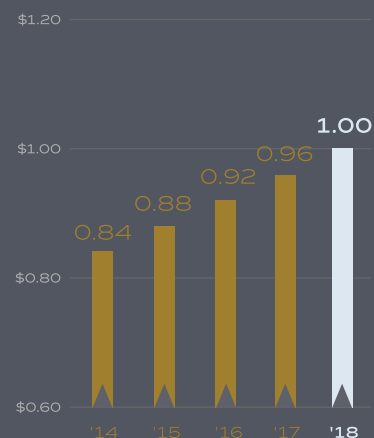
REVENUE

For the Fiscal Years Ended June 30 (\$ Millions)



OPERATING CASH FLOWS

For the Fiscal Years Ended June 30 (\$ Millions)



CALENDAR YEAR DIVIDENDS¹

(\$ per share)

Footnote

¹ Dividends are paid on a calendar year basis. The dividend for calendar year 2018 was \$1.00; the dividend paid during the fiscal year 2018 was \$0.99.

LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDER,

In fiscal 2018, investors confronted rising interest rates, global trade conflicts, tense periods of political instability, changes to the U.S. tax code and late cycle concerns about the future direction of U.S. equities. Nonetheless, the broader equity market continued to show strong performance and is nearing a record in longevity.

Most gold equities struggled under these conditions, while Royal Gold navigated this environment with a steady hand. We delivered solid, consistent financial performance resulting in a total shareholder return that beat the S&P 500, the price of gold and the gold equity indices even though the average gold price was relatively flat compared to the prior year. We achieved record cash flow, revenue, volume and dividends for the second consecutive year and delivered a total shareholder return of 20.2% in fiscal 2018.

Corporate earnings for U.S. companies (including Royal Gold) were impacted broadly by federal tax reform, as foreign income from prior years was subject to deemed repatriation and as deferred tax assets and liabilities were adjusted to comply with the new law. We simplified our business and reduced exchange rate volatility in our effective tax rate. Both events impacted earnings, as did an impairment of our Pascua-Lama interest. While the impairment reflects present project conditions, we continue to believe that Pascua-Lama, with 21 million ounces of resource¹ on a 100% basis, represents significant option value for Royal Gold shareholders.

We invested \$1.4 billion opportunistically in fiscal 2015 and 2016 to enhance our portfolio while helping our counterparties improve their balance sheets. We provided this capital out of cash on hand, cash flow and our credit facility. In fiscal 2018, we took advantage of a relatively quiet time on the business development front to pay down the balance of our credit



TONY JENSEN
President & CEO

WE ACHIEVED RECORD CASH FLOW,
REVENUE, VOLUME AND DIVIDENDS
FOR THE SECOND
CONSECUTIVE YEAR
AND DELIVERED A TOTAL
SHAREHOLDER RETURN
OF 20.2% IN FISCAL 2018.

¹ The U.S. Securities and Exchange Commission does not recognize the term "resource." "Resources" are not reserves under the SEC's regulations but are categorized under the securities law regulations of certain foreign jurisdictions in order of increasing geological confidence into "inferred resources," "indicated resources" and "measured resources." Investors are cautioned that resources cannot be classified as reserves unless and until it is demonstrated that they may be legally and economically extracted and produced and, as a result, they should not assume that all or any part of mineralized material in any of these categories will ever be converted into reserves.

facility, ending the year with \$1.1 billion of total liquidity. In the new year, we will build our net cash balance to position the company for the next investment cycle.

We continued to invest in the Peak Gold Joint Venture (“PGJV”) in Alaska. In addition to exploration activities, we commissioned a preliminary economic analysis to assess the current state of the project. These results will be available early in fiscal 2019, which should allow us to shift our focus to leveraging PGJV into value core to our business. In addition to investing in exploration and engineering at PGJV, we also acquired approximately 13.2% of the common stock of our joint venture partner, Contango ORE, Inc., to further increase our effective interest in PGJV.

Late in our fiscal year, Royal Gold also enhanced its position on Amarillo Gold’s Mara Rosa project in Brazil by purchasing a 1.75% royalty, which is in addition to a 1% NSR royalty previously acquired. Supporting our existing counterparties is an important strategy for developing projects within our portfolio of nearly 200 assets, 40 of which are in production.

IN FISCAL 2018, WE DEDICATED
19% OF OUR CASH FLOW
TO DIVIDENDS.

Our portfolio continues to grow organically. At Pueblo Viejo, Barrick is completing a pre-feasibility study to expand the processing facilities that has the potential to convert seven million ounces of gold resources into reserves on a 100% basis. At Peñasquito, Goldcorp is nearing completion of its Pyrite Leach project, which is expected to add one million ounces of gold and 44 million ounces of silver over its mine life. At Voisey’s Bay, Vale announced an intention to extend the mine life to 2034 through the development of an underground operation. At Cortez, Barrick continued stripping the Crossroads deposit, and after nearly three years of development they expect production from this deposit in mid-fiscal 2019. At Wassa, Golden Star more than doubled its inferred mineral resources to 5.2 million ounces, paving the way for potential production increases. And finally, we expect larger contributions in the future from both Mount Milligan and Rainy River as those production teams work through issues unique to each operation.

Stream and royalty financing have proven to be highly flexible. The mineral industry capital needs have shifted from the days of balance sheet restructuring. Operators looking to capitalize new investments today have relatively weak corporate currency and limited access to the traditional staple of equity capital. And with one-year LIBOR rates increasing approximately 60% during the fiscal year, the cost of debt is rising quickly as well. We believe Royal Gold’s stream and royalty financing products will be an important source of capital for operators in this new environment.

Royal Gold manages its business differently than many other gold equities. We focus on:

- **Gold** – 77% of our revenue was generated in gold in fiscal 2018, 9% in silver, 11% in copper and 3% in other minerals.
- **Reinvesting Free Cash Flow** – Royal Gold has not issued equity since 2012, while our cash from operations has increased 103% since our last issuance.
- **Disciplined Capital Allocation** – Our investments are often countercyclical, which requires us to have patience at the top of market cycles and to have a strong balance sheet at the bottom.
- **Growing and Sustainable Dividends** – We have paid a dividend since 2000 and have increased it in each of the last 18 years for a compounded annual growth rate of 19%. In fiscal 2018, we dedicated 19% of our cash flow to dividends.
- **Shareholder Return** – We set out to be the most valuable company in the precious metals sector, not necessarily the largest, by growing accretively out of cash flow to the greatest extent possible. As a result, Royal Gold has the lowest share count and one of the highest valuations of any company in the GDx – VanEck Vectors Gold Miners ETF.

I will take this opportunity to thank Craig Haase for his 10 years of service to Royal Gold as a director on our board. Craig retired in fiscal 2018 and was instrumental to the success of Royal Gold during his tenure with the company as well as the stream and royalty business in general over his career.

ROYAL GOLD HAS THE
**LOWEST SHARE COUNT
AND ONE OF THE
HIGHEST VALUATIONS
OF ANY COMPANY IN THE GDx**

Royal Gold has never been stronger and is well-positioned with portfolio scale, organic growth opportunities and strong cash flow building for new investment opportunities. It is a privilege to represent the company, and on behalf of our employees, we thank you for your support. We will continue managing our company to pursue best in class total shareholder return.

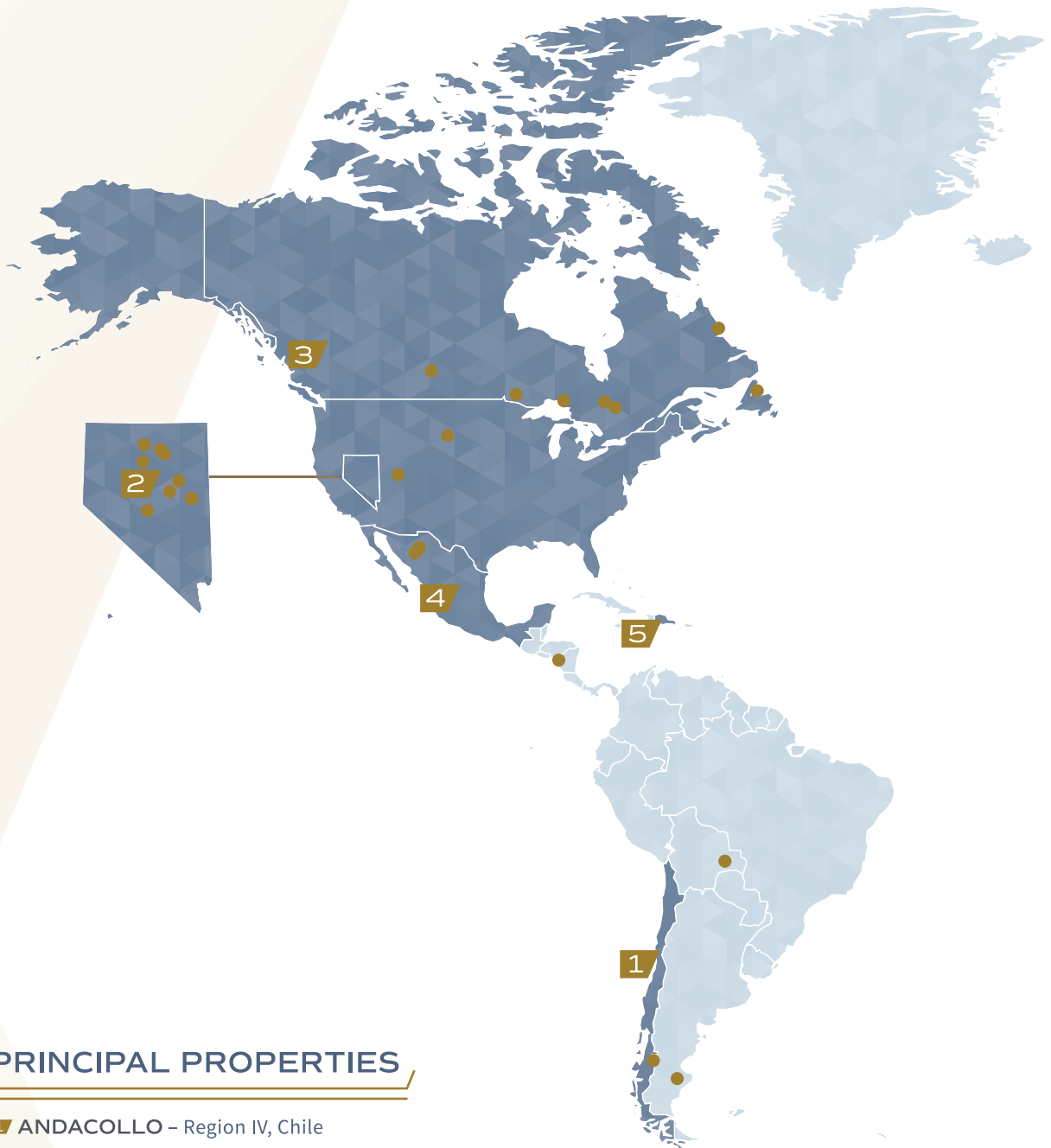
Sincerely,



TONYA. JENSEN

President and Chief Executive Officer

PORTFOLIO MAP



PRINCIPAL PROPERTIES

- 1 ANDACOLLO – Region IV, Chile
- 2 CORTEZ – Nevada, USA
- 3 MOUNT MILLIGAN – British Columbia, Canada
- 4 PEÑASQUITO – Zacatecas, Mexico
- 5 PUEBLO VIEJO – Sanchez Ramirez, Dominican Republic
- 6 WASSA AND PRESTEA – Western Region, Ghana

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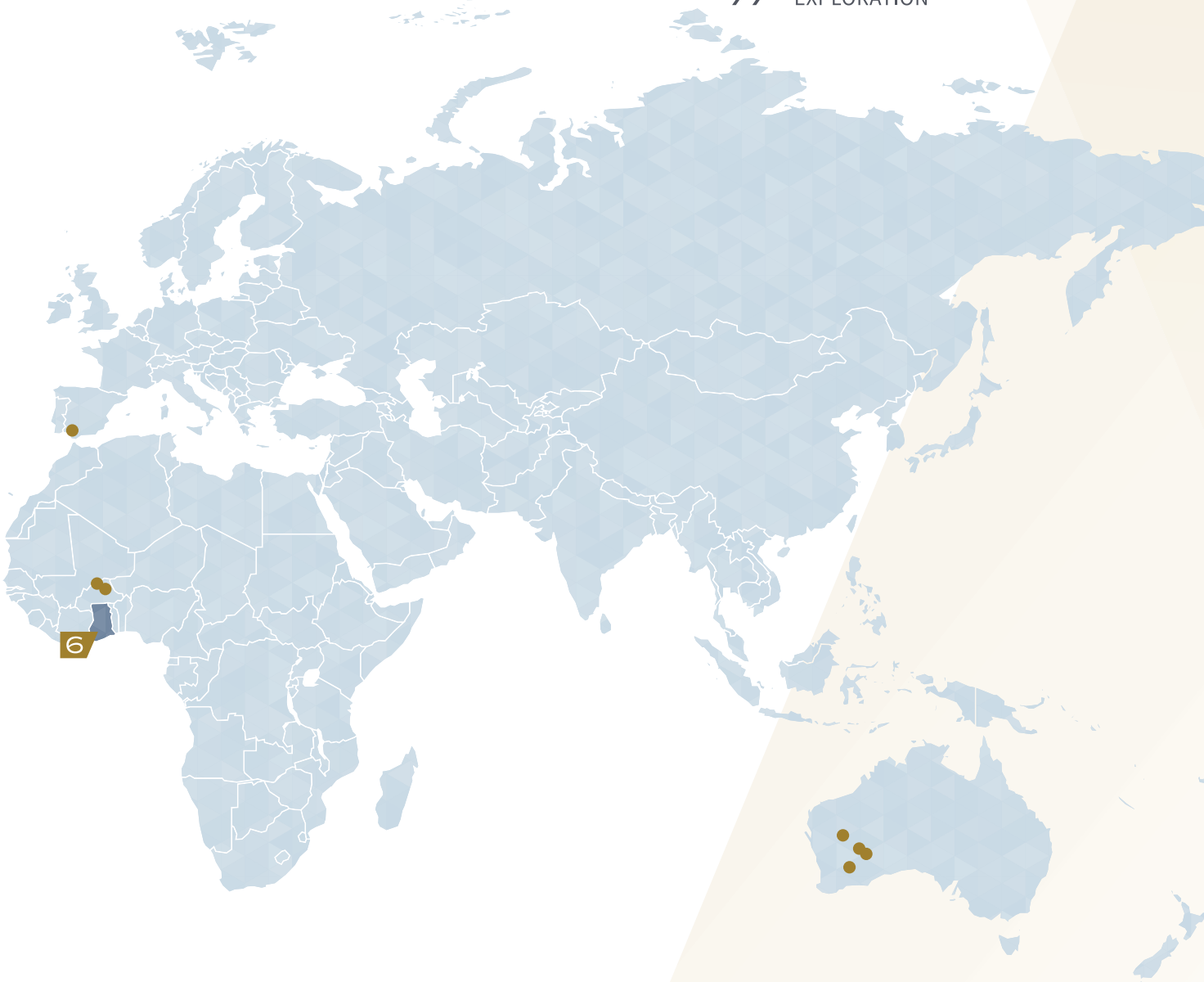
PROPERTIES

40 PRODUCING ●

18 DEVELOPMENT

56 EVALUATION

77 EXPLORATION



PRINCIPAL PRODUCING PROPERTIES^{1,2}

APPROXIMATELY
76% OF ROYAL GOLD'S
FISCAL 2018 REVENUE
DERIVED FROM OUR PRINCIPAL
PRODUCING PROPERTIES.

This includes Mount Milligan, Andacollo, Pueblo Viejo, Wassa and Prestea, Peñasquito and Cortez.

Our principal properties are located in some of the world's most prolific gold regions and are further distinguished by their long mine lives, strong production profiles, impressive unit economics and resource to reserve conversion potential. On average, our principal properties have over 15 years of remaining reserve life.

We have optionality at our producing properties through the operators' innovation, capital and exploration, including Goldcorp's Peñasquito Pyrite Leach Project which is expected to add between 100,000 and 140,000 ounces of gold and between four and six million ounces of silver annually starting in calendar 2019; the prefeasibility level studies for a plant expansion at Pueblo Viejo that would increase throughput by 50% to 12 million tonnes per year, allowing the mine to maintain average annual gold production of 800,000 ounces after 2022 and has the potential to move roughly seven million ounces of gold to reserves; and the start of mining at the Cortez Crossroads deposit, which contains 3.2 million ounces of gold, in late calendar 2018.

¹ Certain information has been provided to the Company by the operators of these properties or is publicly available and filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. The Company has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of such third-party information, and refers readers to the public reports filed by the operators for information regarding these properties.

² Metal prices for the reserve figures can be found on page 20, footnote number 3.





MOUNT MILLIGAN

BRITISH COLUMBIA,
CANADA

FY2018 REVENUE:
\$133.534M

FY2018 SALES:
77,700 oz gold
10.353M lbs copper

RESERVES:¹
5.216M oz gold
1.955B lbs copper

Royal Gold’s wholly-owned subsidiary, RGLD Gold AG (“RGLD Gold”), owns the right to purchase 35% of the payable gold and 18.75% of the payable copper produced from the Mount Milligan project. The purchase price for gold delivered is the lesser of \$435 per ounce, or the prevailing market price two days prior to delivery to RGLD Gold. The purchase price for copper is 15% of the spot price per metric tonne two days prior to delivery to RGLD Gold. Payable gold is calculated by multiplying 97% times contained gold in concentrate. Payable copper is calculated by multiplying 95% times contained copper in concentrate or the actual payable copper percentage received by Centerra Gold Inc. (“Centerra”), whichever is greater. As of June 30, 2018, approximately 388,200 ounces of payable gold and 12.921 million pounds of copper have been delivered to RGLD Gold.

Mount Milligan is an open-pit copper-gold mine operated by a subsidiary of Centerra, located in central British Columbia, Canada.

Production Status: Gold stream deliveries from Mount Milligan were approximately 78,000 ounces during our fiscal year 2018, compared to approximately 96,000 ounces of gold during our fiscal year 2017. The decrease was primarily due to the change in the gold stream rate from 52.25% to 35%. RGLD Gold began receiving gold deliveries reflecting the lower stream percentage in April 2017. The decrease was also partially a result of the mill processing operations at the mine being temporarily suspended for 39 days beginning on December 27, 2017, due to insufficient water.

Copper stream deliveries from Mount Milligan were approximately 10.353 million pounds of copper during our fiscal year 2018, compared to approximately 2.568 million pounds during our fiscal year 2017. Copper stream deliveries began during our June 2017 quarter.

Centerra reported on August 1, 2018, that Mount Milligan continues to face potential limitations due to water supply, a situation exacerbated by minimal inflow from snow melt and less than expected precipitation experienced in calendar 2018. Centerra announced they filed for an amendment to their environmental assessment certificate to provide additional short-term water sources through 2020, and to initiate the development of a longer-term water supply plan for subsequent years.

According to Centerra, if regulatory approvals to access water sources are not received, the Mount Milligan mill would operate only one ball mill to conserve water and throughput would be reduced for the December 2018 quarter. In addition, throughput in the September 2018 quarter will be reduced as a result of a ten-day unscheduled shutdown in July 2018, of the primary crusher for maintenance and a scheduled five-day maintenance shutdown in September 2018. Considering these factors, Centerra reduced their calendar 2018 production guidance at Mount Milligan to between 175,000 and 195,000 payable ounces of gold and 40 and 47 million payable pounds of copper.

¹ Reserves as of December 31, 2017.



PUEBLO VIEJO

FY2018 REVENUE:
\$95.055M

FY2018 SALES:
49,200 oz gold
1.883M oz silver

RESERVES:¹
7.224M oz gold
45.521M oz silver

SANCHEZ RAMIREZ,
 DOMINICAN REPUBLIC

RGLD Gold owns the right to purchase 7.5% of Barrick’s 60% interest in payable gold produced from the Pueblo Viejo mine until 990,000 ounces have been delivered; 3.75% thereafter. The purchase price for gold ounces delivered is 30% of the spot price until 550,000 ounces have been delivered; 60% thereafter. Payable gold is calculated by multiplying 99.9% times contained gold in doré. As of June 30, 2018, approximately 140,200 ounces of payable gold have been delivered to RGLD Gold.

RGLD Gold also owns the right to purchase 75% of Barrick’s 60% interest in the payable silver produced from the Pueblo Viejo mine until 50 million ounces of payable silver have been delivered; 37.5% thereafter. The purchase price for silver ounces delivered is 30% of the spot price until 23.1 million ounces have been delivered; 60% thereafter. Silver deliveries are based on a fixed 70% recovery rate. Payable silver is calculated by multiplying 99.0% times the adjusted recovered silver amount. As of June 30, 2017, approximately 4.20 million ounces of payable silver have been delivered to RGLD Gold.

Pueblo Viejo is an open-pit mine owned by a joint venture in which Barrick holds 60% interest and is responsible for operations. Goldcorp holds the remaining 40% interest. The mine is located in the central part of the Dominican Republic on the Caribbean island of Hispaniola.

Production Status: Gold stream deliveries from Pueblo Viejo were approximately 45,500 ounces of gold during our fiscal year 2018, compared to approximately 52,600 ounces of gold

during our fiscal year 2017. The decrease was due to a lower average gold grade, partially offset by higher throughput.

Silver stream deliveries were approximately 1.887 million ounces of silver during our fiscal year 2018, compared to approximately 1.776 million ounces of silver during our fiscal year 2017. The increase was due to higher throughput and higher average silver grade.

Barrick remains on track to meet their calendar year 2018 guidance at Pueblo Viejo of between 585,000 and 615,000 ounces of gold, attributable to their 60% interest.

Barrick is advancing prefeasibility level studies for a plant expansion at Pueblo Viejo that would increase throughput by 50% to 12 million tonnes per year, allowing the mine to maintain average annual gold production of 800,000 ounces after 2022 (on 100% basis). The project involves the addition of a pre-oxidation heap leach pad with a capacity of eight million tonnes per year, a new mill and flotation concentrator with a capacity of four million tonnes per year, and additional tailings capacity. The project has the potential to convert roughly seven million ounces of mineralized material to proven and probable reserves (on 100% basis). In support of the prefeasibility study, Barrick completed the construction of a pilot pre-oxidation heap leach pad to test metallurgy and recoveries and is now irrigating ore. Civil works for the pilot flotation circuit have also commenced, and a tender process for structural, mechanical, and electrical contracts is now underway.

¹ Reserves as of December 31, 2017.



ANDACOLLO

**REGION IV,
CHILE**

**FY2018 REVENUE:
\$57.413M**

**FY2018 SALES:
44,400 oz gold**

**RESERVES:¹
1.212M oz gold**

RGLD Gold owns the right to purchase 100% of payable gold until 900,000 ounces have been delivered; 50% thereafter. The purchase price for gold ounces delivered is 15% of the monthly average gold price for the month preceding the delivery date. Payable gold is calculated by multiplying 89% times contained gold in concentrate. As of June 30, 2018, approximately 141,300 ounces of payable gold have been delivered to RGLD Gold.

Andacollo is an open-pit copper mine and milling operation operated by a subsidiary of Teck Resources Limited (“Teck”). Gold is produced as a by-product of copper production. The mine is located in Coquimbo Province, Region IV, Chile, adjacent to the town of Andacollo.

Production Status: Stream deliveries from Andacollo were 51,700 ounces of gold during our fiscal year 2018, compared to approximately 47,900 ounces of gold during our fiscal year 2017. Teck indicated that they expect gradually declining grades to be offset largely by planned throughput improvements in the mill. The current life of mine for Andacollo is expected to continue until 2035. Additional permitting or amendments to existing permits will be required to execute the life of mine plan.

¹ Reserves as of December 31, 2017.



WASSA AND PRESTEA

FY2018 REVENUE:
\$29.805M

FY2018 SALES:
23,000 oz gold

RESERVES:¹
1.693M oz gold

**WESTERN REGION,
 GHANA**

RGLD Gold owns the right to purchase 10.50% of the gold produced from the Wassa and Prestea projects. The purchase price for gold ounces delivered is 20% of the spot price until 240,000 ounces have been delivered, and thereafter the stream percentage decreases to 5.5% of gold produced at a purchase price equal to 30% of the spot price. Payable gold is calculated by multiplying 99.5% times contained gold in doré. As of June 30, 2018, approximately 67,300 ounces of payable gold have been delivered to RGLD Gold.

The Wassa and Prestea mines are operated by Golden Star Resources Ltd. (“Golden Star”). Wassa underground mine and oxide ore mill are located in the Wassa East District, in the Western Region, Ghana. Prestea open pits, underground mine and oxide mill are located in the central eastern section of the Western Region, Ghana.

Production Status: Stream deliveries from Wassa and Prestea were approximately 25,900 ounces of gold during our fiscal year 2018, compared to approximately 19,900 ounces of gold during our fiscal year 2017. Golden Star reported that the increase in production during the current period was primarily due to improved grade and tonnes at the Wassa underground mine. As of February 1, 2018, Wassa became an underground-only mining operation, however, stockpiled ore continued to be processed throughout the current period. At Prestea, Golden Star announced production decreased during the current period primarily due to the planned reduction from the Prestea open-pits and the slower than expected ramp-up at the Prestea underground mine.

Golden Star indicated that they remain on track to achieve their consolidated calendar year 2018 production guidance of between 230,000 and 255,00 ounces of gold, and that they expect production to be weighted to the second half of calendar 2018.

¹ Reserves as of December 31, 2017.



PEÑASQUITO

ZACATECAS,
MEXICO

FY2018 REVENUE:
\$25.886M

FY2018 PRODUCTION:¹
375,800 oz gold
20.886M oz silver
122.152M lbs lead
348.485M lbs zinc

RESERVES:²
8.950M oz gold
545.560M oz silver
3.560B lbs lead
7.710B lbs zinc

Royal Gold owns a 2.0% NSR royalty on all metals at the Peñasquito mine. The open-pit mine, composed of two main deposits, Peñasco and Chile Colorado, hosts one of the world's largest gold, silver, and zinc reserves, while also containing large lead reserves. Peñasquito is operated by a subsidiary of Goldcorp Inc. ("Goldcorp") and is situated in the western half of the Concepción Del Oro district in the northeast corner of Zacatecas State, Mexico.

Production Status: Gold production attributable to our royalty interest at Peñasquito decreased approximately 32% during our fiscal year 2018, when compared to our fiscal year 2017, as a result of Goldcorp's planned transition from the higher-grade area of the Peñasco pit to lower grade ore and stockpiled material during the current period. Zinc production attributable to our royalty interest increased approximately 10% during our fiscal year 2018, when compared to our fiscal year 2017, while silver and lead production were in line with the prior year.

Goldcorp provided production guidance for calendar 2018 of 310,000 ounces of gold, 300 million pounds of zinc and 160 million pounds of lead.

Goldcorp reported the Peñasquito Pyrite Leach project ("PLP") completed construction with commissioning further

accelerated to the September 2018 quarter, and that the first gold is expected in the December 2018 quarter, two quarters ahead of schedule. Goldcorp further reported at the end of the June 2018 quarter that pre-commissioning activities were 45% complete, and water testing was ongoing on an area and systems basis. During the June 2018 quarter, construction of the Carbon Pre-flotation component of the PLP was completed. This will allow Peñasquito to process ore previously considered uneconomic, including significant amounts already in stockpiles.

With the commissioning schedule of the PLP accelerated into the September 2018 quarter, Goldcorp modified the production plan for the September 2018 quarter with lower than planned mill throughput and low mill head grades, exclusively from the surface stockpile, to accommodate the commissioning of a new major circuit, which is the preferred material to be processing during the commissioning phase where lower recoveries are expected. A resequencing to higher grades and mill tonnage in the December 2018 quarter, subsequent to the commissioning, is expected to allow the mine to meet its full year gold production objectives. Mining activities will transition to the newly developed Chile Colorado pit in late calendar 2018 and into the higher-grade ore in Phase 6D in calendar 2019 in the Peñasco pit.

¹ Reported production for FY2018 relates to the amount of metal sales subject to our royalty interests as reported to us by the operator.

² Reserves as of June 30, 2017.



CORTEZ

FY2018 REVENUE:
\$8.155M

FY2018 PRODUCTION:¹
77,700 oz gold

RESERVES:^{2,3}
4.181M oz gold

NEVADA,
UNITED STATES

Royal Gold holds multiple royalties at Cortez owned and operated by a subsidiary of Barrick. Royal Gold's royalty interests include the following royalties:

- GSR1 – sliding-scale GSR royalty tied to the price of gold, at a gold price of \$470 per ounce and higher, the royalty rate is 5%
- GSR 2 – sliding-scale GSR royalty tied to the price of gold, at a gold price of \$470 per ounce and higher, the royalty rate is 5%
- GSR3 – fixed-rate GSR royalty of 0.7125%
- NVR1 – fixed-rate NVR royalty of 4.91%
- NVR1C – fixed-rate NVR royalty of 4.52%

Cortez is a large open-pit and underground mine, utilizing mill and heap leach processing. High grade refractory ores are trucked to Barrick's Goldstrike operation for processing. Our royalty interest at Cortez applies to the Pipeline, South Pipeline, Gap and Crossroads deposits.

Production Status: Production attributable to our royalty interest at Cortez increased approximately 21% during our fiscal year 2018, when compared to the prior fiscal year. Waste stripping at Crossroads, which is subject to our NVR1C and GSR2 royalty interests is currently ongoing. Production from Crossroads, which contains 3.2 million ounces of gold, is expected to begin in late calendar 2018.

¹ Reported production relates to the amount of metal sales that are subject to our royalty interests for the fiscal year ended June 30, 2018, as reported to us by the operator.

² Reserves as of December 31, 2017.

³ Subject to our royalties at Cortez.

PRODUCING PROPERTIES



PROPERTY	LOCATION	OPERATOR	ROYALTY/METAL STREAM ¹ (GOLD UNLESS OTHERWISE STATED)	RESERVES ^{2,3,4,5,6} (CONTAINED OZ OR LBS) M ⁷	METAL	REVENUE FY2018 (\$M)
ARGENTINA						
DON NICOLAS	Santa Cruz	Compañía Inversora en Minas	2.0% NSR (gold, silver)	0.196 0.401	Au Ag	0.168
AUSTRALIA						
GWALIA DEEPS	W. Australia	St Barbara	1.5% NSR	2.439	Au	5.270
MEEKATHARRA - NANNINE	W. Australia	Westgold Resources	1.5% NSR	0.002	Au	- ⁸
MEEKATHARRA - PADDY'S FLAT	W. Australia	Westgold Resources	1.5% NSR AU\$10 per ounce produced ⁹	0.409	Au	1.935
MEEKATHARRA - REEDYS	W. Australia	Westgold Resources	1.5% to 2.5% NSR ¹⁰ 1.0% NSR ¹⁰ 1.5% NSR	0.058	Au	0.738
MEEKATHARRA - YALOGINDA	W. Australia	Westgold Resources	0.45% NSR	0.105	Au	0.017
SOUTH LAVERTON	W. Australia	Saracen	1.5% NSR; \$6.00/oz ¹¹	1.210	Au	3.947
SOUTHERN CROSS	W. Australia	Shandong Tianye	1.5% NSR	0.959	Au	1.695
BOLIVIA						
DON MARIO	Chiquitos	Orvana	3.0% NSR (gold, silver and copper)	0.074 0.075 3.745	Au Ag Cu	2.102
BURKINA FASO						
TAPARKO	Namantenga	Nord Gold	2.0% GSR; 0.75% GSR (milling royalty) ¹²	0.483	Au	2.098
INATA	Soum	Balaji Group	2.5% NSR	0.340	Au	- ¹³
CANADA						
MOUNT MILLIGAN	British Columbia	Centerra Gold	35% of gold produced ¹⁴ 18.75% of copper produced ¹⁴	5.216 1955.000 688.195	Au Cu Cu	133.534
VOISEY'S BAY	Labrador	Vale	2.7% NSR (copper, nickel and cobalt)	1521.586 92.859	Ni Co	1.396 ¹⁵
RAMBLER NORTH	Newfoundland	Rambler Metals and Mining	1.0% NSR (gold, silver, copper and zinc)	N.A.		0.138
HOLT	Ontario	Kirkland Lake	0.00013 x Au price (NSR)	0.570	Au	11.033
RAINY RIVER	Ontario	New Gold	6.5% of gold produced ¹⁶ 60% of silver produced ¹⁶	4.418 12.775	Au Ag	8.710
WILLIAMS	Ontario	Barrick	0.72% NSR and 0.25% NSR	1.068	Au	1.821
CANADIAN MALARTIC	Quebec	Yamana/ Agnico-Eagle	1.0% to 1.5% NSR ¹⁷	2.191	Au	8.380
ALLAN	Saskatchewan	Potash Corporation of Saskatchewan	\$0.36 to \$1.44 and \$0.25 per ton (potash) ¹⁸	N.A.		1.454
CHILE						
ANDACOLLO	Region IV	Teck	100% of gold produced ¹⁹	1.212 0.105	Au Au	57.413
EL TOQUI	Region XI	Laguna Gold	0% to 3.0% NSR (gold, silver, lead and zinc) ²⁰	1.367 27.635 336.480	Ag Pb Zn	0.473
DOMINICAN REPUBLIC						
PUEBLO VIEJO	Sanchez Ramirez	Barrick/Goldcorp	7.5% of gold produced ²⁵ 75% of silver produced ²⁵	7.224 45,521	Au Ag	95.055
GHANA						
WASSA AND PRESTEA	Western Region	Golden Star	10.5% of payable gold ²¹	1.693	Au	29.805
MEXICO						
DOLORES	Chihuahua	Pan American	2.0% NSR and 1.25% NSR (gold) 2.0% NSR (silver)	1.401 46.100	Au Ag	6.703
MULATOS	Sonora	Alamos	1.0% to 5.0% NSR ²²	0.185 8.950	Au ²³ Au ²⁴	10.370
PEÑASQUITO	Zacatecas	Goldcorp	2.0% NSR (gold, silver, lead and zinc)	545.560 3560.010 7710.370	Ag ²⁴ Pb ²⁴ Zn ²⁴	25.886
NICARAGUA						
EL LIMON	El Limon	B2Gold	3.0% NSR	0.110	Au	1.811
SPAIN						
LAS CRUCES	Andalucia	First Quantum Minerals	1.5% NSR (copper) ²⁶	431.202	Cu	7.434
UNITED STATES						
BALD MOUNTAIN	Nevada	Kinross	1.75% to 2.5% NSR ²⁷ GSR1: 0.40% to 5.0% GSR ²⁸ GSR2: 0.40% to 5.0% GSR ²⁸	0.436 0.737 3.444	Au Au Au	4.724
CORTEZ	Nevada	Barrick	GSR3: 0.71% GSR NVR1: 4.91% NVR NVR1C: 4.52% NVR ³⁰	1.008 0.733 3.173	Au ²⁹ Au ²⁹ Au ²⁹	8.155
GOLD HILL	Nevada	Kinross	1.0% to 2.0% NSR (gold and silver) ^{31,32}	0.080 1.230	Au Ag	1.299
GOLDSTRIKE (SJ CLAIMS)	Nevada	Barrick	0.6% to 0.95 NSR (M-ACE) ³³	N.A.		
LEEVILLE	Nevada	Newmont	0.9% NSR	2.828	Au	3.254
MARIGOLD	Nevada	SSR Mining	1.8% NSR	0.809	Au	3.206
ROBINSON	Nevada	KGHM	2.0% NSR	1.790	Au	4.645
RUBY HILL	Nevada	Waterton Precious Metals	3.0% NSR (gold and copper)	0.413 692.343	Au Cu	10.165
TWIN CREEKS	Nevada	Newmont	3.0% NSR	0.024	Au	0.167
WHARF	Nevada	Newmont	2.0% GPR	0.052	Au	0.058
SKYLINE	South Dakota	Coeur Mining	0.0% to 2.0% NSR ³⁴	0.842	Au	2.285
SKYLINE	Utah	Bowie Resources	1.41% GV (coal)	N.A.	Coal	1.095


*One oil and gas royalty is not included.

DEVELOPMENT PROPERTIES

PROPERTY	LOCATION	OPERATOR	ROYALTY/METAL STREAM ¹ (GOLD UNLESS OTHERWISE STATED)	RESERVES ^{2,3,4,5,6} (CONTAINED OZ OR LBS) M ⁷	METAL
 AUSTRALIA					
BALCOOMA	Queensland	Consolidated Tin	1.5% NSR	0.001 0.380 32.466 7.879 29.274	Au Ag Cu Pb Zn
JAGUAR NICKEL	W. Australia	CopperChem	1.5% NSR	0.010 3.000 11.023 165.347	Au Ag Cu Zn
KING OF THE HILLS	W. Australia	Red 5 Limited	1.5% NSR	0.091	Au
KUNDIP	W. Australia	ACH Minerals	1.0% to 1.5% GV ⁸	0.307	Au
ULYSSES	W. Australia	Genesis Minerals	1.5% NSR	0.010	Au
RED DAM	W. Australia	Evolution Mining	2.5% GSR 2.5% NSR	0.111 0	Au Ag
 BRAZIL					
MARA ROSA	Goiás	Amarillo Gold	1.0% NSR and 1.75% NSR	0.998	Au
 CANADA					
BELCOURT	British Columbia	Anglo American	0.103% GV (coal)	N.A.	Coal
KUTCHO CREEK	British Columbia	Kutcho Copper Corp	2.0% NSR (gold, silver, copper and zinc)	0.124 11.618 462.678 734.300	Au Ag Cu Zn
SCHAFT CREEK	British Columbia	Copper Fox/ Teck Resources	3.5% NPI (gold, silver, copper and molybdenum)	5.775 51.895 5630.715 373.340	Au Ag Cu Mo
PINE COVE	Newfoundland	Anaconda Mining	7.5% NPI ⁹	0.036	Au
BACK RIVER	Nunavut	Sabina Gold & Silver	George Lake: 2.35% GSR ¹⁰ Goose Lake: 1.95% GSR ¹¹	0 2.503	Au Au
LARONDE ZONE 5	Quebec	Agnico Eagle	2.0% NSR	0.401	Au
 CHILE					
LA FORTUNA	Region III	Goldcorp	1.4% NSR (gold, copper) ¹²	2.674 1959,099	Au Cu
 MACEDONIA					
ILOVICA	Bosilovo	Euromax Resources	25% payable gold ¹³	2.010	Au
 NICARAGUA					
LA INDIA	Leon	Condor Gold	3.0% NSR	0.675 1.185	Au Ag
 UNITED STATES					
HASBROUCK MOUNTAIN	Nevada	West Kirkland Mining/ Clover Nevada	1.5% NSR	0.588 10.569	Au Ag
PINSON	Nevada	Waterton Precious Metals Fund	3.0% NSR – Cordilleran ¹⁴ 2.94% NSR – Rayrock ¹⁵	0.483	Au

EVALUATION PROPERTIES¹

PROPERTY	OWNERSHIP	ROYALTY RATE
 ARGENTINA		
CHISPAS	Compañía Inversora en Minas	2.0% NSR
MARTHA	Hunt Mining	2.0% NSR
 AUSTRALIA		
AVEBURY	Dundas Mining	2.0% NSR
BELL CREEK	Australian Mines	AUD\$1.00 to AUD\$2.00/tonne ²
BELLEVUE	Golden Spur	2.0% NSR
BURNAKURA	Monument Mining	1.5% to 2.5% NSR ³
CELTIC/WONDER NORTH	Bligh Resources	1.5% NSR
CHERITONS FIND	Hanking Gold Mining	1.5% NSR
CHUNDERLOO	Auris Minerals	0.75% NSR
EDNA MAY	Ramelius Resources	0.5% GSR
MEEKATHARRA - SABBATH	Westgold Resources	AUD\$1.00/tonne ⁴
MT. FISHER	Rox Resources	AUD\$5.00/oz ⁵
MT. GOODE (COSMOS)	Western Areas	1.5% NSR (nickel)
NORTH WELL CHILKOOT	Saracen	2.5% to 4.0% GV ⁶
PADDINGTON	Zijin Mining Group	1.75% NSR
PHILLIPS FIND	Barra Resources	AUD\$10.00/oz ⁷
PINNACLES	Nexus/Saracen	1.5% NSR
QUINNS AUSTIN	CNN Investments	1.5% NSR
RED OCTOBER	Matsa Resources	1.5% NSR
TEMORA	Sandfire Resources	12.5% NPI
VAN UDEN GOLD DEPOSIT	MH Gold/St Barbara	1.5% NSR
WEMBLEY DURACK	Aragon Resources	1.0% NSR
WESTMORELAND	Laramide Resources	1.0% NSR
YUNDAMINDERA	Nex Metals	1.5% NSR
 BURKINA FASO		
SEGA	Perseus Mining	3.0% NSR
 CANADA		
BARRAUTE (SWANSON)	Agnico-Eagle	1.0% or 2.0% NSR ⁸
BERG	Centerra Gold	1.0% NSR
BRONSON SLOPE	Seabridge Gold	1.0% NSR
CABER	Glencore	1.0% NSR
FOLLANSBEE	Goldcorp/Premier Gold	2.0% NSR
GOLD RIVER	Tahoe Resources Inc.	1.5% NSR
HIGH LAKE	MMG Limited	1.5% NSR
HORIZON COAL	Anglo American	0.5% GV (coal)

PROPERTY	OWNERSHIP	ROYALTY RATE
 CANADA (CONTINUED)		
HUSHAMU	Northisle Copper and Gold	10.0% NPI
PHOENIX GOLD	Rubicon Minerals Corporation	1.0% NSR
ULU	Mandalay Resources	5.0% NSR ⁹
WILANOUR (COCHENOUR)	Goldcorp	5.0% NPI
WOLVERINE	Yukon Zinc	9.445% NSR ¹⁰
 CHILE		
PASCUA-LAMA	Barrick	0.78-5.45% NSR (Au) ^{11,12} ; 1.09% NSR (Cu) ¹³
 GHANA		
KUBI VILLAGE	Asante Gold	3.0% NPI
 GUATEMALA		
TAMBOR	Kappes, Cassiday & Associates	4.0% NSR
 MEXICO		
NIEVES	Blackberry Ventures	2.0% NSR
 RUSSIA		
FEDOROVA	Barrick/Pana PGM	0.75% or 1.0% NSR 0.5% NSR 1.25% or 1.5% NSR ¹⁴
 UNITED STATES		
ALMADEN	Terraco Gold Corp.	1.0% to 2.0% NSR ¹⁵
GOLDRUSH	Barrick	1.0% NVR
ISLAND MOUNTAIN	Victoria Gold	2.0% NSR
JOHNSON CAMP	Excelsior Mining	2.5% NSR
LA JARA MESA	Laramide Resources	\$0.25/lb (uranium) ¹⁶
LONG VALLEY	Kore Mining	1.0% NSR
MCDONALD (KEEP COOL)	Newmont	3.0% NSR
NIBLACK	Heatherdale Resources	1.0% to 3.0% NSR ¹⁷
PEAK GOLD PROJECT	Peak Gold	2.0% or 3.0% NSR ¹⁸
RELIEF CANYON	Pershing Gold	2.0% NSR
ROCK CREEK	Hecla Mining	1.0% NSR
SAN JUAN SILVER (BULLDOG)	Hecla	3.0% NSR ¹⁹ 1.0% NSR ¹⁹
WILDCAT	Clover Nevada LLC	1.0% NSR ²⁰ 1.0% to 2.0% NSR ²¹

EXPLORATION PROPERTIES

PROPERTY	OWNERSHIP	ROYALTY RATE
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ARGENTINA

MICHELLE	Compañía Inversora en Minas	2.0% NSR
MINA CANCHA	Yamana Gold	2.5% NSR

AUSTRALIA

ABBOTTS	Doray Minerals	1.5% NSR
BUTTERCUP BORE	Panoramic Gold	2.0% GV
CHESTERFIELD	Tanzi Pty Ltd	1.5% NSR
CROESUS	Zijin Mining Group	AUD\$1.25/tonne ¹
FORRESTANIA	Western Areas	1.5% NSR ²
KALGOORLIE EAST	Malanti Pty Ltd	1.125% NSR
LAKE BALLARD	Eastern Goldfields	0.6% NSR
LOUNGE LIZARD	Western Areas	1.5% NSR ²
MELBA FLATS	Dundas Mining	2.0% NSR
MERLIN ORBIT	Merlin Diamonds	1.0% GV
MT. GOODE BELLEVUE	Golden Spur Resources	2.0% NSR ³ 1.5% NSR ³
MT NEWMAN-VICTORY	St Barbara	1.5% NSR
RED HILL WEST	API Management	2.5% NSR
SOUTHERN CROSS NICKEL	Western Areas	1.5% NSR ⁴
STAKEWELL	Diversified Asset Holdings	1.5% NSR
WALLBROOK GOLD PROJECT	Nexus Minerals	1.5% NSR
WEST WYALONG	Argent Minerals/HQ Mining	2.5% NSR

CANADA

AFRIDI LAKE	Shear Diamonds	1.5% GV
ASHMORE	Quaternary Mining & Exploration	1.5% NSR
AVIAT ONE	Stornoway Diamond	1.0% GV
BARROW LAKE AND NORTH KELLETT RIVER	Hunter Exploration	1.0% GV
CARSWELL LAKE	Areva Resources/Capstone Mining	5.0% NSR
CHURCHILL	Shear Diamonds/Stornoway Diamond	1.0% NSR
CHURCHILL WEST	Shear Diamonds/Stornoway Diamond	1.0% GV
DUVERNY	Threegold Resources	15.0% NPI ⁵
FRANQUET	Nuinsco Resources/Ocean Partner	2.0% NSR ⁶ 3.0% NSR ⁶
GAUTHIER	Agnico Eagle	3.0% NSR
GODFREY II	Moneta Porcupine Mines	2.0% NSR
GOLD DOME	Golden Predator	2.0% NSR
GOLDEN BEAR	Goldcorp	2.0% NSR
HICKEY'S POND	Krinor Resources	1.0% NSR
HOOD RIVER	Shear Diamonds	1.0% GV
JEWEL	Stornoway Diamond	1.0% GV
JOE MANN	Jessie Resources	0.0% to 2.0% NSR ⁷ 2.0% NSR ⁷
JUBILEE	Stornoway Diamond	1.0% GV
KIZMET	Centerra Gold	1.0% NSR ⁸
MCKENZIE RED LAKE	Goldcorp	1.0% NSR

PROPERTY	OWNERSHIP	ROYALTY RATE
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CANADA (CONTINUED)

MIKE LAKE	Troilus Gold	2.0% NSR
MONUMENT	New Nadina/Archon Minerals	1.0% GV
MOORE LAKE	Skyharbour Resources	2.5% NSR ⁹
NIGHTHAWK LAKE	Imperial Metals/Rainy Mountain Royalty/White Metal Resources	2.5% NSR ¹⁰
NORTHGATE	Argo Gold	1.0% NSR
QIMMIQ	ValOre Metals	1.0% to 3.0% NSR ¹¹ 2.0% NSR ¹¹ 1.0% GV ¹¹
RAMBLER SOUTH	Krinor Resources	1.0% NSR
RED LAKE	Rubicon Minerals	1.0% NSR
SHASTA	Sable Resources	0.5% NSR
TAK	Canterra Minerals	5.0% NSR ¹²
VOISEY'S BAY DIAMONDS	Vale	3.0% GV
YELLOWKNIFE LITHIUM	Erex International	2.0% NPI

MEXICO

SAN JERONIMO	Goldcorp	2.0% NSR
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TUNISIA

TROZZA	China Minmetals	2.5% NSR
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UNITED STATES

AMBROSIA LAKE	Westwater Resources	2.0% NVR
APEX	Teck/Pennaroya Utah	3.0% NSR ¹³
BSC	McEwen Mining	2.5% NSR
BUCKHORN SOUTH	Barrick	15.0% NPI ¹⁴ 14.0% NPI ¹⁴
COOKS CREEK/FERRIS CREEK	Barrick	1.5% NVR
DOBY GEORGE	Western Exploration	2.0% NSR ¹⁵
HORSE MOUNTAIN	Barrick	0.25% NVR
HOT POT	Nevada Exploration	1.25% NSR
ICBM	Timberline Resources	0.75% NSR
KEYSTONE	Energy Fuels	2.0% NSR
MULE CANYON	Newmont	5.0% NSR
NEVADA PROPERTIES	Rubicon Minerals	2.5% NSR
ORO BLANCO	Pan American Silver	3.0% NSR
PINSON - OTHER	Barrick	0.489% to 5.979% NSR ¹⁶
RYE	Barrick	0.5% NSR
SAN RAFAEL	Rio Grande Resources	2.0% NVR
SILVER CLOUD	Rimrock Gold	1.2% NSR
SIMON CREEK	Barrick	1.0% NSR
TRENTON CANYON	Newmont	3.0% GSR ¹⁷ 10.0% NPI ¹⁷
TROY	Hecla Mining	3.0% GSR
UNCLE SAM	PolarX Limited	2.0% NSR
WINDFALL	Timberline Resources	3.2% NSR
WOOD GULCH	Western Exploration	5.0% NSR
WOODRUFF CREEK	McEwen Mining	1.0% NSR

FOOTNOTES

PRODUCING PROPERTIES

- Royalty and Metal Stream definitions are included in the glossary on page 26 of this annual report.
- Reserves have been reported by the operators of record as of December 31, 2017, with the exception of the following properties: South Laverton - June 30, 2018; Don Mario - September 30, 2017; Gwalia Deeps, Jaguar Nickel, Meekatharra (Nannine, Paddy's Flat, Reedy's and Yaloginda), Peñasquito - June 30, 2017; Kutcho Creek - June 15, 2017; Mara Rosa - March 7, 2017; Bald Mountain, Gold Hill, Holt, Inata, Robinson and Southern Cross - December 31, 2016; Ulysses - August 30, 2016; King of the Hills and Kundip - June 30, 2016; Ilovica - February 16, 2016; El Toqui, Red Dam - December 31, 2015; Back River - September 14, 2015; Hasbrouck Mountain - June 3, 2015; La Fortuna, La India, Pinson and Ruby Hill - December 31, 2014; Schaft Creek - December 31, 2012; Don Nicolas - December 31, 2011; and Balcooma - June 30, 2011.
- Gold reserves were calculated by the operators at the following per ounce prices: A\$1,600 - Southern Cross, South Laverton and Ulysses; A\$1,550 - Meekatharra (Nannine, Paddy's Flat, Reedy's and Yaloginda); C\$1,600 - Pine Cove; A\$1,500 - King of the Hills; A\$1,450 - Kundip; \$1,366 - Schaft Creek; A\$1,350 - Gwalia; A\$1,310 - Red Dam; \$1,300 - Dolores, La Fortuna and Pinson; \$1,275 - Rainy River; \$1,250 - Andacollo, Back River, Don Mario, El Limon, Holt, Inata, La India, Marigold, Mount Milligan, Mulatos, Robinson, Taparko, Wassa and Prestea and Wharf; \$1,225 - Hasbrouck Mountain; \$1,200 - Bald Mountain, Canadian Malartic, Cortez, El Toqui, Gold Hill, Goldstrike, Ilovica, Leeville, Mara Rosa, Peñasquito, Pueblo Viejo, Twin Creek and Williams; and \$1,100 - Don Nicolas, LaRonde Zone 5 and Ruby Hill. No gold price was reported for Balcooma, Jaguar Nickel or Kutcho Creek.

Silver reserves were calculated by the operators at the following prices per ounce: \$25.96 - Schaft Creek; \$25.00 - Don Nicolas; \$20.00 - Gold Hill; \$18.50 - Dolores; \$18.00 - El Toqui and Peñasquito; \$17.50 - Hasbrouck Mountain; \$17.00 - Don Mario, Kutcho Creek and Rainy River; and \$16.50 - Pueblo Viejo. No silver price was reported for Balcooma or Jaguar Nickel.

Copper reserves were calculated by the operators at the following prices per pound: \$3.52 - Schaft Creek; \$3.00 - Andacollo, La Fortuna and Mount Milligan; \$2.95 - Robinson; \$2.76 - Voisey's Bay; \$2.75 - Kutcho Creek and Las Cruces; and \$2.50 - Don Mario. No copper reserve price was reported for Balcooma or Jaguar Nickel.

Lead reserve price was calculated by the operators at the following prices per pound: \$0.91 - El Toqui; and \$0.90 - Peñasquito. No lead reserve price was reported for Balcooma

Zinc reserve price was calculated by the operators at the following prices per pound: \$1.10 - Kutcho Creek; \$1.05 - Peñasquito; and \$0.95 - El Toqui. No zinc reserve price was reported for Balcooma or Jaguar Nickel

Nickel reserve price was calculated by the operator at the following price per pound: \$5.31 - Voisey's Bay

Cobalt reserve price was calculated by the operator at the following price per pound: \$18.37 - Voisey's Bay

Molybdenum reserve price was calculated by the operator at the following price per pound: \$15.30 - Schaft Creek
- 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.
- Royal Gold has disclosed a number of reserve estimates that are provided by operators that are foreign issuers and are not based on the U.S. Securities and Exchange Commission's definitions for proven and probable reserves. For Canadian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform to the Canadian Institute of Mining, Metallurgy and Petroleum definitions of these terms as of the effective date of estimation as required by National Instrument 43-101 of the Canadian Securities Administrators. For Australian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ("JORC Code"). Royal Gold does not reconcile the reserve estimates provided by the operators with definitions of reserves used by the U.S. Securities and Exchange Commission.
- 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.
- "Contained ounces" or "contained pounds" do not take into account recovery losses in mining and processing the ore.
- Revenue received during the fiscal year ended June 30, 2017 was included under revenue from Meekatharra - Yaloginda.
- The A\$10 per ounce royalty applies on production above 50,000 ounces. Royalty payable on gold only.
- 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.
- The \$6/ounce royalty applies to Monty's Dam and Elliot Lode properties only and it becomes payable once 265,745 ounces of gold have been produced. This royalty is payable on gold only.
- The 2.0% GSR applies to gold production from defined portions of the Taparko-Bouroum project area. The 0.75% GSR milling royalty applies to ore that is mined outside of the defined area of the Taparko-Bouroum project that is processed through the Taparko facility up to a maximum of 1.1 million tons per year.
- No revenue received during the fiscal year ended June 30, 2018.
- Centerra Gold will deliver 35% of payable gold produced and 18.75% of payable copper produced. The purchase price for gold is equal to the lesser of \$435 per ounce delivered or the prevailing spot price and the purchase price for copper is 15% of the spot price per metric tonne delivered.
- Royalty calculation is in dispute. With the exception of fourth quarter fiscal 2018, no revenue has been received since fourth quarter fiscal 2016.
- New Gold will deliver: (a) gold in amounts equal to 6.50% of gold produced until 230,000 ounces have been delivered, and 3.25% of gold produced thereafter, and (b) silver in amounts equal to 60% of silver produced until 3.10 million ounces have been delivered, and 30% of silver produced thereafter, in each case at a purchase price equal to 25% of the spot price per ounce delivered. As of June 30, 2018, 6,800 ounces of gold and 85,900 ounces of silver have been delivered.
- NSR sliding-scale schedule (price of gold per ounce - royalty rate): \$0.00 to \$350 - 1.0%; above \$350 - 1.5%.
- The royalty applies to 40% of production. The royalty rate is \$1.44 per ton for the first 600,000 tons on which the royalty is paid, reducing to \$0.72 per ton on 600,000 to 800,000 tons and to \$0.36 per ton above 800,000 tons, at a price above \$23.00 per ton. A sliding-scale is applicable when the price of potash drops below \$23.00 per ton. Given the current North American market price for potash, the complete sliding-scale schedule is not presented here. In addition, there is a \$0.25 per ton royalty payable on certain production up to 600,000 tons.
- Teck will deliver gold in amounts equal to 100% of payable gold until 900,000 ounces have been delivered, and 50% of payable gold thereafter, subject to a fixed payable percentage of 89%, at a purchase price equal to 15% of the monthly average gold price for the month preceding the delivery date for each ounce delivered. As of June 30, 2018, 141,300 ounces of gold have been delivered.
- 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%.
- As of January 1, 2018, Golden Star will deliver 10.5% of gold produced. The purchase price for gold ounces delivered is 20% of the spot price until 240,000 ounces have been delivered, and thereafter the stream percentage decreases to 5.5% of gold produced at a purchase price equal to 30% of the spot price. As of June 30, 2018, 67,300 ounces of gold have been delivered.
- The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 1.88 million ounces of cumulative production as of June 30, 2018. 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%.
- Reserve shown is "capped" assuming 65% recovery.
- Operator reports reserves by one material type. The operator did not break out oxide and sulfide material types.
- Barrick will deliver: (a) gold in amounts equal to 7.50% of Barrick's 60% interest in gold produced until 990,000 ounces have been delivered, and 3.75% of Barrick's 60% interest in gold produced thereafter, at a purchase price equal to 30% of the spot price per ounce delivered until 550,000 ounces have been delivered, and 60% of the spot price per ounce delivered thereafter; and (b) silver in amounts equal to 75% of Barrick's 60% interest in silver produced, subject to a minimum silver recovery of 70%, until 50 million ounces have been delivered, and 37.50% of Barrick's 60% interest in silver produced thereafter, at a purchase price equal to 30% of the spot price per ounce delivered until 23.10 million ounces of silver have been delivered, and 60% of the spot price per ounce delivered thereafter. As of June 30, 2018, 140,200 ounces of gold and 4.20 million ounces of silver have been delivered.

26. Royalty is payable only when LME cash settlement price for Grade A copper is equivalent or greater than \$0.80 per pound of copper.
27. 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.
28. 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%.
29. NVR1, NVR1C and GSR3 reserves and additional mineralized material are subsets of the reserves covered by GSR1 and GSR2.
30. NVR1C is the Crossroads portion of NVR1.
31. The royalty is capped at \$10 million. As of June 30, 2018, royalty payments of approximately \$6.4 million have been received.
32. 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.
33. The 0.6% to 0.9% sliding-scale NSR applies to the M-ACE claims.
34. 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%.

DEVELOPMENT PROPERTIES

*For footnotes 1-7, see corresponding footnotes under Producing Footnotes.

8. The royalty rate is 1.0% until 250,000 ounces of gold have been produced, 1.5% thereafter.
9. Operation is currently in production; estimated pay-back of capital, a requisite to royalty payments, expected to occur by 2020.
10. George Lake royalty applies to production above 800,000 ounces.
11. Goose Lake royalty applies to production above 400,000 ounces.
12. 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.
13. This is a metal stream whereby Royal Gold is entitled to 25% of payable gold until 525,000 ounces of payable gold have been delivered; 12.5% thereafter, whereby the purchase price for gold is 25% of the London PM gold fixing price as quoted in United States dollars per ounce by the LBMA on the Date of Delivery.
14. 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.
15. 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. As of June 30, 2018, approximately 103,000 ounces have been produced.

EVALUATION PROPERTIES

1. Royal Gold considers and categorizes an exploration stage property to be an "evaluation stage" property if mineralized material has been identified on the property but reserves have yet to be identified. The U.S. Securities and Exchange Commission does not recognize the term "mineralized material." Investors are cautioned not to assume that any part or all of the mineralized material identified on these properties will ever be converted into reserves.
2. The royalty is \$1.00 per tonne on the first 5 million tonnes of production; \$2.00 per tonne thereafter.
3. 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.
4. Royalty applies on production above 10,000 ounces.
5. Royalty is capped at 500,000 ounces.
6. Royalty rate is 4.0% for grades at 1.5 g/t or less and 2.5% at grades above 1.5 g/t.
7. Royalty applies to production above 40,000 ounces and is capped at \$1 million.
8. Royalty rate is 1.0% on Exploration claims and 2.0% on Gold claims. The 2.0% royalty on Gold claims has a 50% buy back for \$1 million.
9. Royalty applies to production above 675,000 ounces.
10. Gold royalty rate is based on the price of silver per ounce. NSR sliding scale schedule (price of silver per ounce - royalty rate): Below \$5.00 - 0.0%; \$5.00 to \$7.00 - 3.778%; above \$7.50 - 9.445%.

11. Royalty applies to all gold production from an area of interest in Chile. 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.
12. 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 or equal to \$800 - 5.23%. Royalty is interpolated between lower and upper production endpoints.
13. Royalty applies to all copper production from an area of interest in Chile.
14. The 0.75% NSR royalty applies to gold and silver and the 1.0% NSR royalty applies to platinum group elements, copper and nickel. The 0.5% NSR royalty applies to gold, silver, platinum group elements, copper and nickel. The 1.25% NSR royalty applies to gold and silver and the 1.5% NSR royalty applies to platinum group elements, copper and nickel. These royalties become payable on commercial production once capital repayment has been made at the project.
15. A \$325,000 payment is due upon production of the first 100,000 ounces. Once production reaches 200,000 ounces, the royalty begins paying at the following rate schedule (price of gold per ounce – royalty rate): \$0.00 to \$425 – 1.0%; \$425 and above – 2.0%.
16. Royalty is payable on per pound of uranium produced above eight million pounds.
17. Royalty rate is 1.0% for each ton of ore having a value of less than \$115 per ton; 2.0% for each ton of ore having a value between \$115 and \$135 per ton; and 3.0% for each ton of ore having a value greater than \$135 per ton.
18. Royalty rate depends on the claim group.
19. Royalty rate is 3.0% on Homestake and Emerald unpatented claims; 1.0% on Emerald patented claims.
20. The 1.0% royalty rate applies to the SS lode claims only.
21. An additional 1.0% NSR applies to gold production between 500,000 ounces and 1.0 million ounces. The royalty increases to a 2.0% NSR on production in excess of 1.0 million ounces. This royalty applies to various claims on the mining property.

EXPLORATION PROPERTIES

1. Royalty paid on dollars per tonne of ore above 50,000 tonnes up to 500,000 tonnes.
2. Royalty payable on gold only.
3. Royalty rate is 2.0% for gold and 1.5% for all other metals.
4. Royalty payable on all minerals, except nickel or any by-products in whatever form or state.
5. Royalty rate is equal to 15% of the proceeds of production until \$1,760,000 has been paid. A 2.0% NSR royalty applies to production thereafter.
6. The 2.0% NSR royalty applies to production from an area of the property referred to as the "GeoNova Properties," and the 3.0% NSR royalty applies to production from an area of the property referred to as the "Homestake Properties."
7. Sliding-scale royalty applies to gold only. NSR sliding-scale schedule (price per gold ounce – royalty rate): Below \$325 - 0.0%; \$325 - 1.5%; \$375 - 2.0%. Once \$500,000 has been received in gold royalty payments, the rate will reduce to 1.0% and will only be in effect at a gold price of \$350 per ounce or higher. The 2.0% NSR royalty applies to silver and copper.
8. Operator has the option to purchase the entire 1.0% NSR for \$1 million prior to the development of a mine on the property.
9. Operator has the option to purchase 1.25% of the 2.5% NSR for \$1 million at any time prior to a production decision or within 30 days thereafter.
10. Operator may purchase 1.5% of the 2.5% NSR at any time for CDN\$1.5 million.
11. The 1.0 to 3.0% NSR sliding-scale royalty only applies to gold production. The 2.0% NSR royalty applies to commercial production of all minerals excluding diamonds and industrial minerals. The 1.0% GV royalty applies to commercial production of all diamonds and industrial minerals.
12. Operator has the right to purchase 2.5% of the 5.0% NSR at any time for \$1 million.
13. Royalty is capped at \$1 million.
14. The 15.0% NPI and the 14.0% NPI apply to different claims on the property.
15. The 2.0% NSR becomes payable once 400,000 ounces have been produced.
16. Royalty rate varies depending on pre-existing royalties (max of 6.0%).
17. The 3.0% GSR applies to production from the properties from which greater than 60% of the revenues are projected to be derived from gold and silver. The 10% NPI applies to production from the properties from which less than 60% of the revenues are projected to be derived from gold and silver.

CORPORATE RESPONSIBILITY



With just 23 employees across four offices in three countries, Royal Gold's corporate footprint is modest. We nonetheless acknowledge international concerns related to climate change, sustainability and the protection of the global environment, particularly as those concerns may be influenced by the mining industry. Royal Gold is committed to preserving and protecting the environment, promoting the health and safety of our employees, and respecting local cultures and values in the communities where we invest.

We believe responsible mineral development can benefit local communities and create sustainable value for all stakeholders. As a member of the World Gold Council, we endorse the ICMM

10 Principles for sustainable development in the mining and metals industry. Our assets are passive investments, meaning that we do not conduct mining operations on the properties in which we hold stream or royalty interests. However, Royal Gold seeks new investment opportunities with responsible operators, and we regard environmental stewardship and commitment to sustainability as key aspects of well-managed mining projects. Accordingly, our review of any new investment includes consideration of the operator's commitment to these fundamentals.

After we make a stream or royalty investment, we monitor the continuing effectiveness of the operators' environmental and



WE BELIEVE RESPONSIBLE
MINERAL DEVELOPMENT
**CAN BENEFIT LOCAL
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FOR ALL STAKEHOLDERS.

social practices. Many of our operators implement the ICMM 10 Principles or subscribe to other international charters respecting environmental and social issues, and actively contribute in ways that positively impact the communities where they mine. We encourage their efforts and often make our own financial contributions in support of their programs.

At our Peak Gold Project in Alaska, we work with our joint venture partner to support the local Tetlin native community by funding social, environmental and other initiatives, administering secondary and post-secondary educational programs and providing other development opportunities to Tetlin village residents.

Safety, environmental stewardship and sustainability are also key elements of Royal Gold's corporate culture. Our company policies promote a safe and healthy workplace and require strict adherence to legal and ethical standards in our business practices. This culture carries beyond our offices, as a number of our current and former directors, officers and employees are active in or otherwise support educational institutions and non-profit organizations furthering such causes as promotion of community health, elimination of food insecurity and protection of at-risk children.

TOTAL RETURN TO SHAREHOLDERS

(Includes reinvestment of dividends)

ANNUAL RETURN PERCENTAGE

Company Name / Index	Years Ending June 30,				
	2018	2017	2016	2015	2014
Royal Gold, Inc.	20.11	9.59	19.30	-17.71	83.79
S&P 500 Index	14.37	17.90	3.99	7.42	24.61
PHLX Gold/Silver Sector Index	1.69	-16.72	55.80	-36.67	13.60

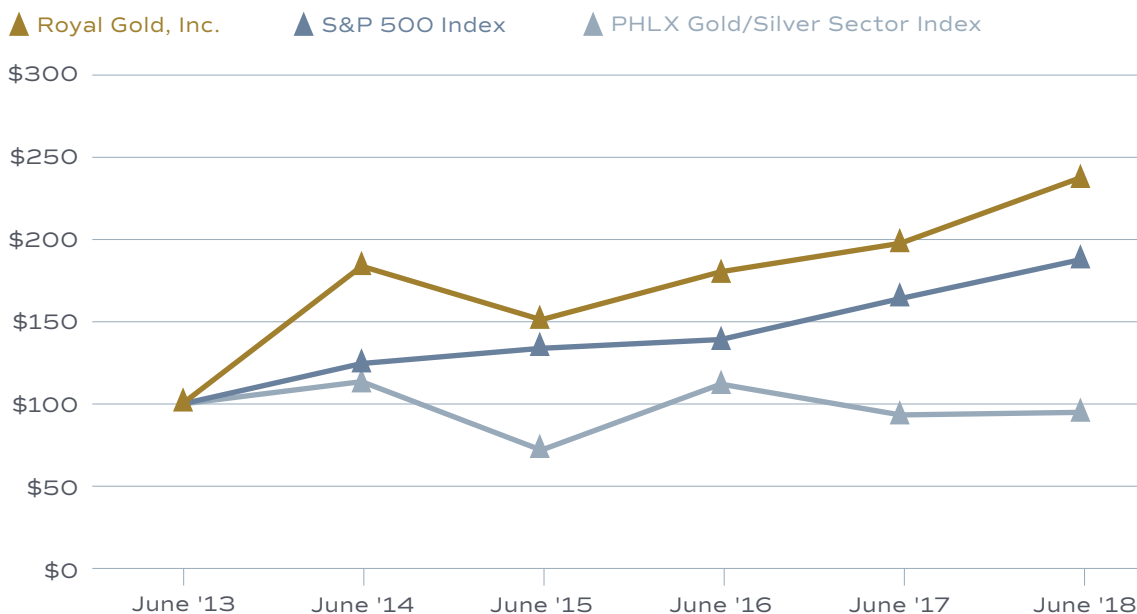
INDEXED RETURNS

Company Name / Index	Years Ending June 30,					Base Period 2013
	2018	2017	2016	2015	2014	
Royal Gold, Inc.	237.49	197.73	180.42	151.23	183.79	100
S&P 500 Index	187.70	164.11	139.20	133.86	124.61	100
PHLX Gold/Silver Sector Index	94.91	93.34	112.08	71.94	113.60	100

PHLX GOLD/SILVER SECTOR INDEX (^XAU) INDEX CONSTITUENTS

Agnico Eagle Mines Ltd.	Goldcorp Inc.	Randgold Resources Ltd.
AngloGold Ashanti Ltd.	Harmony Gold Mining Co Ltd.	Royal Gold Inc.
Barrick Gold Corp.	Hecla Mining Co.	Sandstorm Gold Ltd.
Coeur Mining Inc.	IAMGold Corp.	Seabridge Gold Inc.
Compania De Minas Buenaventura SAA	Kinross Gold Corp.	Sibanye-Stillwater Ltd.
Eldorado Gold Corp.	McEwen Mining Inc.	SSR Mining Inc.
First Majestic Silver Corp.	New Gold Inc.	Tahoe Resources Inc.
Freeport-McMoRan Inc.	Newmont Mining Corp.	Wheaton Precious Metals Corp.
Gold Fields Ltd.	NovaGold Resources Inc.	Yamana Gold Inc.
Gold Resource Corp.	Pan American Silver Corp.	

COMPARISON OF CUMULATIVE FIVE-YEAR TOTAL RETURN



FORWARD LOOKING STATEMENTS

Cautionary “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this report are 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: benefits received or generated by discovery of new reserves and production; the investment in long-lived assets providing resource to reserve conversion upside; maintenance of a strong balance sheet and the ability to opportunistically invest at favorable times in the price cycle, often when counterparties most need financing; ability to source capital efficiently and grow the business from free cash flow; maintenance of a lean cost structure to expand and maximize margins; payment of sustainable and growing dividends; belief that Pascua-Lama will represent significant option value for shareholders; ability of our business model to generate strong cash flow and high margins with a lower cost structure and to provide shareholders with a premium precious metals investment with reduced risk, including the costs and risks associated with mine operations; ability to build our net cash balance to position the Company for the next investment cycle; timing of the preliminary economic analysis results for the Peak Gold Joint Venture (“PGJV”) in Alaska; contributions to our future results by Mount Milligan, Rainy River, Pueblo Viejo, the Peñasquito Pyrite Leach project, Wassa and Prestea and Cortez projects; future developments at Voisey’s Bay; belief that the Company’s stream and royalty financing products will be an important source of capital for operators in the new environment; optionality at our producing properties through operators’ innovations, capital and exploration; ability of the operators of our producing properties to successfully complete expansions, process improvements, exploration programs and other projects; regulatory approvals needed at Mount Milligan; results from prefeasibility study to increase throughput and average annual gold production after 2022 and potential to convert resources to reserves at Pueblo Viejo; expectation that gradual decline in grade will be offset by improved throughput at Andacollo; ability to achieve calendar year 2018 production guidance at Wassa and Prestea; at Peñasquito, the timing of commissioning and first gold production at the Peñasquito Pyrite Leach project, timing of adjustments to mill throughput and head grades from the stockpile during commissioning and return to higher grades and mill tonnages subsequent to commissioning, and transition to new mining areas in calendar 2018 and 2019; production from the Crossroads deposit at Cortez in late calendar 2018; ability to purchase new assets and provide portfolio growth; and other grade, production, mine life and reserves estimates from the operators of our stream and royalty interests.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others: the risks inherent in the operation of mining properties; a decreased price environment for gold and other metals on which our stream and royalty interests are paid; performance of and production at the Company’s stream

and royalty properties; the ability of operators to finance project construction to completion and bring projects into production as expected, including development stage mining properties, mine and mill expansion projects and other developments; variation of actual performance from the production estimates and forecasts made by the operators of those properties and projects; unexpected operating costs, decisions and activities of the operators of the Company’s stream and royalty properties; changes in operators’ mining and processing techniques or stream delivery or royalty payment calculation methodologies; resolution of regulatory and legal proceedings; unanticipated grade, geological, seismic, metallurgical, environmental, processing or other problems the operators may encounter at the properties; operators’ inability to access sufficient raw materials, water, power or other resources or infrastructure; revisions or inaccuracies in technical reports, reserve, resources and production estimates; changes in operators’ project parameters as plans of the operators are refined; changes in estimates of reserves and mineralization by the operators of the Company’s stream and royalty properties; contests to the Company’s stream and royalty interests and title and other defects in the properties where the Company holds stream and royalty interests; the results of current or planned exploration activities; errors or disputes in calculating stream deliveries or royalty payments, or deliveries or payments not made in accordance with stream or royalty agreements; decisions and activities of the Company’s management affecting margins, use of capital and strategy; the liquidity and future financial needs of the Company; economic and market conditions; the impact of future acquisitions and stream and royalty financing transactions; the impact of issuances of additional common stock; 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. Most of these risks are beyond the Company’s ability to control. 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. Readers are cautioned not to put undue reliance on forward-looking statements.

Third-party information: The Company does not own, develop or mine the properties on which it holds stream or royalty interests, except for our interest in PGJV. Certain information provided in this report has been provided to the Company by the operators of those properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. The Company has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of, such third-party information and refers readers to the public reports filed by the operators for information regarding those properties.

GLOSSARY

Concentrate: A mineral-rich, intermediate product obtained from processing ore, by gravity or flotation operations. Concentrates typically require additional processing to obtain refined metal.

Fixed-Rate Royalty: A royalty rate that stays constant.

Grade: The metal content of ore. With precious metals, grade is expressed as troy ounces per ton of ore or as grams per tonne of ore. A troy ounce is one-twelfth of a troy pound or 14.583 troy ounces per avoirdupois pound.

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.

Gross Value (GV) Royalty: A defined percentage of the gross value, revenue or proceeds from a resource extraction operation, without deductions of any kind.

Metal Stream: A purchase agreement that provides, in exchange for an upfront advance payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement.

Milling Royalty: A royalty on ore throughput at a mill.

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

Net Profits Interest (NPI) Royalty: A defined percentage of the gross revenue from a resource extraction operation, after recovery of certain contract-defined pre-production costs, and after a 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.

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

Proven Reserve: 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 size, shape, depth and mineral content of reserves are well established.

Reserve: That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are categorized as proven or probable reserves (see separate definitions).

Resource: A mineralized deposit which has been delineated by drilling and/or underground sampling to establish continuity and support an estimate of tonnage with an average grade of the selected metals under Canadian securities regulations. “Mineralized resources” are not reserves and are categorized, in order of increasing geological confidence, into “inferred resources,” “indicated resources” and “measured resources.” None of these terms are recognized by the U.S. Securities and Exchange Commission and are not permitted to be used in documents filed with the SEC. Readers are cautioned that mineral resources cannot be classified as reserves unless and until it is demonstrated that they may be legally and economically produced and, as a result, resources may never be converted into reserves.

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

Sliding-Scale Royalty: A royalty rate that fluctuates based on contract-specified variables such as metal price or production volume.

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.



FORM 10-K

**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, 2018

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)

**1660 Wynkoop Street, Suite 1000
Denver, Colorado**

(Address of Principal Executive Offices)

84-0835164

(I.R.S. Employer
Identification No.)

80202

(Zip Code)

(303) 573-1660

Registrant's telephone number, including area code:

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

Title of Each Class

Common stock, \$0.01 par value

Name of Each Exchange on Which Registered

Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2017, as reported on the NASDAQ Global Select Market was \$5,335,748,560. There were 65,505,110 shares of the Company's common stock, par value \$0.01 per share, outstanding as of August 1, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2018 Annual Meeting of Stockholders scheduled to be held on November 14, 2018, and to be filed within 120 days after June 30, 2018, are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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

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

PART I

ITEM 1. BUSINESS

Overview

Royal Gold, Inc. (“Royal Gold”, the “Company”, “we”, “us”, or “our”), together with its subsidiaries, is engaged in the business of acquiring and managing precious metal streams, royalties, and similar interests. We seek to acquire existing stream and royalty interests or to finance projects that are in production or in the development stage in exchange for stream or royalty interests.

We manage our business under two segments:

Acquisition and Management of Stream Interests—A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. As of June 30, 2018, we owned stream interests on five producing properties and one development stage property. Our stream interests accounted for approximately 71% of our total revenue for the fiscal years ended June 30, 2018 and 2017. We expect stream interests to continue representing a significant proportion of our total revenue.

Acquisition and Management of Royalty Interests—Royalties are non-operating interests in mining projects that provide the right to a percentage of revenue or metals produced from the project after deducting specified costs, if any. As of June 30, 2018, we owned royalty interests on 34 producing properties, 21 development stage properties and 130 exploration stage properties, of which we consider 53 to be evaluation stage projects. We use “evaluation stage” to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Royalties accounted for approximately 29% of our total revenue for the fiscal years ended June 30, 2018 and 2017.

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

In the ordinary course of business, we engage in a continual review of opportunities to acquire existing stream and royalty interests, to establish new streams on operating mines, to create new stream and royalty interests through the financing of mine development or exploration, or to acquire companies that hold stream and royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other

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

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2018 were as follows:

- (1) Our revenue increased 4.1% to \$459.0 million, compared to \$440.8 million during fiscal year 2017;
- (2) We repaid the remaining \$250 million outstanding under our revolving credit facility and have \$1.0 billion available as of June 30, 2018;
- (3) We increased our calendar year dividend to \$1.00 per basic share, which is paid in quarterly installments throughout calendar year 2018. This represents a 4.2% increase compared with the dividend paid during calendar year 2017.

Certain Definitions

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

Gold equivalent ounces (GEOs): GEOs are calculated as Royal Gold’s revenue divided by the average gold price for the period.

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

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

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

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

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.

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

Proven reserves: Ore reserves for which (a) the quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and 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 reserves are well established.

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

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

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

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

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

Fiscal 2018 Business Developments

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

U.S. Tax Legislation

On December 22, 2017, H.R. 1, originally known as the Tax Cuts and Jobs Act (the “Act”), was enacted and is effective for tax years including January 1, 2018. The effects of the Act were recognized in the period of enactment, or the period ending December 31, 2017. Certain other aspects of the Act are not effective for fiscal June 30 companies until July 1, 2018.

The Act, among other things, reduced the U.S. corporate income tax rate to 21% starting January 1, 2018. As a United States domiciled company, we expect that the Act will have a positive long-term impact on Royal Gold’s future financial results through the reduction in the U.S. corporate tax rate from 35% to 21% and by allowing us to efficiently repatriate future earnings from our foreign subsidiaries. As the Company is a fiscal year taxpayer, we applied a blended U.S. federal income tax rate of approximately 28.1% for the fiscal year ending June 30, 2018. The blended percentage was calculated on a pro-rata percentage of the number of days before and after January 1, 2018. The Company’s U.S. statutory federal corporate income tax rate will be 21% for the fiscal year commencing on July 1, 2018 and all future years.

Refer to Note 10 of our notes to consolidated financial statements for further discussion on the income tax accounting considerations for the Act.

Recent Transactions

On June 28, 2018, Royal Gold acquired 682,556 shares of common stock of Contango ORE, Inc. (“CORE”) for consideration of \$26 per share from certain individual stockholders of CORE.

On June 29, 2018, Royal Gold, through a wholly-owned subsidiary, acquired an additional 1.75% NSR royalty interest on Amarillo Gold’s Mara Rosa gold project in Goias State, Brazil for \$10.8 million.

On June 29, 2018, a subsidiary of Golden Star repaid its \$20 million term loan facility, plus accrued interest, to Royal Gold.

See Note 3 of the notes to consolidated financial statements for more information regarding these transactions

Our Operational Information

Reportable Segments, Geographical and Financial Information

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

	As of June 30, 2018				As of June 30, 2017			
	Stream interest	Royalty interest	Impairments	Total stream and royalty interests, net	Stream interest	Royalty interest	Impairments	Total stream and royalty interests, net
Canada	\$ 809,500	\$ 214,562	\$ (284)	\$ 1,023,778	\$ 852,035	\$ 221,618	\$ —	\$ 1,073,653
Dominican Republic	495,460	—	—	495,460	543,256	—	—	543,256
Chile	328,331	453,306	(239,080)	542,557	348,778	453,369	—	802,147
Africa	104,874	502	—	105,376	123,760	572	—	124,332
Mexico	—	93,277	—	93,277	—	105,889	—	105,889
United States	—	165,543	—	165,543	—	168,378	—	168,378
Australia	—	34,254	—	34,254	—	37,409	—	37,409
Other	12,039	28,833	—	40,872	12,030	25,162	—	37,192
Total	\$ 1,750,204	\$ 990,277	\$ (239,364)	\$ 2,501,117	\$ 1,879,859	\$ 1,012,397	\$ —	\$ 2,892,256

The Company's revenue, costs of sales and net revenue by reportable segment for our fiscal years ended June 30, 2018, 2017 and 2016 are geographically distributed as shown in the following table:

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 142,244	\$ 40,766	\$ 101,478	\$ 136,736	\$ 45,954	\$ 90,782
Dominican Republic	95,055	28,496	66,559	91,589	27,191	64,398
Chile	57,413	8,614	48,799	60,251	9,037	51,214
Africa	29,804	5,963	23,841	25,435	5,083	20,352
Total streams	\$ 324,516	\$ 83,839	\$ 240,677	\$ 314,011	\$ 87,265	\$ 226,746
Royalties:						
Mexico	\$ 42,959	\$ —	\$ 42,959	\$ 41,945	\$ —	\$ 41,945
United States	39,496	—	39,496	35,282	—	35,282
Canada	24,254	—	24,254	23,208	—	23,208
Australia	13,710	—	13,710	12,943	—	12,943
Africa	2,098	—	2,098	3,131	—	3,131
Chile	473	—	473	1,648	—	1,648
Other	11,536	—	11,536	8,646	—	8,646
Total royalties	\$ 134,526	\$ —	\$ 134,526	\$ 126,803	\$ —	\$ 126,803
Total streams and royalties	\$ 459,042	\$ 83,839	\$ 375,203	\$ 440,814	\$ 87,265	\$ 353,549

	Fiscal Year Ended June 30, 2017			Fiscal Year Ended June 30, 2016		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 136,736	\$ 45,954	\$ 90,782	\$ 125,755	\$ 47,417	\$ 78,338
Dominican Republic	91,589	27,191	64,398	39,684	11,625	28,059
Chile	60,251	9,037	51,214	49,243	7,280	41,963
Africa	25,435	5,083	20,352	23,346	4,657	18,689
Total streams	\$ 314,011	\$ 87,265	\$ 226,746	\$ 238,028	\$ 70,979	\$ 167,049
Royalties:						
Mexico	\$ 41,945	\$ —	\$ 41,945	\$ 35,267	\$ —	\$ 35,267
United States	35,282	—	35,282	35,483	—	35,483
Canada	23,208	—	23,208	30,676	—	30,676
Australia	12,943	—	12,943	10,462	—	10,462
Africa	3,131	—	3,131	1,868	—	1,868
Chile	1,648	—	1,648	84	—	84
Other	8,646	—	8,646	7,922	—	7,922
Total royalties	\$ 126,803	\$ —	\$ 126,803	\$ 121,762	\$ —	\$ 121,762
Total streams and royalties	\$ 440,814	\$ 87,265	\$ 353,549	\$ 359,790	\$ 70,979	\$ 288,811

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

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver and copper, together with the amounts of production from our producing stage stream and royalty interests. During the fiscal year ended June 30, 2018, Royal Gold derived approximately 86% of its revenue from precious metals (including 77% from gold and 9% from silver), 11% from copper and 3% from other minerals. The price of gold, silver, copper and other metals have fluctuated widely in recent years. 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 or copper could have a material and adverse effect on the Company’s results of operations and financial condition.

Competition

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

Regulation

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

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 a 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 SEC. Our SEC filings are available from the SEC's 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 23 employees, 17 located in Denver, Colorado and the remainder located in our Zug, Switzerland, Vancouver, Canada, and Toronto, Canada offices. Our employees are not subject to a labor contract or a collective bargaining agreement. We consider our overall 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, operations and stock price.

Risks Related to our Business

Volatility in gold, silver, copper, nickel and other metal prices may have an adverse impact on the value of our stream and royalty interests and may reduce our revenues. Certain contracts governing our stream and royalty interests have features that may amplify the negative effects of a drop in metals prices.

The profitability of our stream and royalty interests is directly related to the market price of gold, silver, copper, nickel and other metals. Our revenue is particularly sensitive to changes in the price of gold, as we derive a majority of our revenue from gold stream and royalty interests. Market prices may fluctuate widely and are affected by numerous factors beyond the control of Royal Gold or any mining company, including metal supply, industrial and jewelry fabrication, investment demand, central banking 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 as reported by, in the case of gold and silver, the London Bullion Market Association, and in the case of copper and nickel, the London Metal Exchange:

Calendar Year	Gold (\$/ounce)		Silver (\$/ounce)		Copper (\$/pound)		Nickel (\$/pound)	
	High	Low	High	Low	High	Low	High	Low
2008 - 2009	\$ 1,213	\$ 713	\$ 20.92	\$ 8.88	\$ 4.08	\$ 1.26	\$ 15.10	\$ 4.00
2010 - 2011	\$ 1,895	\$ 1,058	\$ 48.70	\$ 15.14	\$ 4.60	\$ 2.76	\$ 13.17	\$ 7.68
2012 - 2013	\$ 1,792	\$ 1,192	\$ 37.23	\$ 18.61	\$ 3.93	\$ 3.01	\$ 9.90	\$ 5.97
2014 - 2015	\$ 1,385	\$ 1,049	\$ 22.05	\$ 13.71	\$ 3.37	\$ 2.05	\$ 9.62	\$ 3.70
2016 - 2017	\$ 1,366	\$ 1,077	\$ 20.71	\$ 13.58	\$ 3.27	\$ 1.96	\$ 5.82	\$ 3.50
2018 to-date (August 1, 2018)	\$ 1,355	\$ 1,218	\$ 17.52	\$ 15.26	\$ 3.29	\$ 2.95	\$ 7.14	\$ 5.63

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 may prevent us from being able to recover the initial investment in our stream and royalty interests. Our streaming agreements provide us the right to purchase metals either at a fixed price per ounce or a specified percentage of the spot price. Our margin between the price at which we can purchase metals pursuant to streaming agreements and the price at which we sell metals in the market will vary as metal prices vary; in the event of metal price declines, we would generate lower cash flow or earnings, or possibly losses. Further, our sliding-scale royalties, such as Cortez, Holt, Mulatos and other properties, amplify the effect of declines in market prices for metals because when prices fall below price thresholds specified in a sliding-scale royalty, a lower royalty rate will apply. A price decline may result in a material and adverse effect on our business, results of operations and financial condition.

Metal price fluctuations between the time that decisions about development and construction of a mine are made and the commencement of production can have a material adverse effect on the economics of a mine and can eliminate or have a material adverse impact on the value of stream and royalty interests on the property.

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

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

We own passive interests in mining properties, and it is difficult or impossible for us to ensure properties are developed or operated in our best interest.

All of our current revenue is derived from stream and royalty interests on properties operated by third parties. The holder of a stream or royalty interest typically has no authority regarding the development or operation of a mineral property. Therefore, we typically are not in control of decisions regarding development or operation of any of the properties on which we hold a stream or royalty interest, and we have limited legal rights to influence those decisions.

Our strategy of acquiring and holding stream and royalty interests on properties operated by third parties puts us generally at risk to the decisions of others regarding all operating matters, including permitting, feasibility analysis, mine design and operation, processing, plant and equipment matters and temporary or permanent suspension of operations, among others. As a result, our revenue is dependent upon the activities of third parties, which creates the risk that at any time those third parties may: (i) have business interests that are inconsistent with ours, (ii) take action contrary to our interests, policies or objectives, or (iii) be unable or unwilling to fulfill their obligations under their agreements with us. At any time, any of the operators of our mining properties may decide to suspend or discontinue operations. Except in limited circumstances,

we will not be entitled to material compensation if operations are shut down, suspended or discontinued on a temporary or permanent basis. Although we attempt to secure contractual rights when we create new stream or royalty interests, such as audit or access rights, that will permit us to protect our interests to a degree, there can be no assurance that such rights will always be available or sufficient, or that our efforts will be successful in achieving timely or favorable results or in affecting the operation of the properties in which we have a stream or royalty interest in ways that would be beneficial to our stockholders.

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

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

- insufficient ore reserves;
- increases in capital or operating 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 suspend or close operations;
- declines in the price of gold, silver, copper, nickel and other metals;
- mine operating and ore processing facility problems;
- significant permitting, environmental and other regulatory requirements and restrictions and any changes in those regulations or their enforcement;
- challenges by non-mining interests, including by local communities, indigenous populations and non-governmental organizations, to existing permits and mining rights, and to applications for permits and mining rights;
- community or civil unrest;
- labor shortage of miners, geologists and mining experts, changes in labor laws, increased labor costs, and labor disputes, strikes or work stoppages at mines;
- unavailability of mining, drilling and related equipment;
- unanticipated geological conditions or metallurgical characteristics;
- unanticipated ground or water conditions, including lack of access to sufficient quantities of water for operations;
- pit wall or tailings dam failures or any underground stability issues;
- fires, explosions and other industrial accidents;
- environmental hazards and natural catastrophes such as droughts, floods, hurricanes or earthquakes;
- injury to persons, property or the environment;
- the ability of operators to maintain or increase production or to replace reserves as properties are mined;
- potential increased operating costs arising from climate change initiatives and their impact on energy and other costs in the U.S. and foreign jurisdictions;
- uncertain domestic and foreign political and economic environments;
- economic downturns and operators' insufficient financing;
- default by an operator on its obligations to us or its other creditors;
- insolvency, bankruptcy or other financial difficulty of the operator; and

- changes in laws or regulations, including changes implemented by new political administrations.

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

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

Our investments in the Mount Milligan, Andacollo, Pueblo Viejo, Wassa and Prestea and Peñasquito properties generated approximately \$341.7 million in revenue in fiscal year 2018, or 74% of our revenue for the period. We expect these properties and others to be important to us in fiscal year 2019 and beyond. Any adverse development affecting the operation of or production from any of these properties could 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.

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

Defects in or disputes relating to the stream and royalty interests we hold or acquire may prevent us from realizing the anticipated benefits from these interests, and could have a material adverse effect on our business, results of operations, cash flows and financial condition. Material changes could also occur that may adversely affect management's estimate of the carrying value of our stream and royalty interests and could result in impairment charges. While we seek to confirm the existence, validity, enforceability, terms and geographic extent of the stream and royalty interests we acquire, there can be no assurance that disputes or other problems concerning these and other matters or other problems will not arise. Confirming these matters is complex and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mining property and to the documents reflecting the stream or royalty interest. Similarly, stream interests and, in many jurisdictions, royalty interests are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or insolvency of operators, and our stream or royalty interests could be materially restricted or set aside through judicial or administrative proceedings. We often do not have the protection of security interests that could help us recover all or part of our investment in a stream or royalty interest.

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

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

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

The stream and royalty interests we acquire may not produce anticipated revenues. The success of our acquisitions of stream and royalty interests is based on our ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from our stream and royalty interests, the geological, metallurgical and other technical aspects of the project, 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 mine and other plans due to lack of capital, inexperience, unexpected problems, delays, or otherwise, then the acquired stream or royalty interest may not yield sufficient revenues to be profitable for us. Furthermore, operators of properties at all

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

The failure of any of our principal properties to produce anticipated revenues on schedule or at all would have a material adverse effect on our asset carrying values or the other benefits we expect to realize from the acquisition of stream and royalty interests, and potentially our business, results of operations, cash flows and financial condition.

For example, we experienced an impairment charge of \$239.1 million for the Pascua-Lama mining project during our third quarter of fiscal 2018 after Barrick Gold Corporation (“Barrick”), the owner of the project, reclassified the proven and probable reserves for the Chilean portion of the project, to which our royalty interest relates, and, ultimately, suspended further development of the project, in response to sanctions by the Chilean government. See Note 4 of the notes to consolidated financial statements for more information. Further, as mines on which we have stream and royalty interests mature, we can expect overall declines in production unless operators are able to replace reserves that are mined through mine expansion or successful new exploration. There can be no assurance that the operators of properties where we hold stream and royalty interests will be able to maintain or increase production or replace reserves as they are mined.

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

Our stream and royalty interests generally are subject to uncertainties and complexities arising from the application of contract and property laws in the jurisdictions where the mining projects are located. Operators and other parties to the agreements governing our stream and royalty interests may interpret our interests in a manner adverse to us or otherwise may not abide by their contractual obligations, and we could be forced to take legal action to enforce our contractual rights. We may or may not be successful in enforcing our contractual rights, and our revenues relating to any challenged stream or royalty interests may be delayed, curtailed or eliminated during the pendency of any such dispute or in the event our position is not upheld, which could have a material adverse effect on our business, results of operations, cash flows and financial condition. Disputes could arise challenging, among other things, methods for calculating the stream or royalty interest, various rights of the operator or third parties in or to the stream or royalty interest or the underlying property, the obligations of a current or former operator to make payments on stream and royalty interests, and various defects or ambiguities in the agreement governing a stream or royalty interest.

For example, on October 6, 2017, the Labrador Nickel Royalty Limited Partnership (“LNRLP”), of which the Company is the indirect majority owner, filed amendments to its original 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 since Vale began processing Voisey’s Bay concentrates at its new Long Harbour Processing facility, and that Vale has breached its contractual duties of good faith. Royal Gold strongly disagrees with Vale’s position that full operating costs, depreciation and cost of capital are permissible net smelter return deductions pursuant to the royalty agreement and is aggressively pursuing its legal remedies.

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

Potential litigation may arise between the operators of properties on which we have stream and royalty interests and third parties. For example, Barrick’s Pascua-Lama mining project has been the subject of litigation by local farmers and indigenous communities alleging that the project’s water management system is not in compliance with environmental permits and that the project has damaged glaciers located in the Pascua-Lama project area. As a holder of stream and royalty interests, we generally will not have any influence on litigation such as this and generally will not have access to non-public information concerning such litigation. Any such litigation that results in the reduction, suspension or termination of a project or production from a property, whether temporary or permanent, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We may enter into acquisitions or other material transactions at any time.

In the ordinary course of business, we engage in a continual review of opportunities to acquire existing stream and royalty interests, to establish new streams and royalties on operating mines, to create new stream and royalty interests through financing mine development or exploration, or to acquire companies that hold stream and royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial, legal and other confidential information, submission of indications of interest and term sheets, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes. We also consider obtaining debt commitments for acquisition financing. In the event that we choose to raise debt capital to finance any acquisition, our leverage may be increased. We also could issue common stock to fund our acquisitions. Issuances of common stock could dilute existing stockholders and may reduce some or all of our per share financial measures.

Any such acquisition could be material to us. All transactions include risks associated with our ability to negotiate acceptable terms with counter-parties. In addition, any such acquisition or other transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project, its operators, or the jurisdictions in which the project is located and other risks discussed in this Annual Report on Form 10-K. There can be no assurance that any acquisitions completed will ultimately benefit the Company.

In addition, we may consider opportunities to restructure our existing stream or royalty interests where we believe such restructuring would provide a long-term benefit to the Company, though such restructuring may reduce near-term revenues or result in the incurrence of transaction-related costs. We could enter into one or more acquisition or restructuring transactions at any time.

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

Our future success largely depends upon our ability to acquire stream and royalty interests at appropriate valuations, including through royalty, stream and corporate acquisitions and other financing transactions. There can be no assurance that we will be able to identify and complete the acquisition of such stream and royalty interests or businesses that own desirable interests, at reasonable prices or on favorable terms, or, if necessary, that we will have or be able to obtain sufficient financing on reasonable terms to complete such acquisitions. Economic volatility, credit crises, or severe declines in market prices for gold, silver, copper, nickel and certain other metals, could adversely affect our ability to obtain debt or equity financing for acquisitions. In addition, changes to tax rules, accounting policies, or the treatment of stream interests by ratings agencies could make royalties, streams or other investments by the Company less attractive to counterparties. Such changes could adversely affect our ability to acquire new stream or royalty interests.

We also have competitors that are engaged in the acquisition of stream and royalty interests and companies holding such interests, including competitors with greater financial resources, and we may not be able to compete successfully against these companies in new acquisitions. If we are unable to successfully acquire additional stream or royalty interests, the reserves subject to our stream and royalty interests may decline as the producing properties on which we have such stream and royalty interests are mined or payment or production caps on certain of our royalty interests are met. We also may experience negative reactions from the financial markets or operators of properties on which we seek stream and royalty interests if we are unable to successfully complete acquisitions of such interests or complete them at satisfactory rates of return. Each of these factors could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We depend on our operators for the calculation of payments of our stream and royalty interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments.

The deliveries and payments under our stream and royalty interests are calculated by the operators of the properties on which we have stream and royalty interests based on their reported production. Each operator's calculation of deliveries and payments is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and, given the complex nature of mining and ownership of mining interests, errors may occur from time to time in the allocation of production and the various other calculations made by an operator. Any of these errors may render such

calculations inaccurate. Certain agreements governing our stream and royalty interests require the operators to provide us with production and operating information that may, depending on the completeness and accuracy of such information, enable us to detect errors in deliveries under metal streams and in the calculation of payments of royalties. We do not, however, have the contractual right to receive production information for all of our royalty interests. As a result, our ability to detect payment errors through our stream and royalty monitoring program and its associated internal controls and procedures is limited, and the possibility exists that we will need to make retroactive revenue adjustments. Some contracts governing our stream and royalty interests provide us the right to audit the operational calculations and production data for the associated stream deliveries and royalty payments; however, such audits may occur many months following our recognition of the revenue and we may be required to adjust our revenue in later periods, which could require us to restate our financial statements.

Development and operation of mines is very capital intensive and any inability of the operators of properties where we hold stream and royalty interests to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from our stream and royalty interests.

If operators of properties where we hold stream and royalty interests do not have the financial strength or sufficient credit or other financing capability to cover the costs of developing or operating a mine, the operator may curtail, delay or cease development or operations at a mine site, or enter into bankruptcy proceedings. An operator's 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. If certain of the operators of the properties on which we have stream and royalty interests suffer these material adverse effects, then our stream and royalty 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 the agreements governing our stream and royalty interests contain terms that reduce or cap the revenues generated from the interests.

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

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

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

The estimation of reserves and of other mineralized material is a subjective process, and the accuracy of any such estimate 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 estimate. The volume and grade of reserves recovered and rates of production may be less than anticipated. Assumptions about gold and other precious metal prices are subject to great uncertainty, and such prices have fluctuated widely in the past. Declines in the market price of gold, silver, copper, nickel or other metals also may render reserves or mineralized material containing relatively lower ore grades uneconomical to exploit. Changes in operating costs and other factors including short-term operating factors, the processing of new or different ore grades, geotechnical characteristics and metallurgical recovery, may materially and adversely affect reserves.

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

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

Production estimates are prepared by the operators of mining properties. There are numerous uncertainties inherent in estimating anticipated production attributable to our stream and royalty interests, including many factors beyond our control and the control of the operators of the properties in which we have stream and royalty interests. We do not participate in the preparation or verification of production estimates and have not independently assessed or verified the accuracy of such information. The estimation of anticipated production is a subjective process and the accuracy of any such estimates is a function of the quality of available data, reliability of production history, variability in grade encountered, mechanical or other problems encountered, engineering and geological interpretation and operator judgment. Actual 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 mining claims, concessions, licenses or leases from governments on mine properties is not properly maintained by the operators, or is successfully challenged by third parties, our stream and royalty interests could be found to be invalid.

Our business includes the risk that operators of mining projects and holders of exploration or mining claims, tenements, concessions, licenses or other interests in land and minerals may lose their exploration or mining rights, or have their rights to explore and mine properties contested by private parties or the government. Internationally, exploration and 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 or work requirements, reduction in geographic extent upon passage of time or upon conversion from an exploration tenure to a mining tenure, failure of title, expropriation and similar risks. If title to exploration or mining tenures subject to our stream and royalty interests have not been properly established or not properly maintained, or are successfully contested, our stream and royalty interests could be adversely affected.

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

We derived approximately 91% of our revenues from non-U.S. sources during fiscal year 2018, compared to approximately 92% in fiscal year 2017 and approximately 90% in fiscal year 2016. Our principal producing stream and royalty interests on properties outside of the United States are located in Canada, Chile, the Dominican Republic, Ghana and Mexico. We currently have stream and royalty interests in mines and projects in other countries, including Argentina, Australia, Bolivia, Brazil, Burkina Faso, Guatemala, Honduras, Macedonia, Nicaragua, Peru, Russia, Spain and Tunisia. Various indigenous peoples may be recognized as sovereign entities and may enforce their own laws and regulations within the United States, Canada and other countries. In addition, future acquisitions may expose us to new jurisdictions. Our activities and those of the operators of properties on which we hold stream and royalty interests are subject to the risks normally associated with conducting business in foreign countries or within the jurisdiction of indigenous people that may be recognized as sovereign entities in the United States and elsewhere. These risks may impact our operators, depending on the jurisdiction, and include such things as:

- expropriation or nationalization of mining property;
- seizure of mineral production;
- exchange and currency controls and fluctuations;
- limitations on foreign exchange and repatriation of earnings;

- 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 and government policies, including changes related to taxation, government royalties, imports, exports, duties, currency, foreign ownership, foreign trade, foreign investment and other forms of government take, including any such changes as may be made in response to U.S. laws or foreign 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;
- changes in economic, trade, diplomatic and other relationships between countries, and the effect on global and economic conditions, the stability of global financial markets, and the ability of key market participants to operate in certain financial markets;
- 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;
- renegotiation, nullification or forced modification of existing contracts, licenses, permits, approvals, concessions or the like;
- war, crime, terrorism, sabotage, civil unrest and uncertain political and economic environments;
- corruption;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act and similar laws and regulations in other jurisdictions to which we, but not necessarily our competitors, may be subject;
- suspension of the enforcement of creditors' rights and stockholders' rights; and
- loss of access to government controlled infrastructure, such as roads, bridges, rails, ports, power sources and water supply.

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

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

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

Various international and national, state and provincial laws, rules, regulations and other practices relate to the rights of indigenous peoples. Some of the properties where we hold stream and royalty interests are located in areas presently or previously inhabited or used by indigenous peoples. Many of these laws impose obligations on governments to respect the rights of indigenous people. Some mandate that governments consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant mining rights or permits. One or more groups of indigenous people may oppose continued operation, further development, or new development of the properties where we hold stream and royalty interests. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression, and claims and protests of indigenous peoples may disrupt or

delay activities of the operators of the properties. For example, the Pascua-Lama project has 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. Subsequently, in the first calendar quarter of 2018, Barrick reclassified the proven and probable reserves for the Chilean portion of the project, to which our royalty interest relates, and, ultimately, suspended further development of the project, in response to sanctions by the Chilean government.

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, the Dominican Republic, Ghana, Mexico or any other country in which we have stream and royalty interests in mines or projects could affect mine development and expansion, significantly increase regulatory obligations and compliance costs with respect to mine development and mine operations, increase the cost of holding mining tenures or impose additional taxes on mining operations, all of which could adversely affect our revenue from such properties. A number of properties where we hold royalty interests are located on U.S. public lands that are subject to federal mining and other public land laws. In recent years, the United States Congress has considered a number of proposed major revisions to the General Mining Law of 1872, and other laws, which govern the creation, maintenance and possession of mining claims and related activities on public lands in the United States. Congress also has recently considered bills, which if enacted, would impose a royalty payable to the government on hardrock production, increase land holding fees, impose federal reclamation fees and financial assurances, impose additional environmental operating standards and afford greater public involvement and regulatory discretion in the mine permitting process. Such legislation, if enacted, or similar legislation in other countries, could adversely affect the development of new mines and the expansion of existing mines, as well as increase the cost of all mining operations, and could materially and adversely affect mine operators and our revenue.

The mining industry is subject to environmental risks in the U.S. and in the foreign jurisdictions where our interests are located, including risk associated with climate change.

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. In addition, concerns with regard to climate change in the United States and abroad have resulted in international, national and local treaties, legislation and initiatives that affect mineral exploration and production, including those intended to reduce industrial emissions and increase energy efficiency. Compliance with all such laws and regulations, treaties and initiatives (“Laws”) could increase permitting requirements, result in stricter standards and enforcement, and require significant increases in capital expenditures and operating costs by operators of properties subject to our interests. Further, breach of a Law may result in the imposition of fines and penalties or other adverse impacts on operators and their properties, which may be material. If an operator is forced to incur significant costs to comply with Laws or becomes subject to related restrictions that limit its ability to continue or expand operations, or if an operator were to lose its right to use or access power, water or other raw materials necessary to operate a mine, or if the costs to comply with Laws materially increased the capital or operating costs on the properties where we hold streams and royalties, our revenues could be reduced, delayed or eliminated. These risks are also salient with regard to our development stage properties where permitting may not be complete and/or where new legislation and regulation could lead to delays, interruptions and significant unexpected cost burdens for mine operators. For example, Argentina passed a federal glacier protection law in 2010 that 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 could impact some aspects of the design, development and operation of the project. Further, to the extent that we become subject to environmental liabilities for any historic period during which we owned or operated properties, or relative to our current ownership interests in the lease and underlying unpatented mining claims acquired at Cortez or the lease, unpatented mining claims and exploration activities associated with the Peak Gold JV, the satisfaction of any liabilities would reduce funds otherwise available to us and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

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

Information systems and other technologies, including those related to our financial and operational management, are an integral part of our business activities. Network and information systems-related events, such as computer hackings, cyber-attacks, ransomware, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events, could result in damage to our property, equipment and data, affect our ability to maintain ongoing operations, and result in significant expenditures to repair or replace the damaged property or information systems, reacquire access to networks and information systems, or to protect them from similar events in the future. In addition, any security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems (or those of our third party service providers), including information about our company or our employees, third party information in our possession, and other data, could damage our reputation, expose us to legal liability and require us to expend significant capital and other resources to remedy any such security breach. Despite security measures we have implemented and other measures we may implement in the future, and despite the fact that, to date, the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that these events and security breaches will not occur in the future or not have an adverse effect on our business. Furthermore, new and evolving requirements relating to cybersecurity are applicable or may in the future apply to our business, including requirements relating to protection of personally identifiable information. Compliance with such requirements could result in additional or increased compliance costs and exposure to legal liability.

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

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

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

Management has concluded that as of June 30, 2018, our disclosure controls and procedures and our internal control over financial reporting were effective. Such controls and procedures, however, may not be adequate to prevent or identify existing or future internal control weaknesses due to inherent limitations therein, which may be beyond our control, including, but not limited to, our dependence on operators for the calculation of royalty payments and deliveries of metal streams that translate to our revenues as discussed above in "*We depend on our operators for the calculation of payments of our stream and royalty interests. We may not be able to detect errors and later payment calculations may call for retroactive adjustments*". Given our dependence on third party calculations, there is a risk that material misstatements in results of operations and financial condition may not be prevented or detected on a timely basis by our internal controls over financial reporting and may require us to restate our financial statements.

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

As of June 30, 2018, 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, 2018, there was \$1.0 billion available and no amounts outstanding under our revolving credit facility. We are also subject to the risks normally associated with debt obligations, including the risk that our cash flows may be insufficient to meet required principal and interest payments and the risk that we will be unable to refinance our indebtedness when it becomes due, or that the terms of such refinancing will not be as favorable as the terms of our indebtedness. We may seek additional debt or equity financing in the future.

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

- require us to dedicate a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions of stream and royalty interests, working capital, pay dividends and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness;
- dilute our existing stockholders if we elect to issue common stock instead of paying cash in the event the holders convert the 2019 Notes, or any other convertible securities issued in the future;
- require the consent of our existing lenders to borrow additional funds, as was required in connection with the issuance of the 2019 Notes; and
- 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 certain assets.

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

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 \$72.04 and \$24.68 for the fiscal year ended June 30, 2016, \$87.74 and \$60.21 for the fiscal year ended June 30, 2017 and \$94.39 and \$76.15 for the fiscal year ended June 30, 2018. The

fluctuation of the market price of our common stock has been affected by many factors that are beyond our control, including:

- market prices of gold, silver, copper, nickel and other metals;
- Central bank interest rates;
- expectations regarding inflation;
- ability of operators to service their financial obligations, advance development projects, produce precious metals and develop new reserves;
- currency values;
- credit market conditions;
- general stock market conditions; and
- global and regional political and economic conditions.

Additional issuances of equity securities by us could dilute our existing stockholders, reduce some or all of our per share financial measures, reduce the trading price of our common stock or impede our ability to raise future capital. Substantial sales of shares may negatively impact the market price of our common stock.

We may issue additional equity in the future in connection with acquisitions, strategic transactions or for other purposes. To the extent we issue additional equity securities, our existing stockholders could be diluted and some or all of our per share financial measures could be reduced. In addition, the shares of common stock that we issue in connection with an acquisition may not be subject to resale restrictions. The market price of our common stock could decline if our stockholders sell substantial amounts of our common stock, including shares issued upon the conversion of the outstanding 2019 Notes or are perceived by the market as intending to sell these shares other than in an orderly manner.

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

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

We may change our practice of paying dividends.

We have paid a cash dividend on our common stock for each fiscal year beginning in fiscal year 2000. Our board of directors has discretion in determining whether to declare a dividend based on a number of factors, including prevailing gold and other metal prices, economic market conditions, future earnings, cash flows, financial condition, and funding requirements for future opportunities or operations. In addition, there may be corporate law limitations or future contractual restrictions on our ability to pay dividends. If our board of directors declines or is unable to declare dividends in the future or reduces the current dividend level, our stock price could fall, and the success of an investment in our common stock would depend largely upon any future stock price appreciation. We have increased our dividends in prior years. There can be no assurance, however, that we will continue to do so or that we will pay any dividends at all.

Certain provisions of Delaware law, our organizational documents, 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, 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. By default, 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 our 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. In addition, if an acquisition event constitutes a fundamental change, holders of the 2019 Notes will have the right to require us to purchase their 2019 Notes in cash. If an acquisition event constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their 2019 Notes in connection with such make-whole fundamental change. These provisions could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, which may cause the market price of our common stock to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own or operate the properties in which we have stream or royalty interests, except for our interest in the Peak Gold JV, and therefore much of the information disclosed in this Form 10-K regarding these properties is provided to us by the operators. For example, the operators of the various properties provide us information regarding metals production, estimates of mineral reserves and additional mineralized material and production estimates. A list of our producing and development stage streams and royalties, as well their respective reserves, are summarized below in Table 1 within this Item 2. More information is available to the public regarding certain properties in which we have stream or royalty interests, including reports filed with the SEC or with the Canadian securities regulatory agencies available at www.sec.gov or www.sedar.com, respectively.

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

Principal Producing Properties

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

Currently, the Company considers the properties discussed below (listed alphabetically by stream and royalty interest) to be principal to our business.



Stream Interests

Andacollo (Region IV, Chile)

RGLD Gold AG (“RGLD Gold”), a wholly-owned subsidiary of the Company, owns the right to purchase 100% of the gold produced from the Andacollo copper-gold mine until 900,000 ounces of payable gold have been delivered, 50% thereafter. The cash purchase price equals 15% of the monthly average gold price for the month preceding the delivery date for all gold purchased. As of June 30, 2018, approximately 142,000 ounces of payable gold have been delivered to RGLD Gold.

Andacollo is an open-pit mine and milling operation located in central Chile, Region IV in the Coquimbo Province and is operated by Compañía Minera Teck Carmen de Andacollo (“CMCA”), a 90% owned subsidiary of Teck Resources Limited (“Teck”). The Andacollo mine is located in the foothills of the Andes Mountains approximately 1.5 miles southwest of the town of Andacollo. The regional capital of La Serena and the coastal city of Coquimbo are approximately 34 miles northwest of the Andacollo mine by road, and Santiago is approximately 215 miles south by air. Access to the mine is provided by Route 43 (R-43) south from La Serena to El Peñon. From El Peñon, D-51 is followed east and eventually curves to the south to Andacollo. Both R-43 and D-51 are paved roads.

Stream deliveries from Andacollo were approximately 51,700 ounces of gold during the fiscal year ended June 30, 2018, compared to approximately 47,900 ounces for the fiscal year ended June 30, 2017. Teck indicated that they expect gradually declining grades to be offset largely by planned throughput improvements in the mill. The current life of mine

for Andacollo is expected to continue until 2036. Additional permitting or amendments to existing permits will be required to execute the life of mine plan.

Mount Milligan (British Columbia, Canada)

RGLD Gold owns the right to purchase 35% of the payable gold and 18.75% of the payable copper produced from the Mount Milligan copper-gold project in British Columbia, Canada, which is operated by an indirect subsidiary of Centerra Gold Inc. (“Centerra”). The cash purchase price for gold is equal to the lesser of \$435 per ounce, with no inflation adjustment, or the prevailing market price when purchased. The cash purchase price for copper is 15% of the spot price.

The Mount Milligan project is an open-pit mine and is located within the Omenica Mining Division in North Central British Columbia, approximately 96 miles northwest of Prince George, 53 miles north of Fort St. James, and 59 miles west of Mackenzie. The Mount Milligan project is accessible by commercial air carrier to Prince George, British Columbia, then by vehicle from the east via Mackenzie on the Finlay Philip Forest Service Road and the North Philip Forest Service Road, and from the west via Fort St. James on the North Road and Rainbow Forest Service Road. Road travel to the Mount Milligan property site is 482 miles from Prince Rupert and 158 miles from Prince George.

Gold stream deliveries from Mount Milligan were approximately 78,000 ounces of gold during the fiscal year ended June 30, 2018, compared to approximately 96,000 ounces of gold during the fiscal year ended June 30, 2017. The decrease was primarily due to the change in the gold stream rate from 52.25% to 35%. RGLD Gold began receiving gold deliveries reflecting the lower stream percentage in April 2017.

Copper stream deliveries from Mount Milligan were approximately 10.35 million pounds of copper during the fiscal year ended June 30, 2018, compared to approximately 2.57 million pounds during the fiscal year ended June 30, 2017. Copper stream deliveries began during our June 2017 quarter. The decrease was also partially a result of the mill processing operations at the mine being temporarily suspended for 39 days beginning on December 27, 2017, due to insufficient water. For the June 2018 quarter, mill throughput 47,000 tonnes per calendar day, compared to 52,000 tonnes per calendar day during the June 2017 quarter.

On December 27, 2017, Centerra temporarily suspended mill operations at Mount Milligan due to insufficient fresh water. Centerra provided a further update on May 1, 2018 that Mount Milligan was operating at an average throughput of approximately 40,000 tonnes per day, and that once the spring snow melt is underway, throughput is expected to increase to a targeted average of 55,000 tonnes per day for the second half of the calendar year. Our fourth quarter fiscal year 2018 results were not impacted by the temporary shutdown of the mill processing facility. Due to the timing of shipments and deliveries of gold and copper, we expect the impact of the temporary shutdown to be reflected in Royal Gold’s first fiscal quarter 2019 results, as some of the deliveries of gold and copper that were expected in the June through August 2018 period have been deferred to a later date.

On August 1, 2018, Centerra reported that Mount Milligan continues to face potential limitations due to water supply, a situation exacerbated by minimal inflow from snow melt and less than expected precipitation experienced in calendar 2018. Centerra announced they filed for an amendment to their environmental assessment certificate to provide additional short-term water sources through 2020, and to initiate the development of a longer term water supply plan for subsequent years.

According to Centerra, if regulatory approvals to access water sources are not received, the Mount Milligan mill would need to operate only one ball mill to conserve water and throughput would be reduced to approximately 30,000 tonnes per day for the December 2018 quarter. In addition to these water matters, throughput in the September 2018 quarter will be reduced as a result of a recent (July 2018) 10-day unscheduled shutdown of the primary crusher for maintenance and a scheduled five-day maintenance shutdown in September 2018. Considering these factors, Centerra reduced their calendar 2018 production guidance at Mount Milligan to 175,000-195,000 payable ounces of gold and 40-47 million payable pounds of copper. If Centerra receives approval to access short-term water sources in the fourth quarter of calendar 2018, second half calendar 2018 throughput could be increased.

Pueblo Viejo (Sanchez Ramirez, Dominican Republic)

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

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

Gold stream deliveries from Pueblo Viejo were approximately 45,400 ounces of gold during the fiscal year ended June 30, 2018, compared to approximately 52,600 ounces of gold during the fiscal year ended June 30, 2017.

Silver stream deliveries were approximately 1.89 million ounces of silver during the fiscal year ended June 30, 2018, compared to approximately 1.78 million ounces of silver during the fiscal year ended June 30, 2017.

Barrick reported a decrease in production at Pueblo Viejo during the June 2018 quarter due to lower head grade resulting from the expected decline in pit ore grades for the period and delays in transitioning to higher grade ore benches in Moore Pit Phases 5 and 6. Lower throughput during the June 2018 quarter resulted from the first of two-annual planned autoclave and mill shutdowns. Barrick expects production to increase in the September 2018 quarter as Pueblo Viejo transitions to higher grades in Moore Pit Phases 5 and 6. Barrick expects September 2018 quarter throughput to remain in line with the June 2018 quarter as scheduled maintenance of the second autoclave will be completed. Barrick also anticipates higher grades at Pueblo Viejo to persist into the December 2018 quarter, with higher throughput.

Barrick is advancing prefeasibility level studies for a plant expansion at Pueblo Viejo that would increase throughput by 50% to 12 million tonnes per year, allowing the mine to maintain average annual gold production of 800,000 ounces after 2022 (on 100% basis). The project involves the addition of a pre-oxidation heap leach pad with a capacity of eight million tonnes per year, a new mill and flotation concentrator with a capacity of four million tonnes per year, and additional tailings capacity. The project has the potential to convert roughly seven million ounces of mineralized material to proven and probable reserves (on 100% basis). In support of the prefeasibility study, Barrick completed the construction of a pilot pre-oxidation heap leach pad to test metallurgy and recoveries, and is now irrigating ore. Civil works for the pilot flotation circuit have also commenced, and a tender process for structural, mechanical, and electrical contracts is now underway.

Wassa and Prestea (Western Region, Ghana)

RGLD Gold owns the right to purchase 10.50% of the gold produced from the Wassa and Prestea projects, operated by Golden Star, until an aggregate 240,000 ounces have been delivered. Once the applicable delivery threshold is met, the stream percentage will decrease to 5.5% for the remaining term of the transaction.

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

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

Stream deliveries from Wassa and Prestea were approximately 25,900 ounces of gold during the fiscal year ended June 30, 2018, compared to approximately 19,900 ounces of gold during the fiscal year ended June 30, 2017. Golden Star reported that the increase in production during the current period was primarily due to improved grade and tonnes at the Wassa underground mine. As of February 1, 2018, Wassa became an underground-only mining operation, however, stock piled ore continued to be processed throughout the current period. At Prestea, Golden Star announced production decreased during the current period primarily due to the planned reduction from the Prestea open-pits and the slower than expected ramp-up at the Prestea underground mine.

Golden Star indicated that they remain on track to achieve their consolidated calendar year 2018 production guidance, and that they expect production to be weighted to the second half of calendar 2018.

Royalty Interests

Cortez (Nevada, USA)

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

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 GSR1 royalty rate is tied to the price of gold and does not include indexing for inflation or deflation. The GSR1 royalty rate is 5.0% at a gold price of \$470 per ounce and higher.
- (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 GSR2 royalty rate is tied to the gold price, without indexing for inflation or deflation. The GSR2 royalty rate is 5.0% at a gold price of \$470 per ounce and higher.
- (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 4.91% NVR (4.52% with respect to Crossroads) on production from the GAS Claims located on a portion of Cortez that excludes the Pipeline open pit.

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

Production attributable to our royalty interest at Cortez increased approximately 21% when compared to the fiscal year ended June 30, 2017. Waste stripping at Crossroads, which is subject to our NVR1 (Crossroads) and GSR2 royalty interests is currently ongoing. Production from Crossroads, which contains 3.2 million ounces of gold, is expected to begin in late calendar 2018.

Peñasquito (Zacatecas, Mexico)

We own a production payment equivalent to a 2.0% NSR royalty on all metal production from the Peñasquito open-pit mine, located in the State of Zacatecas, Mexico, and operated by a subsidiary of Goldcorp Inc. (“Goldcorp”). The

Peñasquito project is located approximately 17 miles west of the town of Concepción del Oro, Zacatecas, Mexico. The project, composed of two main deposits called Peñasco and Chile Colorado, hosts large gold, silver, zinc and lead reserves. The deposits contain both oxide and sulfide material, resulting in heap leach and mill processing. There are two access routes to the site. The first is via a turnoff from Highway 54 onto the State La Pardita road, then onto the Mazapil to Cedros State road. The second access is via the Salaverna by-pass road from Highway 54 approximately 16 miles south of Concepción del Oro. There is a private airport on site and commercial airports in the cities of Saltillo, Zacatecas and Monterrey.

Gold production attributable to our royalty interest at Peñasquito decreased approximately 32% when compared to the fiscal year ended June 30, 2017, as a result of Goldcorp's planned transition from the higher-grade area of the Peñasco pit to lower grade ore and stockpiled material during the current period. Zinc production attributable to our royalty interest increased approximately 10% when compared to the fiscal year ended June 30, 2017, while silver and lead production were in line with the prior year.

Goldcorp indicated that gold production during the current period was lower as a result of the planned transition from high-grade ore in Phase 5D at the bottom of the Peñasco pit, to lower grade ore from stockpiles and the remnants of Phase 5D. Production in Phase 5D was completed during the June 2018 quarter, and equipment was refocused on accelerating stripping activities in Phase 6D and in the Chile Colorado pit.

Goldcorp reported the Peñasquito Pyrite Leach project ("PLP") completed construction with commissioning further accelerated to the September 2018 quarter, and that the first gold is expected in the December 2018 quarter, two quarters ahead of schedule. Goldcorp further reported at the end of the June 2018 quarter that pre-commissioning activities were 45% complete, and water testing was ongoing on an area and systems basis. During the June 2018 quarter, construction of the Carbon Pre-flotation component of the PLP was completed. This will allow Peñasquito to process ore previously considered uneconomic, including significant amounts already in stockpiles.

With the commissioning schedule of the PLP accelerated into the September 2018 quarter, Goldcorp modified the production plan for the September 2018 quarter with lower than planned mill throughput and low mill head grades, exclusively from the surface stockpile, to accommodate the commissioning of a new major circuit, which is the preferred material to be processing during the commissioning phase where lower recoveries are expected. A resequencing to higher grades and mill tonnage in the December 2018 quarter, subsequent to the commissioning, is expected to allow the mine to meet its full year gold production objectives. Mining activities will transition to the newly developed Chile Colorado pit in late calendar 2018 and into the higher-grade ore in Phase 6D in calendar 2019 in the Peñasco pit.

Reserve Information

Table 1 below summarizes proven and probable reserves for gold, silver, copper, nickel, zinc, lead, cobalt and molybdenum that are subject to our stream and royalty interests as of December 31, 2017, 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, 2017. Please refer to pages 27-29 for the footnotes to Table 1.

Operators’ Estimated Proven and Probable Gold Reserves As of December 31, 2017⁽¹⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	Gold ⁽²⁾		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				PROVEN + PROBABLE		
				Tons of Ore (M)	Average Gold Grade (opt)	
Bald Mountain	1.75% - 2.5% NSR ⁽⁷⁾	Kinross	United States	18,950	0.023	0.436
Cortez (Pipeline) GSR1	0.40 - 5.0% GSR ⁽⁸⁾	Barrick	United States	46,224	0.016	0.737
Cortez (Pipeline) GSR2	0.40 - 5.0% GSR ⁽⁸⁾	Barrick	United States	107,757	0.032	3.444
Cortez (Pipeline) GSR3	0.71% GSR	Barrick	United States	64,480	0.016	1.008
Cortez (Pipeline) NVR1	4.91% NVR	Barrick	United States	50,256	0.015	0.733
Cortez (Pipeline) NVR1C	4.52% NVR	Barrick	United States	89,441	0.035	3.173
Gold Hill ⁽⁹⁾	1.0 - 2.0% NSR ⁽¹⁰⁾	Kinross	United States	4,897	0.016	0.080
	0.6 - 0.9% NSR ⁽¹¹⁾					
Goldstrike (SJ Claims)	0.9% NSR	Barrick	United States	32,600	0.087	2.828
Hasbrouck (DEV)	1.5% NSR	West Kirkland/Clover Nevada	United States	35,616	0.017	0.588
Leeville	1.8% NSR	Newmont	United States	3,193	0.253	0.809
Marigold	2.0% NSR	SSR Mining	United States	150,465	0.012	1.790
Pinson (DEV)	3.0% NSR ⁽¹²⁾	Waterton Precious Metals Fund	United States	7,557	0.064	0.483
	2.94% NSR ⁽¹³⁾					
Robinson	3.0% NSR	KGHM	United States	84,310	0.005	0.413
Ruby Hill	3.0% NSR	Waterton Precious Metals Fund	United States	1,726	0.014	0.024
Twin Creeks	2.0% GPR	Newmont	United States	0,991	0.053	0.052
Wharf	0.0 - 2.0% GSR ⁽¹⁴⁾	Coeur	United States	33,298	0.025	0.842
Back River - Goose Lake (DEV)	1.95% GSR ⁽¹⁵⁾	Sabina Gold & Silver	Canada	13,623	0.184	2.503
Canadian Malartic	1.0 - 1.5% NSR ⁽¹⁶⁾	Agnico Eagle/Yamana	Canada	73,208	0.030	2.191
Holt	0.00013 × quarterly avg. gold price	Kirkland Lake	Canada	4,354	0.131	0.570
Kutcho Creek (DEV)	2.0% NSR	Kutcho Copper Corp	Canada	11,509	0.011	0.124
La Ronde Zone 5 (DEV)	2.0% NSR	Agnico Eagle	Canada	6,873	0.058	0.401
Mount Milligan	35.0% of gold produced ⁽¹⁷⁾	Centerra Gold	Canada	522,282	0.010	5.216
Pine Cove (DEV)	7.5% NPI	Anaconda Mining	Canada	0,979	0.037	0.036
Rainy River	6.5% of gold produced ⁽¹⁸⁾	New Gold	Canada	131,964	0.033	4.418
Schaft Creek (DEV)	3.5% NPI	Copper Fox/Teck	Canada	1,037,054	0.006	5.775
Williams	0.97% NSR	Barrick	Canada	18,017	0.059	1.068
Dolores	3.25% NSR	Pan American	Mexico	56,218	0.025	1.401
Mulatos	1.0 - 5.0% NSR ⁽¹⁹⁾	Alamos	Mexico	54,962	0.034	1.888
Peñasquito ⁽²⁰⁾	2.0% NSR - Sulfide and Oxide	Goldcorp	Mexico	578,438	0.016	8.950
Andacollo	100% of gold produced ⁽²¹⁾	Teck	Chile	366,739	0.003	1.212
El Toqui	0.0 - 3.0% NSR ⁽²²⁾	Laguna Gold	Chile	2,326	0.045	0.105
La Fortuna (DEV)	1.4% NSR ⁽²³⁾	Goldcorp	Chile	198,103	0.013	2.674
Don Mario	3.0% NSR	Orvana	Bolivia	0,941	0.078	0.074
Don Nicolas (DEV)	2.0% NSR	Compañía Inversora en Minas	Argentina	1,327	0.148	0.196
Pueblo Viejo	7.5% of gold produced ⁽²⁴⁾	Barrick (60%)	Dominican Republic	89,683	0.081	7.224
El Limon	3.0% NSR	B2Gold	Nicaragua	0,904	0.122	0.110
La India (DEV)	3.0% NSR	Condor Gold	Nicaragua	7,606	0.089	0.675
Mara Rosa (DEV)	1.0% NSR and 1.75% NSR	Amarillo Gold	Brazil	20,955	0.048	0.998
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0,762	0.002	0.001
Gwalia Deeps	1.5% NSR	St. Barbara	Australia	12,267	0.199	2.439
Jaguar Nickel (DEV)	1.5% NSR	CopperChem	Australia	1,323	0.008	0.010
Kundip (DEV)	1.0 - 1.5% GV ⁽²⁵⁾	ACH Minerals	Australia	3,097	0.099	0.307
Meekatharra (Nannine)	1.5% NSR	Westgold Resources	Australia	0,047	0.047	0.002
Meekatharra (Paddy’s Flat)	1.5% NSR	Westgold Resources	Australia	4,445	0.092	0.409
	A\$10 per gold ounce produced ⁽²⁶⁾					
Meekatharra (Reedys)	1.5%, 1.5 - 2.5%, 1% NSR ⁽²⁷⁾	Westgold Resources	Australia	0,641	0.091	0.058
Meekatharra (Yaloginda)	0.45% NSR	Westgold Resources	Australia	4,415	0.024	0.105
Red Dam (DEV)	2.5% NSR	Evolution Mining	Australia	1,764	0.063	0.111
South Laverton	1.5% NSR	Saracen	Australia	16,303	0.074	1.210
Southern Cross	1.5% NSR	Shandong Tianye	Australia	9,639	0.099	0.959
Ulysses (DEV)	1.5% NSR	Genesis Minerals	Australia	0,082	0.119	0.010
Inata	2.5% GSR	Balaji Group	Burkina Faso	6,352	0.540	0.340
Taparko ⁽²⁸⁾	2.0% GSR	Nord Gold	Burkina Faso	6,504	0.074	0.483
Wassa and Prestea	10.5% of gold produced ⁽²⁹⁾	Golden Star Resources	Ghana	22,783	0.074	1.693

**Operators' Estimated Proven and Probable Silver Reserves
As of December 31, 2017⁽¹⁾**

Silver⁽³⁰⁾

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⁾ 0.6 - 0.9% NSR ⁽¹¹⁾	Kinross	United States	4.897	0.251	1.230
Hasbrouck (DEV)	1.5% NSR	West Kirkland/Clover Nevada	United States	35.616	0.297	10.569
Kutcho Creek (DEV)	2.0% NSR	Kutcho Copper Corp	Canada	11.509	1.009	11.618
Rainy River	60% of silver produced	New Gold	Canada	131.964	0.097	12.775
Schaft Creek (DEV)	3.5% NPI	Copper Fox/Teck	Canada	1,037.054	0.050	51.895
Dolores	2.0% NSR	Pan American	Mexico	56.218	0.820	46.100
Peñasquito ⁽²¹⁾	2.0% NSR - Sulfide and Oxide	Goldcorp	Mexico	578.438	0.094	545.560
El Toqui	0.0 - 3.0% NSR ⁽²²⁾	Laguna Gold	Chile	2.326	0.588	1.367
Don Mario	3.0% NSR	Orvana	Bolivia	0.941	0.079	0.075
Don Nicolas (DEV)	2.0% NSR	Compañía Inversora en Minas	Argentina	1.327	0.302	0.401
Pueblo Viejo	75% of silver produced ⁽²⁴⁾	Barrick (60%)	Dominican Republic	89.683	0.508	45.521
La India (DEV)	3.0% NSR	Condor Gold	Nicaragua	7.606	0.156	1.185
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	0.498	0.380
Jaguar Nickel (DEV)	1.5% NSR	CopperChem	Australia	1.323	2.268	3.000

**Operators' Estimated Proven and Probable Base Metal Reserves
As of December 31, 2017⁽¹⁾**

Copper⁽³¹⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs ⁽⁶⁾ (M)
Robinson	3.0% NSR	KGHM	United States	84.310	0.411%	692.343
Kutcho Creek (DEV)	2.0% NSR	Kutcho Copper Corp	Canada	11.509	2.010%	462.678
Mount Milligan	18.75% of copper produced ⁽¹⁸⁾	Centerra Gold	Canada	522.282	0.187%	1,955.000
Schaft Creek (DEV)	3.5% NPI	Copper Fox/Teck	Canada	1,037.054	0.271%	5,630.715
Voisey's Bay	2.7% NSR	Vale	Canada	35.715	0.963%	688.195
Don Mario	3.0% NSR	Orvana	Bolivia	0.941	0.199%	3.745
La Fortuna (DEV)	1.4% NSR ⁽²³⁾	Goldcorp	Chile	198.103	0.494%	1,959.099
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	2.130%	32.466
Jaguar Nickel (DEV)	1.5% NSR	CopperChem	Australia	1.323	0.417%	11.023
Las Cruces	1.5% NSR	First Quantum	Spain	4.740	4.549%	431.202

Lead⁽³²⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs ⁽⁶⁾ (M)
Peñasquito ⁽²⁰⁾	2.0% NSR - Sulfide	Goldcorp	Mexico	567.712	0.315%	3,560.010
El Toqui	0.0 - 3.0% NSR ⁽²³⁾	Laguna Gold	Chile	2.326	0.594%	27.635
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	0.517%	7.879

Zinc⁽³³⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				Tons of Ore (M)	Average	Base Metal Contained Lbs ⁽⁶⁾ (M)
					Base Metal Grade (%)	
Kutcho Creek (DEV)	2.0% NSR	Kutcho Copper Corp	Canada	11.509	3.190%	734.300
Peñasquito ⁽²⁰⁾	2.0% NSR - Sulfide	Goldcorp	Mexico	567.712	0.674%	7,710.370
El Toqui	0.0 - 3.0% NSR ⁽²²⁾	Laguna Gold	Chile	2.326	7.233%	336.480
Balcooma (DEV)	1.5% NSR	Consolidated Tin	Australia	0.762	1.921%	29.274
Jaguar Nickel (DEV)	1.5% NSR	CopperChem	Australia	1.323	6.250%	165.347

Nickel⁽³⁴⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				Tons of Ore (M)	Average	Base Metal Contained Lbs ⁽⁶⁾ (M)
					Base Metal Grade (%)	
Voisey's Bay	2.7% NSR	Vale	Canada	35.715	2.130%	1,521.586

COBALT⁽³⁵⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				Tons of Ore (M)	Average	Base Metal Contained Lbs ⁽⁶⁾ (M)
					Base Metal Grade (%)	
Voisey's Bay	2.7% NSR	Vale	Canada	35.715	0.130%	92.859

MOLYBDENUM⁽³⁶⁾

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE		RESERVES ⁽³⁾⁽⁴⁾⁽⁵⁾
				Tons of Ore (M)	Average	Base Metal Contained Lbs ⁽⁶⁾ (M)
					Base Metal Grade (%)	
Schaft Creek (DEV)	3.5% NPI	Copper Fox/Teck	Canada	1,037.054	0.018%	373.34

- Reserves have been reported by the operators of record as of December 31, 2017, with the exception of the following properties: South Laverton – June 30, 2018; Don Mario – September 30, 2017; Gwalia Deeps, Jaguar Nickel, Meekatharra (Nannine, Paddy's Flat, Reedys and Yaloginda), Peñasquito – June 30, 2017; Mara Rosa - March 7, 2017; Bald Mountain, Gold Hill, Holt, Inata, Robinson and Southern Cross - December 31, 2016; Ulysses - August 30, 2016; El Toqui, Red Dam - December 31, 2015; Back River - August 15, 2015; Hasbrouck Mountain – June 3, 2015; La Fortuna, La India, Pinson and Ruby Hill – December 31, 2014; Kundip - June 30, 2014; Schaft Creek – December 31, 2012; Don Nicolas – December 31, 2011; Balcooma – June 30, 2011; Kutcho Creek – February 15, 2011.
- Gold reserves were calculated by the operators at the following per ounce prices: A\$1,600 - Southern Cross, South Laverton and Ulysses; A\$1,550 – Meekatharra (Nannine, Paddy's Flat, Reedys and Yaloginda); C\$1,600 – Pine Cove; \$1,450 – Kundip; \$1,366 – Schaft Creek; A\$1,350 – Gwalia; A\$1,310 – Red Dam; \$1,300 – Dolores, La Fortuna and Pinson; \$1,275 - Rainy River; \$1,250 – Andacollo, Back River, Don Mario, El Limon, Holt, Inata, La India, Marigold, Mount Milligan, Mulatos, Robinson, Taparko, Wassa and Prestea and Wharf; \$1,225 - Hasbrouck Mountain; \$1,200 – Bald Mountain, Canadian Malartic, Cortez El Toqui, Gold Hill, Goldstrike, Leeville, Mara Rosa, Peñasquito, Pueblo Viejo, Twin Creek and Williams; and \$1,100 – Don Nicolas, La Ronde Zone 5 and Ruby Hill. No gold price was reported for Balcooma, Jaguar Nickel or Kutcho Creek.
- Set forth below are the definitions of proven and probable reserves used by the U.S. Securities and Exchange Commission. “Reserve” is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. “Proven (Measured) Reserves” are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and the grade is computed from the results of detailed sampling, and

- (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of the reserves are well established. "Probable (Indicated) Reserves" are reserves for which the quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.
4. Royal Gold has disclosed a number of reserve estimates that are provided by operators that are foreign issuers and are not based on the U.S. Securities and Exchange Commission's definitions for proven and probable reserves. For Canadian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform to the Canadian Institute of Mining, Metallurgy and Petroleum definitions of these terms as of the effective date of estimation as required by National Instrument 43-101 of the Canadian Securities Administrators. For Australian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ("JORC Code"). Royal Gold does not reconcile the reserve estimates provided by the operators with definitions of reserves used by the U.S. Securities and Exchange Commission.
 5. The reserves reported are either estimates received from the various operators or are based on documentation material provided to Royal Gold or which is derived from recent publicly available information from the operators of the various properties or various recent National Instrument 43-101 or JORC Code reports filed by operators. 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. The royalty is capped at \$10 million. As of June 30, 2018, royalty payments of approximately \$6.4 million have been received.
 10. The 1.0% to 2.0% sliding-scale NSR royalty will pay 2.0% when the price of gold is above \$350 per ounce and 1.0% when the price of gold falls to \$350 per ounce or below. The 0.6% to 0.9% NSR sliding-scale schedule (price of gold per ounce – royalty rate): Below \$300 – 0.6%; \$300 to \$350 – 0.7%; > \$350 to \$400 – 0.8%; > \$400 – 0.9%. The silver royalty rate is based on the price of gold.
 11. The 0.6% to 0.9% sliding-scale NSR applies to the M-ACE claims. The operator did not break out reserves or resources subject to the M-ACE claims royalty.
 12. Royalty only applies to Section 29 which currently holds about 95% of the reserves reported for the property. An additional Cordilleran royalty applies to a portion of Section 28.
 13. Additional Rayrock royalties apply to Sections 28, 32 and 33; these royalty rates vary depending on pre-existing royalties. The Rayrock royalties take effect once 200,000 ounces of gold have been produced from open pit mines on the property. As of June 30, 2018, approximately 103,000 ounces have been produced.
 14. GSR 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%.
 15. Goose Lake royalty applies to production above 400,000 ounces.
 16. NSR sliding-scale schedule (price of gold per ounce – royalty rate): \$0.00 to \$350 – 1.0%; above \$350 – 1.5%.
 17. Centerra Gold will deliver 35% of gold produced and 18.75% of copper produced. The purchase price for gold is equal to the lesser of \$435 per ounce delivered or the prevailing spot price and the purchase price for copper is 15% of the spot price per metric tonne delivered.
 18. New Gold will deliver: (a) gold in amounts equal to 6.50% of gold produced until 230,000 ounces have been delivered, and 3.25% of gold produced thereafter, and (b) silver in amounts equal to 60% of silver produced until 3.10 million ounces have been delivered, and 30% of silver produced thereafter, in each case at a purchase price equal to 25% of the spot price per ounce delivered.
 19. The royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 1.88 million ounces of cumulative production as of June 30, 2018. 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%.
 20. Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.

21. Teck will deliver gold in amounts equal to 100% of payable gold until 900,000 ounces have been delivered, and 50% of payable gold thereafter, subject to a fixed payable percentage of 89%, at a purchase price equal to 15% of the monthly average gold price for the month preceding the delivery date for each ounce delivered.
22. 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%.
23. The royalty covers approximately 30% of the La Fortuna deposit. Reserves attributable to Royal Gold's royalty represent 3/7 of Goldcorp's reporting of 70% of the total reserve.
24. Barrick will deliver: (a) gold in amounts equal to 7.50% of Barrick's 60% interest in gold produced until 990,000 ounces have been delivered, and 3.75% of Barrick's 60% interest in gold produced thereafter, at a purchase price equal to 30% of the spot price per ounce delivered until 550,000 ounces have been delivered, and 60% of the spot price per ounce delivered thereafter; and (b) silver in amounts equal to 75% of Barrick's 60% interest in silver produced, subject to a minimum silver recovery of 70%, until 50 million ounces have been delivered, and 37.50% of Barrick's 60% interest in silver produced thereafter, at a purchase price equal to 30% of the spot price per ounce delivered until 23.10 million ounces of silver have been delivered, and 60% of the spot price per ounce delivered thereafter.
25. Royalty pays 1.0% for the first 250,000 ounces of production and then 1.5% for production above 250,000 ounces.
26. The A\$10 per ounce royalty applies on production above 50,000 ounces.
27. 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.
28. 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.
29. As of January 1, 2018, Golden Star will deliver 10.5% of gold produced. The purchase price for gold ounces delivered is 20% of the spot price until 240,000 ounces have been delivered, and thereafter the stream percentage decreases to 5.5% of gold produced at a purchase price equal to 30% of the spot price.
30. Silver reserves were calculated by the operators at the following prices per ounce: \$25.96 – Schaft Creek; \$25.00 – Don Nicolas; \$20.00 – Gold Hill; \$18.50 – Dolores; \$18.00 – El Toqui and Peñasquito; \$17.50 – Hasbrouck Mountain; \$17.00 – Don Mario and Rainy River; and \$16.50 – Pueblo Viejo. No silver price was reported for Balcooma, Jaguar Nickel or Kutcho Creek.
31. Copper reserves were calculated by the operators at the following prices per pound: \$3.52 – Schaft Creek; \$3.00 – Andacollo, La Fortuna and Mount Milligan; \$2.95 – Robinson; \$2.76 – Voisey's Bay; \$2.75 – Las Cruces; and \$2.50 – Don Mario. No copper reserve price was reported for Balcooma, Jaguar Nickel or Kutcho Creek.
32. Lead reserves were calculated by the operators at the following prices per pound: \$0.91 – El Toqui; and \$0.90 – Peñasquito. No lead reserve price was reported for Balcooma.
33. Zinc reserves were calculated by the operators at the following prices per pound: \$1.05 – Peñasquito; and \$0.95 – El Toqui. No zinc reserve price was reported for Balcooma, Jaguar Nickel or Kutcho Creek.
34. Nickel reserve price was calculated by the operator at the following price per pound: \$5.31 – Voisey's Bay.
35. Cobalt reserve price was calculated by the operator at the following price per pound: \$18.37 – Voisey's Bay.
36. 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 14 of the notes to consolidated financial statements for a discussion on litigation associated with our Voisey's Bay royalty.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Current Stockholders

Our common stock is traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "RGLD". 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, 2016.

As of August 1, 2018, there were 762 stockholders of record of our common stock.

Fiscal Year:		Sales Prices	
		High	Low
2018	First Quarter (July, Aug., Sept.—2017)	\$ 94.39	\$ 76.15
	Second Quarter (Oct., Nov., Dec.—2017)	\$ 90.13	\$ 78.25
	Third Quarter (Jan., Feb., Mar.—2018)	\$ 90.51	\$ 78.78
	Fourth Quarter (April, May, June—2018)	\$ 93.50	\$ 85.15
2017	First Quarter (July, Aug., Sept.—2016)	\$ 87.74	\$ 71.67
	Second Quarter (Oct., Nov., Dec.—2016)	\$ 79.50	\$ 60.21
	Third Quarter (Jan., Feb., Mar.—2017)	\$ 73.16	\$ 61.00
	Fourth Quarter (April, May, June—2017)	\$ 81.29	\$ 67.10

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 and other metal prices, economic market conditions and funding requirements for future opportunities or operations.

For calendar year 2018, our annual dividend is \$1.00 per share of common stock. We paid the first payment of \$0.25 per share on January 19, 2018, to common stockholders of record at the close of business on January 5, 2018. We paid the second payment of \$0.25 per share on April 30, 2018, to common stockholders of record at the close of business on April 6, 2018. We paid the third payment of \$0.25 per share on July 20, 2018, to common stockholders of record at the close of business on July 6, 2018. Subject to board approval, we anticipate paying the fourth payment of \$0.25 per share on October 19, 2018, to common shareholders of record at the close of business on October 6, 2018.

For calendar year 2017, our annual dividend was \$0.96 per share of common stock, paid on a quarterly basis of \$0.24 per share. For calendar year 2016, our annual dividend was \$0.92 per share of common stock, paid on a quarterly basis of \$0.23 per share.

ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
	(Amounts in thousands, except per share data)				
Revenue ⁽¹⁾	\$ 459,042	\$ 440,814	\$ 359,790	\$ 278,019	\$ 237,162
Operating (loss) income ⁽²⁾	\$ (74,535)	\$ 145,942	\$ 4,816	\$ 87,235	\$ 108,720
Net (loss) income	\$ (119,351)	\$ 92,425	\$ (82,438)	\$ 52,678	\$ 63,472
Net (loss) income available to Royal Gold common stockholders	\$ (113,134)	\$ 101,530	\$ (77,149)	\$ 51,965	\$ 62,641
Net (loss) income per share available to Royal Gold common stockholders:					
Basic	\$ (1.73)	\$ 1.55	\$ (1.18)	\$ 0.80	\$ 0.96
Diluted	\$ (1.73)	\$ 1.55	\$ (1.18)	\$ 0.80	\$ 0.96
Dividends declared per common share ⁽³⁾	\$ 0.99	\$ 0.95	\$ 0.91	\$ 0.87	\$ 0.83

	As of June 30,				
	2018	2017	2016	2015	2014
	(Amounts in thousands)				
Stream and royalty interests, net	\$ 2,501,117	\$ 2,892,256	\$ 2,848,087	\$ 2,083,608	\$ 2,109,067
Total assets	\$ 2,682,016	\$ 3,094,065	\$ 3,069,729	\$ 2,914,474	\$ 2,882,316
Debt	\$ 351,027	\$ 586,170	\$ 600,685	\$ 313,869	\$ 302,632
Total liabilities	\$ 540,747	\$ 773,801	\$ 783,844	\$ 503,981	\$ 509,759
Total Royal Gold stockholders' equity	\$ 2,102,167	\$ 2,275,377	\$ 2,229,016	\$ 2,353,122	\$ 2,354,725

⁽¹⁾ Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 4% increase in revenue during fiscal year 2018 when compared to fiscal year 2017 and the 23% increase in revenue during fiscal year 2017 when compared to fiscal year 2016.

⁽²⁾ Please refer to Note 4 of the notes to consolidated financial statements for discussion on the impairment recognized at Pascua-Lama, which was attributable for the operating loss during our fiscal year 2018.

⁽³⁾ The 2018, 2017, 2016, 2015 and 2014 calendar year dividends were \$1.00, \$0.96, \$0.92, \$0.88 and \$0.84, respectively, as approved by our board of directors. Please refer to Item 5 of this report for further information on our dividends.

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

Overview

Royal Gold, Inc. ("Royal Gold", the "Company", "we", "us", or "our"), together with its subsidiaries, is engaged in the business of acquiring and managing precious metal streams, royalties, and similar interests. We seek to acquire existing stream and royalty interests or to finance projects that are in production or in the development stage in exchange for stream or royalty interests.

We manage our business under two segments:

Acquisition and Management of Stream Interests— A metal stream is a purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement. As of June 30, 2018, we owned stream interests on five producing properties and one development stage property. Our stream interests accounted for approximately 71% of our total revenue for the fiscal years ended June 30, 2018 and 2017. We expect stream interests to continue representing a significant proportion of our total revenue.

Acquisition and Management of Royalty Interests— Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. As of June 30, 2018, we owned royalty interests on 34 producing properties, 21 development stage properties and 130 exploration stage properties, of which we consider 53 to be evaluation stage projects. We use “evaluation stage” to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Royalties accounted for approximately 29% of our total revenue for the fiscal years ended June 30, 2018 and 2017.

We do not conduct mining operations on the properties in which we hold stream and royalty interests, and except for our interest in the Peak Gold JV, we are not required to contribute to capital costs, exploration costs, environmental costs or other operating costs on those properties. Refer to Note 2 of our notes to consolidated financial statements for further discussion on the Peak Gold JV.

In the ordinary course of business, we engage in a continual review of opportunities to acquire existing stream and royalty interests, to establish new streams on operating mines, to create new stream and royalty interests through the financing of mine development or exploration, or to acquire companies that hold stream and royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submission of indications of interest and term sheets, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver and copper, together with the amounts of production from our producing stage stream and royalty interests. For the fiscal years ended June 30, 2018, 2017 and 2016, gold, silver, and copper price averages and percentage of revenue by metal were as follows:

Metal	Fiscal Year ended					
	June 30, 2018		June 30, 2017		June 30, 2016	
	Average Price	Percentage of Revenue	Average Price	Percentage of Revenue	Average Price	Percentage of Revenue
Gold (\$/ounce)	\$ 1,297	77%	\$ 1,259	85%	\$ 1,168	88%
Silver (\$/ounce)	\$ 16.72	9%	\$ 17.88	8%	\$ 15.32	3%
Copper (\$/pound)	\$ 3.06	11%	\$ 2.44	5%	\$ 2.22	4%
Other	N/A	3%	N/A	2%	N/A	5%

Operators’ Production Estimates by Stream and Royalty Interest for Calendar 2018

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2018. The following table shows such production estimates for our principal producing properties for calendar 2018 as well as the actual production reported to us by the various operators through June 30, 2018. 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, and disclaim all responsibility for, 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.

**Operators' Estimated and Actual Production by Stream and Royalty Interest for Calendar 2018
Principal Producing Properties**

Stream/Royalty	Calendar 2018 Operator's Production Estimate			Calendar 2018 Operator's Production Actual ⁽²⁾		
	Estimate ⁽¹⁾			Actual ⁽²⁾		
	Gold	Silver	Base Metals	Gold	Silver	Base Metals
	(oz.)	(oz.)	(lbs.)	(oz.)	(oz.)	(lbs.)
Stream:						
Andacollo ⁽³⁾	66,700			27,100		
Mount Milligan ⁽⁴⁾	175,000 - 195,000			75,900		
<i>Copper</i>			40 - 47 million			22.6 million
Pueblo Viejo ⁽⁵⁾	585,000 - 615,000	Not provided		264,000	Not provided	
Wassa and Prestea	230,000 - 255,000			118,800		
Royalty:						
Cortez GSR1	48,300			22,200		
Cortez GSR2	2,200			600		
Cortez GSR3	50,500			22,800		
Cortez NVR1	31,600			13,500		
Peñasquito ⁽⁶⁾	310,000	Not provided		171,000	9.6 million	
<i>Lead</i>			160 million			53.8 million
<i>Zinc</i>			300 million			166.2 million

- (1) Production estimates received from our operators are for calendar 2018. There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements following this MD&A, as well as the Risk Factors identified in Part I, Item 1A, of this report for information regarding factors that could affect actual results.
- (2) Actual production figures shown are from our operators and cover the period January 1, 2018 through June 30, 2018, unless otherwise noted.
- (3) The estimated and actual production figures shown for Andacollo are contained gold in concentrate.
- (4) The estimated and actual production figures shown for Mount Milligan are payable gold in concentrate.
- (5) The estimated and actual production figures shown are payable gold in doré and represent Barrick's 60% interest in Pueblo Viejo. The operator did not provide estimated and actual silver production.
- (6) The estimated and actual gold production figures shown for Peñasquito are payable gold in concentrate. The operator did not provide estimated annual silver production.

Historical Production

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

Historical Production⁽¹⁾ by Stream and Royalty Interest Principal Producing Properties For the Fiscal Years Ended June 30, 2018, 2017 and 2016

Stream/Royalty	Metal	2018	2017	2016
Stream:				
Mount Milligan	Gold	77,700 oz.	103,400 oz.	108,800 oz.
	Copper	10.35 Mlbs.	2.57 Mlbs.	N/A
Andacollo	Gold	44,400 oz.	47,800 oz.	41,600 oz.
Pueblo Viejo	Gold	49,200 oz.	50,700 oz.	31,200 oz.
	Silver	1.88 Moz.	1.56 Moz.	208,900 oz.
Wassa and Prestea	Gold	23,000 oz.	20,300 oz.	20,100 oz.
Royalty:				
Peñasquito	Gold	375,800 oz.	556,300 oz.	584,000 oz.
	Silver	20.89 Moz.	20.71 Moz.	21.38 Moz.
	Lead	122.15 Mlbs.	125.21 Mlbs.	134.21 Mlbs.
	Zinc	348.48 Mlbs.	317.77 Mlbs.	332.98 Mlbs.
Cortez GSR1	Gold	76,300 oz.	62,900 oz.	62,600 oz.
Cortez GSR2	Gold	1,400 oz.	1,300 oz.	11,400 oz.
Cortez GSR3	Gold	77,700 oz.	64,200 oz.	74,000 oz.
Cortez NVR1	Gold	42,100 oz.	32,600 oz.	52,100 oz.

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

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 also refer to Note 2 of the notes to consolidated financial statements for a discussion on recently issued and adopted 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, 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 stream and royalty interests. These estimates and the underlying assumptions affect the potential impairments of long-lived assets and the ability to realize income tax benefits associated with deferred tax assets. These estimates and assumptions also affect the rate at which we recognize revenue or charge depreciation, depletion and amortization to earnings. On an ongoing basis, management evaluates these estimates and assumptions; however, actual amounts could differ from these estimates and assumptions. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

Stream and Royalty Interests

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

Acquisition costs of production stage stream and royalty interests are depleted using the units of production method over the life of the mineral property (as stream sales occur or royalty payments are recognized), which are estimated using proven and probable reserves as provided by the operator. Acquisition costs of stream and royalty interests on development stage mineral properties, which are not yet in production, are not depleted until the property begins production. Acquisition costs of stream or royalty interests on exploration stage mineral properties, where there are no proven and probable reserves, are not depleted. At such time as the associated exploration stage mineral interests are converted to proven and probable reserves, the cost basis is depleted over the remaining life of the mineral property, using proven and probable reserves. Exploration costs are expensed when incurred.

Asset Impairment

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

Estimates of gold, silver, copper, and other metal prices, operators’ estimates of proven and probable reserves or mineralized material related to our stream or royalty properties, and operators’ estimates of operating and capital costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these stream and royalty interests in mineral properties. It is possible that changes could occur to these estimates, which could adversely affect the net cash flows expected to be generated from these stream and royalty interests. Refer to Note 4 of the notes to consolidated financial statements for discussion and the results of our impairment assessments for the fiscal years ended June 30, 2018, 2017 and 2016.

Revenue

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

Refer to Note 2 of the notes to consolidated financial statements for discussion on recently issued Accounting Standards Update (“ASU”) guidance for the recognition of revenue from contracts with customers effective for the Company’s fiscal year beginning July 1, 2018.

Metal Sales

Gold, silver and copper received under our metal streaming agreements are taken into inventory, and then sold primarily using average spot rate gold, silver and copper forward contracts. The sales price for these average spot rate forward contracts is determined by the average daily gold, silver or copper spot prices during the term of the contract, typically a

consecutive number of trading days between 10 days and three months (depending on the frequency of deliveries under the respective streaming agreement and our sales policy in effect at the time) commencing shortly after receipt and purchase of the metal. Temporary modifications may be made to our metal sales policy from time to time as required to meet the needs of the Company. Revenue from gold, silver and copper sales is recognized on the date of the settlement, which is also the date that title to the metal passes to the purchaser.

Cost of Sales

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

Exploration Costs

Exploration costs are specific to our Peak Gold JV for exploration and advancement of the Peak Gold project as discussed further in Note 2 of our notes to consolidated financial statements. Exploration costs associated with the exploration and advancement of Peak Gold 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'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, 2018, we had current assets of \$125.8 million compared to current liabilities of \$51.4 million resulting in a working capital of \$74.4 million and a current ratio of 2 to 1. This compares to current assets of \$143.6 million and

current liabilities of \$34.3 million at June 30, 2017, resulting in a working capital of \$109.3 million and a current ratio of approximately 4 to 1. The decrease in our current ratio primarily resulted from a decrease in our income tax receivable due to a tax refund received from a foreign taxing authority of approximately \$21 million during the current year.

During the fiscal year ended June 30, 2018, liquidity needs were met from \$375.2 million in net revenue and our available cash resources. During our fiscal year ended June 30, 2018, the Company repaid the remaining \$250 million outstanding under the revolving credit facility. As of June 30, 2018, the Company had the full \$1.0 billion available under its revolving credit facility. Working capital, combined with the Company's undrawn revolving credit facility, resulted in approximately \$1.1 billion of total liquidity at June 30, 2018. Refer to Note 5 of our notes to consolidated financial statements for further discussion on our debt.

We believe that our current financial resources and funds generated from operations will be adequate to cover anticipated expenditures for debt service, general and administrative expense costs and capital expenditures for the foreseeable future. Our current financial resources are also available to fund dividends and for acquisitions of stream and royalty interests. Our long-term capital requirements are primarily affected by our ongoing acquisition activities. The Company currently, and generally at any time, has acquisition opportunities in various stages of active review. In the event of one or more substantial stream and royalty interest or other acquisitions, we may seek additional debt or equity financing as necessary.

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

Recent Liquidity and Capital Resource Development

Dividend Increase

On November 15, 2017, we announced an increase in our annual dividend for calendar 2018 from \$0.96 to \$1.00, payable on a quarterly basis of \$0.25 per share. The newly declared dividend is 4.2% higher than the dividend paid during calendar 2017. Royal Gold has steadily increased its annual dividend since calendar 2001.

Summary of Cash Flows

Operating Activities

Net cash provided by operating activities totaled \$328.8 million for the fiscal year ended June 30, 2018, compared to \$266.9 million for the fiscal year ended June 30, 2017. The increase was primarily due to an increase in proceeds received from our stream and royalty interests, net of production taxes and cost of sales, of approximately \$23.0 million and a tax refund received from a foreign taxing authority of approximately \$21 million.

Net cash provided by operating activities totaled \$266.9 million for the fiscal year ended June 30, 2017, compared to \$169.3 million for the fiscal year ended June 30, 2016. The increase was primarily due to an increase in proceeds received from our stream and royalty interests, net of production taxes and cost of sales, of approximately \$56.5 million. The increase was also due to a decrease in income taxes paid of approximately \$49.2 million, which resulted from \$47.7 million of cash taxes paid for the termination of the Andacollo royalty during fiscal year 2016, partially offset by \$9.7 million of cash taxes paid to taxing authorities, as a condition for appealing an assessment, during the fiscal year ended June 30, 2017.

Investing Activities

Net cash used in investing activities totaled \$10.6 million for the fiscal year ended June 30, 2018, compared to cash used in investing activities of \$200.1 million for the fiscal year ended June 30, 2017. The decrease in cash used in investing

activities is due to a decrease in acquisitions of stream and royalty interests in mineral properties when compared to the prior fiscal year.

Net cash used in investing activities totaled \$200.1 million for the fiscal year ended June 30, 2017, compared to \$1.0 billion for the fiscal year ended June 30, 2016. The decrease in cash used in investing activities is primarily due to a decrease in acquisitions of stream and royalty interests in mineral properties compared to fiscal year ended June 30, 2016 (primarily the Pueblo Viejo and Andacollo stream acquisitions).

Financing Activities

Net cash used in financing activities totaled \$315.3 million for the fiscal year ended June 30, 2018, compared to cash used in financing activities of \$97.5 million for the fiscal year ended June 30, 2017. The increase in cash used in financing activities is primarily due to increased repayment of amounts outstanding under our revolving credit facility when compared to the prior fiscal year.

Net cash used in financing activities totaled \$97.5 million for the fiscal year ended June 30, 2017, compared to cash provided by financing activities of \$214.0 million for the fiscal year ended June 30, 2016. The decrease in cash provided by financing activities is primarily due to the Company's \$350 million borrowing under its revolving credit facility to fund stream acquisitions during fiscal year 2016. During the fiscal year ended June 30, 2017, the Company repaid \$95.0 million of the outstanding borrowings under the revolving credit facility.

Contractual Obligations

Our contractual obligations as of June 30, 2018, are as follows:

Contractual Obligations	Payments Due by Period (in thousands)				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
2019 Notes ⁽¹⁾	\$ 380,638	\$ 380,638	\$ —	\$ —	\$ —

⁽¹⁾ Amounts represent principal (\$370 million) and estimated interest payments (\$10.6 million) assuming no early extinguishment.

For information on our contractual obligations, see Note 5 of the notes to consolidated financial statements. The above table does not include stream commitments as discussed in Note 14 of the notes to consolidated financial statements. The Company believes it will be able to fund all current obligations from net cash provided by operating activities.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Results of Operations

Fiscal Year Ended June 30, 2018, Compared with Fiscal Year Ended June 30, 2017

For the fiscal year ended June 30, 2018, we recorded a net loss attributable to Royal Gold stockholders of \$113.1 million, or \$1.73 per basic share and diluted share, as compared to net income attributable to Royal Gold stockholders of \$101.5 million, or \$1.55 per basic and diluted share, for the fiscal year ended June 30, 2017. The decrease in our earnings per share was attributable to impairment charges of approximately \$239.4 million primarily on our royalty interest at Pascua-Lama, as discussed further in Note 4 of our notes to consolidated financial statements, during the three months ended March 31, 2018. This decrease was partially offset by an increase in our revenue, which is discussed below. The effect of the impairment charges during the current year, was \$2.68 per basic share, after taxes. The decrease in our earnings per share was also attributable to an increase in our income tax expense due to the impacts of the Act and a non-cash functional currency election at certain of our Canadian subsidiaries. The combined effect of the Act and the non-cash functional currency election for income tax purposes was additional income tax expense of approximately \$30.7 million

and \$18.3 million, respectively, or \$0.47 and \$0.25 per basic share, respectively, during the current period. Refer to “Item 1, Recent Business Developments” and Note 7 of our notes to consolidated financial statements for further discussion on the Act.

For the fiscal year ended June 30, 2018, we recognized total revenue of \$459.0 million, which is comprised of stream revenue of \$324.5 million and royalty revenue of \$134.5 million, at an average gold price of \$1,297 per ounce, an average silver price of \$16.72 per ounce and an average copper price of \$3.06 per pound, compared to total revenue of \$440.8 million, which is comprised of stream revenue of \$314.0 million and royalty revenue of \$126.8 million, at an average gold price of \$1,259 per ounce, an average silver price of \$17.88 per ounce and an average copper price of \$2.44 per pound, for the fiscal year ended June 30, 2017.

Revenue and the corresponding production, attributable to our stream and royalty interests, for the fiscal year ended June 30, 2018 compared to the fiscal year ended June 30, 2017 is as follows:

Revenue and Reported Production Subject to our Stream and Royalty Interests
Fiscal Years Ended June 30, 2018 and 2017
(In thousands, except reported production in ozs. and lbs.)

Stream/Royalty	Metal(s)	Year Ended June 30, 2018		Year Ended June 30, 2017	
		Revenue	Reported Production ⁽¹⁾	Revenue	Reported Production ⁽¹⁾
Stream^{(2):}					
Mount Milligan		\$ 133,534		\$ 136,736	
	Gold		77,700 oz.		103,400 oz.
	Copper		10.35 Mlbs.		2.57 Mlbs.
Pueblo Viejo		\$ 95,055		\$ 91,589	
	Gold		49,200 oz.		50,700 oz.
	Silver		1.88 Moz.		1.56 Moz.
Andacollo	Gold	\$ 57,413	44,400 oz.	\$ 60,251	47,800 oz.
Wassa and Prestea	Gold	\$ 29,804	23,000 oz.	\$ 25,435	20,300 oz.
Other ⁽⁴⁾	Various	\$ 8,710	N/A	\$ N/A	N/A
Total stream revenue		\$ 324,516		\$ 314,011	
Royalty^{(2):}					
Peñasquito		\$ 25,886		\$ 26,687	
	Gold		375,800 oz.		556,300 oz.
	Silver		20.89 Moz.		20.71 Moz.
	Lead		122.15 Mlbs.		125.21 Mlbs.
	Zinc		348.48 Mlbs.		317.77 Mlbs.
Cortez	Gold	\$ 8,155	77,700 oz.	\$ 6,504	64,200 oz.
Other ⁽⁴⁾	Various	\$ 100,485	N/A	\$ 93,612	N/A
Total royalty revenue		\$ 134,526		\$ 126,803	
Total revenue		\$ 459,042		\$ 440,814	

(1) Reported production relates to the amount of metal sales, subject to our stream and royalty interests, for the twelve months ended June 30, 2018 and 2017, and may differ from the operators’ public reporting.

(2) Refer to Item 2, Properties, for further discussion on our principal stream and royalty interests.

(3) The first gold and silver stream deliveries began during the December 2017 quarter.

(4) Individually, no stream or royalty included within the “Other” category contributed greater than 5% of our total revenue for either period.

The increase in our total revenue for the fiscal year ended June 30, 2018, compared with the fiscal year ended June 30, 2017, resulted primarily from an increase in our stream revenue and an increase in the average gold and copper prices. The increase in our stream revenue was primarily attributable to new gold and silver production from our Rainy River

stream, an increase in gold sales at Wassa and Prestea and increased copper sales at Mount Milligan, partially offset by lower gold sales at Mount Milligan and Andacollo. Silver deliveries from Rainy River began during our December 2017 quarter with silver sales beginning in the March 2018 quarter. Copper deliveries from Mount Milligan began during our June 2017 quarter.

Gold and silver ounces and copper pounds purchased and sold during the fiscal years ended June 30, 2018 and 2017, as well as gold, silver and copper in inventory as of June 30, 2018 and 2017, for our streaming interests were as follows:

Gold Stream	Year Ended June 30, 2018		Year Ended June 30, 2017		As of June 30, 2018	As of June 30, 2017
	Purchases (oz.)	Sales (oz.)	Purchases (oz.)	Sales (oz.)	Inventory (oz.)	Inventory (oz.)
Mount Milligan	78,000	77,700	96,000	103,400	300	100
Andacollo	51,700	44,400	47,900	47,800	7,400	100
Pueblo Viejo	45,400	49,200	52,600	50,700	9,200	12,900
Wassa and Prestea	25,900	23,000	19,900	20,300	3,900	1,000
Rainy River	6,800	5,900	—	—	800	—
Total	207,800	200,200	216,400	222,200	21,600	14,100

Silver Stream	Year Ended June 30, 2018		Year Ended June 30, 2017		As of June 30, 2018	As of June 30, 2017
	Purchases (Moz.)	Sales (Moz.)	Purchases (Moz.)	Sales (Moz.)	Inventory (oz.)	Inventory (oz.)
Pueblo Viejo	1.89	1.88	1.78	1.56	540,200	536,800
Rainy River	0.08	0.06	—	—	32,300	—
Total	1.97	1.94	1.78	1.56	572,500	536,800

Copper Stream	Year Ended June 30, 2018		Year Ended June 30, 2017		As of June 30, 2018	As of June 30, 2017
	Purchases (Mlbs.)	Sales (Mlbs.)	Purchases (Mlbs.)	Sales (Mlbs.)	Inventory (Mlbs.)	Inventory (Mlbs.)
Mount Milligan	10.35	10.35	2.57	2.57	—	—

Our royalty revenue increased during the fiscal year ended June 30, 2018, compared with the fiscal year ended June 30, 2017, primarily due to an increase in the average gold and copper prices and increased gold production at Cortez. Refer to Part I, Item 2, Properties, for discussion and any updates on our principal producing properties.

Cost of sales were approximately \$83.8 million for the fiscal year ended June 30, 2018, compared to \$87.3 million for the fiscal year ended June 30, 2017. The decrease was primarily due to decreased gold sales from Mount Milligan and Andacollo. Cost of sales is specific to our stream agreements and is the result of RGLD Gold's purchase of gold, silver and copper for a cash payment. The cash payment for gold from Mount Milligan is the lesser of \$435 per ounce or the prevailing market price of gold when purchased, while the cash payment for our other streams is a set contractual percentage of the gold, silver or copper spot price near the date of metal delivery.

General and administrative expenses increased to \$35.5 million for the fiscal year ended June 30, 2018, from \$33.4 million for the fiscal year ended June 30, 2017. The increase during the current period was primarily due to an increase in legal and litigation costs.

Exploration costs decreased to \$8.9 million for the fiscal year ended June 30, 2018, from \$12.9 million for the fiscal year ended June 30, 2017. Exploration costs are specific to the exploration and advancement of the Peak Gold JV, as discussed further in Note 2 of the notes to consolidated financial statements.

Depreciation, depletion and amortization expense increased to \$163.7 million for the fiscal year ended June 30, 2018, from \$159.6 million for the fiscal year ended June 30, 2017. The increase was primarily attributable to increased gold sales from our Wassa and Prestea gold stream.

Impairment of royalty and stream interests was \$239.4 million for the fiscal year ended June 30, 2018. The impairment of royalty interests was the result of our regular impairment analysis conducted during the three months ended March 31, 2018, and was primarily due to the presence of impairment indicators on our royalty interest at Pascua-Lama. Refer to Note 4 of our notes to consolidated financial statements for further discussion on our impairment analysis and results.

Interest and other income decreased to \$4.2 million for the fiscal year ended June 30, 2018, from \$9.3 million for the fiscal year ended June 30, 2017. The decrease was primarily due to a gain recognized (\$3.4 million) on consideration received as part of the termination of our Phoenix Gold Project streaming interest during the prior period. Refer to Note 4 of our notes to consolidated financial statements for discussion on the Phoenix Gold Project restructuring during the prior period. The decrease in interest and other income was also due to consideration received as part of a legal settlement and termination of a non-principal royalty of approximately \$2.8 million during the prior period.

Interest and other expense decreased to \$34.2 million for the fiscal year ended June 30, 2018, from \$36.4 million for the fiscal year ended June 30, 2017. The decrease was primarily attributable to lower interest expense as a result of a decrease in amounts outstanding under our revolving credit facility. The Company repaid the remaining \$250 million outstanding under the revolving credit facility during fiscal year 2018.

During the fiscal year ended June 30, 2018, we recognized income tax expense totaling \$14.8 million compared with \$26.4 million during the fiscal year ended June 30, 2017. This resulted in an effective tax rate of (14.1%) during the current period, compared with 22.2% in the prior period. The increase in the effective tax rate for the fiscal year ended June 30, 2018 is primarily attributable to the effects of the Act and a non-cash functional currency election at certain of our Canadian subsidiaries. Refer to “Item 1, Recent Business Developments” and Note 10 of our notes to consolidated financial statements for further discussion on the Act.

Fiscal Year Ended June 30, 2017, Compared with Fiscal Year Ended June 30, 2016

For the fiscal year ended June 30, 2017, we recorded net income attributable to Royal Gold stockholders of \$101.5 million, or \$1.55 per basic and diluted share, as compared to a net loss attributable to Royal Gold stockholders of \$77.1 million, or \$1.18 per basic and diluted share, for the fiscal year ended June 30, 2016. The increase in our earnings per share was primarily attributable to an increase in our revenue during fiscal 2017, as discussed below, impairment charges of approximately \$99.0 million (including a royalty receivable write down of approximately \$2.9 million) on our stream interest at the Phoenix Gold Project and certain other non-principal royalty interests during fiscal 2016, and the impact of \$56 million of additional tax expense in fiscal year 2016 related to the termination of the Andacollo royalty interest and the liquidation of our Chilean subsidiary. The effect of the impairment charges during the fiscal year ended June 30, 2016, was \$1.33 per basic share, after taxes. The effect of the tax expense attributable to the termination of the Andacollo royalty interest during the fiscal year ended June 30, 2016, was \$0.86 per share.

For the fiscal year ended June 30, 2017, we recognized total revenue of \$440.8 million, which is comprised of stream revenue of \$314.0 million and royalty revenue of \$126.8 million, at an average gold price of \$1,259 per ounce, an average silver price of \$17.88 per ounce and an average copper price of \$2.40 per pound, compared to total revenue of \$359.8 million, which is comprised of stream revenue of \$238.0 million and royalty revenue of \$121.8 million, at an average gold price of \$1,168 per ounce, an average silver price of \$15.32 per ounce and an average copper price of \$2.22 per pound, for the fiscal year ended June 30, 2016. Revenue and the corresponding production, attributable to our stream and royalty interests, for the fiscal year ended June 30, 2017 compared to the fiscal year ended June 30, 2016 is as follows:

Revenue and Reported Production Subject to our Stream and Royalty Interests
Fiscal Years Ended June 30, 2017 and 2016
(In thousands, except reported production in ozs. and lbs.)

Stream/Royalty	Metal(s)	Fiscal Year ended June 30, 2017		Fiscal Year ended June 30, 2016	
		Revenue	Reported Production ⁽¹⁾	Revenue	Reported Production ⁽¹⁾
Stream^{(2):}					
Mount Milligan		\$ 136,736		\$ 125,438	
	Gold		103,400 oz.		108,800
	Copper		2.57 Mlbs.		N/A
Pueblo Viejo(3)		\$ 91,589		\$ 39,683	
	Gold		50,700 oz.		31,200
	Silver		1.56 Moz.		208,900
Andacollo	Gold	\$ 60,251	47,800 oz.	\$ 49,243	41,600
Wassa and Prestea	Gold	\$ 25,435	20,300 oz.	\$ 23,346	20,100
Other ⁽⁴⁾	Gold	\$ N/A	N/A	\$ 318	300
Total stream revenue		\$ 314,011		\$ 238,028	
Royalty:					
Peñasquito		\$ 26,687		\$ 22,760	
	Gold		556,300 oz.		584,000
	Silver		20.71 Moz.		21.38
	Lead		125.21 Mlbs.		134.21
	Zinc		317.77 Mlbs.		332.98
Cortez	Gold	\$ 6,504	64,200 oz.	\$ 6,107	74,000
Other ⁽⁴⁾	Various	\$ 93,612	N/A	\$ 92,895	N/A
Total royalty revenue		\$ 126,803		\$ 121,762	
Total revenue		\$ 440,814		\$ 359,790	

- (1) Reported production relates to the amount of metal sales, subject to our stream and royalty interests, for the twelve months ended June 30, 2017 and 2016, and may differ from the operators' public reporting.
- (2) Refer to Item 2, Properties, for further discussion on our principal stream and royalty interests. Our streams at Andacollo, Pueblo Viejo and Wassa and Prestea were acquired during the quarter ended September 30, 2015.
- (3) The first gold and silver stream deliveries were in December 2015 and March 2016, respectively.
- (4) Individually, no stream or royalty included within the "Other" category contributed greater than 5% of our total revenue for either period.

The increase in our total revenue for the fiscal year ended June 30, 2017, compared with the fiscal year ended June 30, 2016, resulted primarily from an increase in our stream revenue, and an increase in the average gold and silver prices. The increase in our stream revenue was primarily attributable to increased gold production at our Pueblo Viejo and Andacollo gold streams and new silver production from our Pueblo Viejo silver stream. Our first silver stream delivery from Pueblo Viejo was in March 2016, and the first revenue from Pueblo Viejo silver sales was recognized in the June 2016 quarter.

Gold and silver ounces purchased and sold during the fiscal year ended June 30, 2017 and 2016, as well as gold, silver and copper in inventory as of June 30, 2017 and 2016, for our streaming interests were as follows:

Gold Stream	Fiscal Year Ended June 30, 2017		Fiscal Year Ended June 30, 2016		As of June 30, 2017	As of June 30, 2016
	Purchases (oz.)	Sales (oz.)	Purchases (oz.)	Sales (oz.)	Inventory (oz.)	Inventory (oz.)
Mount Milligan	96,000	103,400	111,000	108,800	100	7,500
Pueblo Viejo	52,600	50,700	42,200	31,200	12,900	11,000
Andacollo	47,900	47,800	41,700	41,600	100	—
Wassa and Prestea	19,900	20,300	21,400	20,100	1,000	1,300
Phoenix Gold	—	—	300	300	—	—
Total	216,400	222,200	216,600	202,000	14,100	19,800

Silver Stream	Fiscal Year Ended June 30, 2017		Fiscal Year Ended June 30, 2016		As of June 30, 2017	As of June 30, 2016
	Purchases (Moz.)	Sales (Moz.)	Purchases (oz.)	Sales (oz.)	Inventory (oz.)	Inventory (oz.)
Pueblo Viejo	1.78	1.56	532,600	208,900	536,800	323,700

Copper Stream	Fiscal Year Ended June 30, 2017		Fiscal Year Ended June 30, 2016		As of June 30, 2017	As of June 30, 2016
	Purchases (Mlbs.)	Sales (Mlbs.)	Purchases (Mlbs.)	Sales (Mlbs.)	Inventory (Mlbs.)	Inventory (Mlbs.)
Mount Milligan	2.57	2.57	N/A	N/A	—	N/A

Our royalty revenue increased during the fiscal year ended June 30, 2017, compared with the fiscal year ended June 30, 2016, primarily due to an increase in the average metal prices. Refer to Part I, Item 2, Properties, for discussion and any updates on our principal producing properties.

Cost of sales were approximately \$87.3 million for the fiscal year ended June 30, 2017, compared to \$71.0 million for the fiscal year ended June 30, 2016. The increase is primarily attributable to an increase in gold production and new silver stream production at Pueblo Viejo, which resulted in additional cost of sales of approximately \$15.6 million. Cost of sales is specific to our stream agreements and is the result of RGLD Gold's purchase of gold, silver and copper for a cash payment. The cash payment for gold from Mount Milligan is the lesser of \$435 per ounce or the prevailing market price of gold when purchased, while the cash payment for our other streams is a set contractual percentage of the gold, silver or copper spot price near the date of metal delivery.

General and administrative expenses increased to \$33.4 million for the fiscal year ended June 30, 2017, from \$31.7 million for the fiscal year ended June 30, 2016. The increase during fiscal year 2017 was primarily due to an increase in legal and litigation costs.

Exploration costs increased to \$12.9 million for the fiscal year ended June 30, 2017, from \$8.6 million for the fiscal year ended June 30, 2016. Exploration costs are specific to the exploration and advancement of the Peak Gold JV, as discussed further in Note 2 of the notes to consolidated financial statements.

Depreciation, depletion and amortization expense increased to \$159.6 million for the fiscal year ended June 30, 2017, from \$141.1 million for the fiscal year ended June 30, 2016. The increase was primarily attributable to increased gold sales and new silver sales from our gold and silver streams at Pueblo Viejo, which resulted in additional depletion of approximately \$23.3 million during fiscal year 2017. This increase was partially offset by a decrease in depletion expense on our Voisey's Bay royalty of approximately \$9.5 million, due to the ongoing dispute related to the calculation of the NSR royalty (see Note 14 of our notes to consolidated financial statements).

Interest and other income increased to \$9.3 million for the fiscal year ended June 30, 2017, from \$3.7 million for the fiscal year ended June 30, 2016. The increase was primarily due to a gain recognized on consideration received as part of the termination of our Phoenix Gold Project streaming interest. In exchange for the termination of the Phoenix Gold Project streaming interest, the Company received approximately three million common shares of Rubicon Minerals Corporation ("Rubicon"), the operator of the Phoenix Gold Project. The fair value of the Rubicon common shares, and corresponding gain, received upon exchange was approximately \$3.4 million. The increase in interest and other income was also due to

consideration received as part of a legal settlement and termination of a non-principal royalty of approximately \$2.6 million.

During the fiscal year ended June 30, 2017, we recognized income tax expense totaling \$26.4 million compared with \$60.7 million during the fiscal year ended June 30, 2016. This resulted in an effective tax rate of 22.2% during fiscal year 2017, compared with (278.9%) during fiscal year 2016. The decrease in the effective tax rate for the fiscal year ending June 30, 2017 is primarily related to the discrete tax impacts attributable to the Company's Andacollo transactions and the liquidation of our Chilean subsidiary during the fiscal year ended June 30, 2016.

Forward-Looking Statements

Cautionary "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this Annual Report on Form 10-K are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include, without limitation, statements regarding projected production estimates and estimates pertaining to timing and commencement of production from the operators of properties where we hold stream and royalty interests; statements related to ongoing developments and expected developments at properties where we hold stream and royalty interests; effective tax rate estimates, including the effect of recently enacted tax reform; the adequacy of financial resources and funds to cover anticipated expenditures for debt service and general and administrative expenses as well as costs associated with exploration and business development and capital expenditures, expected delivery dates of gold, silver, copper and other metals, and our expectation that substantially all our revenues will be derived from stream and royalty interests. Words such as "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," and variations of these words, comparable words and similar expressions generally indicate forward-looking statements, which speak only as of the date the statement is made. Do not unduly rely on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- a low price environment for gold and other metal prices on which our stream and royalty interests are paid or a low price environment for the primary metals mined at properties where we hold stream and royalty interests;
- the production at or performance of properties where we hold stream and royalty interests, and variation of actual performance from the production estimates and forecasts made by the operators of these properties;
- the ability of operators to bring projects into production on schedule or operate in accordance with feasibility studies, including development stage mining properties, mine and mill expansion projects and other development and construction projects;
- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold stream and royalty interests;
- challenges to mining, processing and related permits and licenses, or to applications for permits and licenses, by or on behalf of indigenous populations, non-governmental organizations or other third parties;
- liquidity or other problems our operators may encounter, including shortfalls in the financing required to complete construction and bring a mine into production;
- decisions and activities of the operators of properties where we hold stream and royalty interests;
- hazards and risks at the properties where we hold stream and royalty interests that are normally associated with developing and mining properties, including unanticipated grade, continuity and geological, metallurgical, processing or other problems, mine operating and ore processing facility problems, pit wall or tailings dam failures, industrial accidents, environmental hazards and natural catastrophes such as drought, floods, hurricanes or earthquakes and access to sufficient raw materials, water and power;

- changes in operators' mining, processing and treatment techniques, which may change the production of minerals subject to our stream and royalty interests;
- changes in the methodology employed by our operators to calculate our stream and royalty interests, or failure to make such calculations in accordance with the agreements that govern them;
- changes in project parameters as plans of the operators of properties where we hold stream and royalty interests are refined;
- accuracy of and decreases in estimates of reserves and mineralization by the operators of properties where we hold stream and royalty interests;
- contests to our stream and royalty interests and title and other defects in the properties where we hold stream and royalty interests;
- adverse effects on market demand for commodities, the availability of financing, and other effects from adverse economic and market conditions;
- future financial needs of the Company and the operators of properties where we hold stream or royalty interests;
- federal, state and foreign legislation governing us or the operators of properties where we hold stream and royalty interests;
- the availability of stream and royalty interests for acquisition or other acquisition opportunities and the availability of debt or equity financing necessary to complete such acquisitions;
- our ability to make accurate assumptions regarding the valuation, timing and amount of revenue to be derived from our stream and royalty interests when evaluating acquisitions;
- risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, validity of security interests, governmental consents for granting interests in exploration and exploitation licenses, application and enforcement of real estate, mineral tenure, contract, safety, environmental and permitting laws, currency fluctuations, expropriation of property, repatriation of earnings, taxation, price controls, inflation, import and export regulations, community unrest and labor disputes, endemic health issues, corruption, enforcement and uncertain political and economic environments;
- changes in laws governing us, the properties where we hold stream and royalty interests or the operators of such properties;
- risks associated with issuances of additional common stock or incurrence of indebtedness in connection with acquisitions or otherwise including risks associated with the issuance and conversion of convertible notes;
- changes in management and key employees; and
- failure to complete future acquisitions;

as well as other factors described elsewhere in this report and our other reports filed with the SEC. Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements made herein, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our earnings and cash flows are significantly impacted by changes in the market price of gold and other metals. Gold, silver, copper, and other metal prices can fluctuate significantly and are affected by numerous factors, such as demand, production levels, economic policies of central banks, producer hedging, world political and economic events and the strength of the U.S. dollar relative to other currencies.

During the fiscal year ended June 30, 2018, we reported revenue of \$459.0 million, with an average gold price for the period of \$1,297 per ounce, an average silver price for the period of \$16.72 per ounce and an average copper price of \$3.06 per pound. Approximately 77% of our total recognized revenues for the fiscal year ended June 30, 2018 were attributable to gold sales from our gold producing interests, as shown within the MD&A. For the fiscal year ended June 30, 2018, if the price of gold had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenue of approximately \$37.0 million.

Approximately 11% of our total reported revenue for the fiscal year ended June 30, 2018 was attributable to copper sales from our copper producing interests. For the fiscal year ended June 30, 2018, if the price of copper had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenues of approximately \$5.2 million.

Approximately 9% of our total reported revenue for the fiscal year ended June 30, 2018 was attributable to silver sales from our silver producing interests. For the fiscal year ended June 30, 2018, if the price of silver had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenues of approximately \$4.1 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Royal Gold, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Royal Gold, Inc. (the Company) as of June 30, 2018 and 2017, the related consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended June 30, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 9, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.
Denver, Colorado
August 9, 2018

ROYAL GOLD, INC.
Consolidated Balance Sheets
As of June 30,
(In thousands except share data)

	2018	2017
ASSETS		
Cash and equivalents	\$ 88,750	\$ 85,847
Royalty receivables	26,356	26,886
Income tax receivable	40	22,169
Stream inventory	9,311	7,883
Prepaid expenses and other	1,350	822
Total current assets	125,807	143,607
Stream and royalty interests, net (Note 4)	2,501,117	2,892,256
Other assets	55,092	58,202
Total assets	\$ 2,682,016	\$ 3,094,065
LIABILITIES		
Accounts payable	\$ 9,090	\$ 3,908
Dividends payable	16,375	15,682
Income tax payable	18,253	5,651
Withholding taxes payable	3,254	3,425
Other current liabilities	4,411	5,617
Total current liabilities	51,383	34,283
Debt (Note 5)	351,027	586,170
Deferred tax liabilities	91,147	121,330
Uncertain tax positions	33,394	25,627
Other long-term liabilities	13,796	6,391
Total liabilities	540,747	773,801
Commitments and contingencies (Note 10)		
EQUITY		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; and 0 shares issued	—	—
Common stock, \$.01 par value, 200,000,000 shares authorized; and 65,360,041 and 65,179,527 shares outstanding, respectively	654	652
Additional paid-in capital	2,192,612	2,185,796
Accumulated other comprehensive (loss) income	(1,201)	879
Accumulated (losses) earnings	(89,898)	88,050
Total Royal Gold stockholders' equity	2,102,167	2,275,377
Non-controlling interests	39,102	44,887
Total equity	2,141,269	2,320,264
Total liabilities and equity	\$ 2,682,016	\$ 3,094,065

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC.
Consolidated Statements of Operations and Comprehensive (Loss) Income
For the Years Ended June 30,
(In thousands except share data)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenue	\$ 459,042	\$ 440,814	\$ 359,790
Costs and expenses			
Cost of sales	83,839	87,265	70,979
General and administrative	35,464	33,350	31,720
Production taxes	2,268	1,760	3,978
Exploration costs	8,946	12,861	8,601
Depreciation, depletion and amortization	163,696	159,636	141,108
Impairment of stream and royalty interests and royalty receivables	239,364	-	98,588
Total costs and expenses	<u>533,577</u>	<u>294,872</u>	<u>354,974</u>
Operating (loss) income	(74,535)	145,942	4,816
Gain on available-for-sale securities	-	-	2,340
Interest and other income	4,170	9,302	3,711
Interest and other expense	(34,214)	(36,378)	(32,625)
(Loss) income before income taxes	<u>(104,579)</u>	<u>118,866</u>	<u>(21,758)</u>
Income tax expense	(14,772)	(26,441)	(60,680)
Net (loss) income	(119,351)	92,425	(82,438)
Net loss attributable to non-controlling interests	6,217	9,105	5,289
Net (loss) income attributable to Royal Gold common stockholders	<u>\$ (113,134)</u>	<u>\$ 101,530</u>	<u>\$ (77,149)</u>
Net (loss) income	\$ (119,351)	\$ 92,425	\$ (82,438)
Adjustments to comprehensive (loss) income, net of tax			
Unrealized change in market value of available-for-sale securities	(2,080)	879	5,632
Reclassification adjustment for gains included in net income	-	-	(2,340)
Comprehensive (loss) income	(121,431)	93,304	(79,146)
Comprehensive loss attributable to non-controlling interests	6,217	9,105	5,289
Comprehensive (loss) income attributable to Royal Gold stockholders	<u>\$ (115,214)</u>	<u>\$ 102,409</u>	<u>\$ (73,857)</u>
Net (loss) income per share available to Royal Gold common stockholders:			
Basic (loss) earnings per share	<u>\$ (1.73)</u>	<u>\$ 1.55</u>	<u>\$ (1.18)</u>
Basic weighted average shares outstanding	<u>65,291,855</u>	<u>65,152,782</u>	<u>65,074,455</u>
Diluted (loss) earnings per share	<u>\$ (1.73)</u>	<u>\$ 1.55</u>	<u>\$ (1.18)</u>
Diluted weighted average shares outstanding	<u>65,291,855</u>	<u>65,277,953</u>	<u>65,074,455</u>
Cash dividends declared per common share	<u>\$ 0.99</u>	<u>\$ 0.95</u>	<u>\$ 0.91</u>

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC.
Consolidated Statements of Changes in Equity
For the Years Ended June 30, 2018, 2017 and 2016
(In thousands except share data)

	Royal Gold Stockholders						
	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated (Losses) Earnings	Non-controlling interests	Total Equity
	Shares	Amount					
Balance at June 30, 2015	65,033,547	\$ 650	\$ 2,170,643	\$ (3,292)	\$ 185,121	\$ 62,805	\$ 2,415,927
Stock-based compensation and related share issuances	60,403	1	9,138	—	—	—	9,139
Net loss	—	—	—	—	(77,149)	(5,289)	(82,438)
Other comprehensive income	—	—	—	3,292	—	—	3,292
Distributions to non-controlling interests	—	—	—	—	—	(647)	(647)
Dividends declared	—	—	—	—	(59,388)	—	(59,388)
Balance at June 30, 2016	65,093,950	\$ 651	\$ 2,179,781	\$ —	\$ 48,584	\$ 56,869	\$ 2,285,885
Stock-based compensation and related share issuances	85,577	1	8,533	—	—	—	8,534
Non-controlling interest assignment	—	—	(2,518)	—	—	—	(2,518)
Net income (loss)	—	—	—	—	101,530	(9,105)	92,425
Other comprehensive income	—	—	—	879	—	—	879
Distributions to non-controlling interests	—	—	—	—	—	(2,877)	(2,877)
Dividends declared	—	—	—	—	(62,064)	—	(62,064)
Balance at June 30, 2017	65,179,527	\$ 652	\$ 2,185,796	\$ 879	\$ 88,050	\$ 44,887	\$ 2,320,264
Stock-based compensation and related share issuances	180,514	2	4,236	—	—	—	4,238
Contributions from non-controlling interests	—	—	2,580	—	—	432	3,012
Net loss	—	—	—	—	(113,134)	(6,217)	(119,351)
Other comprehensive loss	—	—	—	(2,080)	—	—	(2,080)
Dividends declared	—	—	—	—	(64,814)	—	(64,814)
Balance at June 30, 2018	65,360,041	\$ 654	\$ 2,192,612	\$ (1,201)	\$ (89,898)	\$ 39,102	\$ 2,141,269

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC.
Consolidated Statements of Cash Flows
For the Years Ended June 30,
(In thousands)

	2018	2017	2016
Cash flows from operating activities:			
Net (loss) income	\$ (119,351)	\$ 92,425	\$ (82,438)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation, depletion and amortization	163,696	159,636	141,108
Amortization of debt discount and issuance costs	15,046	13,825	12,985
Non-cash employee stock compensation expense	8,279	9,983	10,039
Impairment of stream and royalty interests	239,364	—	98,588
Gain on available-for-sale securities	—	—	(2,340)
Deferred tax benefit	(32,843)	1,556	(4,983)
Other	(197)	(4,874)	(390)
Changes in assets and liabilities:			
Royalty receivables	530	(6,883)	19,508
Stream inventory	(1,428)	1,606	(7,203)
Income tax receivable	22,130	(13,056)	(14,637)
Prepaid expenses and other assets	2,813	(1,691)	(153)
Accounts payable	5,173	(206)	(849)
Income tax payable	12,601	2,475	460
Withholding taxes payable	(171)	1,411	(2,486)
Uncertain tax positions	7,767	8,631	1,867
Other liabilities	5,415	2,015	235
Net cash provided by operating activities	<u>\$ 328,824</u>	<u>\$ 266,853</u>	<u>\$ 169,311</u>
Cash flows from investing activities:			
Acquisition of stream and royalty interests	(11,812)	(203,721)	(1,346,109)
Repayment of Golden Star term loan	20,000	—	—
Purchase of available-for-sale securities	(17,869)	—	—
Andacollo royalty termination	—	—	345,000
Golden Star term loan	—	—	(20,000)
Sale of available-for-sale securities	—	—	11,905
Other	(909)	3,605	(309)
Net cash used in investing activities	<u>\$ (10,590)</u>	<u>\$ (200,116)</u>	<u>\$ (1,009,513)</u>
Cash flows from financing activities:			
Repayment of revolving credit facility	(250,000)	(95,000)	(75,000)
Net payments from issuance of common stock	(4,042)	(2,426)	(353)
Common stock dividends	(64,118)	(61,396)	(58,720)
Debt issuance costs	(180)	(3,340)	(1,111)
Borrowings from revolving credit facility	—	70,000	350,000
Purchase of additional royalty interest from non-controlling interest	—	(2,518)	—
Other	3,009	(2,843)	(830)
Net cash (used in) provided by financing activities	<u>\$ (315,331)</u>	<u>\$ (97,523)</u>	<u>\$ 213,986</u>
Net increase (decrease) in cash and equivalents	2,903	(30,786)	(626,216)
Cash and equivalents at beginning of period	85,847	116,633	742,849
Cash and equivalents at end of period	<u>\$ 88,750</u>	<u>\$ 85,847</u>	<u>\$ 116,633</u>

See Note 11 for supplemental cash flow information.

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Summary of Significant Accounting Policies

Use of Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates.

Our most critical accounting estimates relate to our assumptions regarding future gold, silver, 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 stream and royalty interests. These estimates and the underlying assumptions affect the potential impairments of long-lived assets and the ability to realize income tax benefits associated with deferred tax assets. These estimates and assumptions also affect the rate at which we recognize revenue or charge depreciation, depletion and amortization to earnings. On an ongoing basis, management evaluates these estimates and assumptions; however, actual amounts could differ from these estimates and assumptions. Differences between estimates and actual amounts could differ significantly and are recorded in the period that the actual amounts are known.

Basis of Consolidation

The consolidated financial statements include the accounts of Royal Gold, Inc., its wholly-owned subsidiaries and an entity over which control is achieved through means other than voting rights. All intercompany accounts, transactions, income and expenses, and profits or losses have been eliminated on consolidation. The Company follows the Accounting Standards Codification (“ASC”) guidance for identification and reporting for entities over which control is achieved through means other than voting rights. The guidance defines such entities as Variable Interest Entities (“VIEs”).

Peak Gold JV

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 the Peak Gold JV, a joint venture for exploration and advancement of the Peak Gold Project located near Tok, Alaska. The Company has identified the Peak Gold JV as a VIE, with Royal Alaska as the primary beneficiary, due to the legal structure and certain related factors of the limited liability company agreement for the Peak Gold JV. The Company determined that the Peak Gold JV should be fully consolidated at fair value initially. The fair value of the Company’s non-controlling interest is \$45.7 million and is based on the underlying value of the mineral property assigned

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

to the Peak Gold JV, which is recorded as an exploration stage property within *Stream and royalty interests, net* on our consolidated balance sheets

Royal Alaska has the right to obtain up to 40% of the membership interest in the Peak Gold JV by making contributions of up to \$30.0 million in cash to the Peak Gold JV by October 31, 2018. As of June 30, 2018 and 2017, Royal Alaska has contributed \$30.0 million and \$18.0 million, respectively, and obtained a 40% and 29.5%, respectively, membership interest in the Peak Gold JV.

Royal Alaska will act as the manager of the Peak Gold JV and will be responsible for managing, directing and controlling the overall operations unless Royal Alaska is unanimously removed or resigns that position in the manner provided in the Peak Gold JV limited liability company agreement.

Cash and Equivalents

Cash and equivalents consist of all cash balances and highly liquid investments with an original maturity of three months or less. Cash and equivalents were primarily held in cash deposit accounts as of June 30, 2018 and 2017.

Stream and Royalty Interests

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

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

Available-for-sale Securities

Investments in securities that management does not have the intent to sell in the near term and that have readily determinable fair values are classified as available-for-sale securities. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive (loss) income as a separate component of stockholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income. When investments are sold, the realized gains and losses on these investments, determined using the specific identification method, are included in determining net income.

The Company's policy for determining whether declines in fair value of available-for-sale securities are other than temporary includes a quarterly analysis of the investments and a review by management of all investments for which the cost exceeds the fair value. Any temporary declines in fair value are recorded as a charge to other comprehensive (loss) income. This evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and management's ability and intent to hold the securities until fair value recovers. If such impairment is determined by the Company to be other-than-temporary, the investment's cost basis is written down to fair value and recorded in net income during the period the Company determines such impairment to be other-than-temporary. The new cost basis is not changed for subsequent recoveries in fair value. The carrying value of the Company's available-for-sale securities as of June 30, 2018

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and 2017 was \$19.1 million and \$3.7 million respectively, and is included in *Other assets* on our consolidated balance sheets. The Company realized a gain of approximately \$2.3 million on its available-for-sale securities during the fiscal year ended June 30, 2016.

As discussed further below under *Recently Issued and Recently Adopted Accounting Standards*, new Accounting Standards Update (“ASU”) guidance effective for the Company’s fiscal year beginning July 1, 2018 will change how the Company recognizes changes in fair value for its securities classified as available-for-sale securities under current guidance.

Asset Impairment

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

Estimates of gold, silver, copper, and other metal prices, operators’ estimates of proven and probable reserves or mineralized material related to our stream or royalty properties, and operators’ estimates of operating and capital costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these stream and royalty interests in mineral properties. It is possible that changes could occur to these estimates, which could adversely affect the net cash flows expected to be generated from these stream and royalty interests. Refer to Note 4 for discussion and the results of our impairment assessments for the fiscal years ended June 30, 2018, 2017 and 2016.

Revenue Recognition

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

Refer below under *Recently Issued and Recently Adopted Accounting Standards* for discussion on recently issued ASU guidance for the recognition of revenue from contracts with customers effective for the Company’s fiscal year beginning July 1, 2018.

Metal Sales

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

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cost of Sales

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

Production taxes

Certain royalty payments are subject to production taxes (or mining proceeds taxes), which are recognized at the time of revenue recognition. Production taxes are not income taxes and are included within the costs and expenses section in the Company's consolidated statements of operations and comprehensive (loss) income.

Exploration Costs

Exploration costs are specific to the Peak Gold JV for the exploration and advancement of the Peak Gold Project, as discussed further above under *Basis of Consolidation*. Costs associated with the Peak Gold JV for the exploration and advancement of the Peak Gold Project are expensed when incurred.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the guidance of ASC 718. The Company recognizes all share-based payments to employees, including grants of employee stock options, stock-settled stock appreciation rights ("SSARs"), restricted stock and performance shares, in its financial statements based upon their fair values.

Reportable Segments and Geographical Information

The Company manages its business under two reportable segments, consisting of the acquisition and management of stream interests and the acquisition and management of royalty interests. Royal Gold's long-lived assets (stream and royalty interests, net) as of June 30, 2018 and 2017 are geographically distributed as shown in the following table:

	As of June 30, 2018				As of June 30, 2017			
	Stream interest	Royalty interest	Impairments	Total stream and royalty interests, net	Stream interest	Royalty interest	Impairments	Total stream and royalty interests, net
Canada	\$ 809,500	\$ 214,562	\$ (284)	\$ 1,023,778	\$ 852,035	\$ 221,618	\$ —	\$ 1,073,653
Dominican Republic	495,460	—	—	495,460	543,256	—	—	543,256
Chile	328,331	453,306	(239,080)	542,557	348,778	453,369	—	802,147
Africa	104,874	502	—	105,376	123,760	572	—	124,332
Mexico	—	93,277	—	93,277	—	105,889	—	105,889
United States	—	165,543	—	165,543	—	168,378	—	168,378
Australia	—	34,254	—	34,254	—	37,409	—	37,409
Other	12,039	28,833	—	40,872	12,030	25,162	—	37,192
Total	\$ 1,750,204	\$ 990,277	\$ (239,364)	\$ 2,501,117	\$ 1,879,859	\$ 1,012,397	\$ —	\$ 2,892,256

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's revenue, cost of sales and net revenue by reportable segment for our fiscal years ended June 30, 2018, 2017 and 2016 are geographically distributed as show in the following tables:

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 142,244	\$ 40,766	\$ 101,478	\$ 136,736	\$ 45,954	\$ 90,782
Dominican Republic	95,055	28,496	66,559	91,589	27,191	64,398
Chile	57,413	8,614	48,799	60,251	9,037	51,214
Africa	29,804	5,963	23,841	25,435	5,083	20,352
Total streams	<u>\$ 324,516</u>	<u>\$ 83,839</u>	<u>\$ 240,677</u>	<u>\$ 314,011</u>	<u>\$ 87,265</u>	<u>\$ 226,746</u>
Royalties:						
Mexico	\$ 42,959	\$ —	\$ 42,959	\$ 41,945	\$ —	\$ 41,945
United States	39,496	—	39,496	35,282	—	35,282
Canada	24,254	—	24,254	23,208	—	23,208
Australia	13,710	—	13,710	12,943	—	12,943
Africa	2,098	—	2,098	3,131	—	3,131
Chile	473	—	473	1,648	—	1,648
Other	11,536	—	11,536	8,646	—	8,646
Total royalties	<u>\$ 134,526</u>	<u>\$ —</u>	<u>\$ 134,526</u>	<u>\$ 126,803</u>	<u>\$ —</u>	<u>\$ 126,803</u>
Total streams and royalties	<u>\$ 459,042</u>	<u>\$ 83,839</u>	<u>\$ 375,203</u>	<u>\$ 440,814</u>	<u>\$ 87,265</u>	<u>\$ 353,549</u>

	Fiscal Year Ended June 30, 2017			Fiscal Year Ended June 30, 2016		
	Revenue	Cost of sales	Net revenue	Revenue	Cost of sales	Net revenue
Streams:						
Canada	\$ 136,736	\$ 45,954	\$ 90,782	\$ 125,755	\$ 47,417	\$ 78,338
Dominican Republic	91,589	27,191	64,398	39,684	11,625	28,059
Chile	60,251	9,037	51,214	49,243	7,280	41,963
Africa	25,435	5,083	20,352	23,346	4,657	18,689
Total streams	<u>\$ 314,011</u>	<u>\$ 87,265</u>	<u>\$ 226,746</u>	<u>\$ 238,028</u>	<u>\$ 70,979</u>	<u>\$ 167,049</u>
Royalties:						
Mexico	\$ 41,945	\$ —	\$ 41,945	\$ 35,267	\$ —	\$ 35,267
United States	35,282	—	35,282	35,483	—	35,483
Canada	23,208	—	23,208	30,676	—	30,676
Australia	12,943	—	12,943	10,462	—	10,462
Africa	3,131	—	3,131	1,868	—	1,868
Chile	1,648	—	1,648	84	—	84
Other	8,646	—	8,646	7,922	—	7,922
Total royalties	<u>\$ 126,803</u>	<u>\$ —</u>	<u>\$ 126,803</u>	<u>\$ 121,762</u>	<u>\$ —</u>	<u>\$ 121,762</u>
Total streams and royalties	<u>\$ 440,814</u>	<u>\$ 87,265</u>	<u>\$ 353,549</u>	<u>\$ 359,790</u>	<u>\$ 70,979</u>	<u>\$ 288,811</u>

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.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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'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.

Comprehensive (Loss) Income

In addition to net income, comprehensive (loss) income includes changes in equity during a period associated with cumulative unrealized changes in the fair value of marketable securities held for sale, net of tax effects.

Earnings per Share

Basic (loss) earnings per share is computed by dividing net (loss) income available to Royal Gold common stockholders by the weighted average number of outstanding common shares for the period, considering the effect of participating securities. Diluted (loss) earnings per share reflect the potential dilution that could occur if securities or other contracts that may require issuance of common shares were converted. Diluted (loss) earnings per share is computed by dividing net (loss) income available to common stockholders by the diluted weighted average number of common shares outstanding during each fiscal year.

Reclassifications

Certain income tax amounts in the prior period consolidated balance sheet and consolidated statement of cash flows have been reclassified to conform with the presentation in the current period consolidated balance sheet and consolidated statement of cash flows. The reclassifications had no effect on reported net (loss) income.

Recently Issued and Recently Adopted Accounting Standards

Recently Issued

In January 2017, the Financial Accounting Standards Board ("FASB") issued ASU guidance clarifying the definition of a business and providing additional guidance for determining whether transactions should be accounted for as acquisitions of assets or businesses. The new guidance is effective for the Company's fiscal year beginning July 1, 2018 and early adoption is permitted. The new guidance is required to be applied on a prospective basis. The Company is evaluating the new guidance.

In January 2016, the FASB issued ASU guidance on the recognition and measurement of financial instruments. The amended guidance requires, among other things that equity securities classified as available-for-sale be measured at fair value with changes in fair value recognized in net income rather than other comprehensive (loss) income as required under

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

previous guidance. The new guidance is effective for the Company's fiscal year beginning July 1, 2018. The Company will record a cumulative-effect adjustment in *Accumulated (losses) earnings* as of adoption.

In February 2016, the FASB issued ASU guidance which changes the accounting for leases. The new guidance is effective for the Company's fiscal year beginning July 1, 2019, and early adoption is permitted. We are currently evaluating the impact, if any, this guidance will have on our consolidated financial statements and footnote disclosures.

In May 2014, the FASB issued ASU guidance for the recognition of revenue from contracts with customers. This ASU superseded virtually all of the existing revenue recognition guidance under U.S. GAAP. The core principle of the five step model is that an entity will recognize revenue when it transfers control of goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Entities can choose to apply the standard using either the full retrospective approach or a modified retrospective approach. The standard is effective for the Company's fiscal year beginning July 1, 2018.

We plan to implement the new ASU revenue recognition guidance as of July 1, 2018, using the modified retrospective method with the cumulative effect, if any, of initial adoption to be recognized in *Accumulated (losses) earnings* at the date of initial application. Through the implementation process, we have reviewed a sample of contracts that is representative of the composition of our material revenue streams and royalties. Based on the evaluation performed to-date, we do not anticipate that the adoption of the new ASU revenue recognition guidance will have a material impact, if any, to our consolidated financial statements. We continue to evaluate the new disclosure requirements, and we expect that our disclosures surrounding revenue recognition will be more robust upon adoption of the new revenue recognition guidance.

Recently Adopted

In March 2016, the FASB issued ASU guidance related to stock-based compensation. The new guidance simplifies the accounting for stock-based compensation transactions, including income tax consequences, statement of cash flows presentation, estimating forfeitures when calculating compensation expense, and classification of awards as either equity or liabilities.

The new standard requires all excess tax benefits and tax deficiencies to be recognized as income tax benefit (expense) in the income statement. The new guidance also requires presentation of excess tax benefits as an operating activity on the statement of cash flows rather than a financing activity and requires presentation of cash paid to a tax authority when shares are withheld to satisfy the employer's statutory income tax withholding obligation as a financing activity. The new guidance also provides for an election to account for forfeitures of stock-based compensation.

The Company adopted the guidance effective July 1, 2017. With respect to the forfeiture election, the Company will continue its current practice of estimating forfeitures when calculating compensation expense. The adoption of this standard did not have a material impact on the Company's consolidated financial statements or related disclosures.

3. ACQUISITIONS

Acquisition of Additional Royalty Interest on Mara Rosa

On June 29, 2018, Royal Gold, through its wholly-owned subsidiary RG Royalties, LLC, entered into an agreement to purchase a 1.75% Net Smelter Return ("NSR") royalty on Amarillo Gold's Mara Rosa gold project in Goias State, Brazil for \$10.8 million. The acquisition is in addition to the 1.00% NRS royalty on the Mara Rosa project previously acquired by International Royalty Corporation, another wholly-owned subsidiary of Royal Gold. The new Mara Rosa royalty agreement includes a right of first refusal on future financing opportunities based on production from the project.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The acquisition of the additional royalty interest on Mara Rosa has been accounted for as an asset acquisition. The total purchase price of \$10.8 million, plus direct transaction costs, has been recorded as an exploration stage royalty interest within *Stream and royalty interests, net* on our consolidated balance sheets.

Acquisition of Contango ORE, Inc. Common Stock

On June 28, 2018, Royal Gold acquired 682,556 shares of common stock of Contango ORE, Inc. (“CORE”) for consideration of \$26 per share pursuant to a Stock Purchase Agreement (“SPA”) entered into on April 5, 2018 between Royal Gold and certain individual stockholders of CORE. Royal Gold expects to acquire a second and final tranche of 127,188 shares of CORE common stock pursuant to the SPA during our first or second quarter of fiscal year 2019.

The Company has accounted for the CORE common stock as an investment in available-for-sale securities (Note 1), which are included in *Other Assets* on our consolidated balance sheets. The Company recorded an unrealized loss on the CORE shares of approximately \$1.5 million during fiscal year 2018.

Acquisition of Additional Royalty Interests at Cortez

On September 19, 2016, Royal Gold, through its wholly-owned subsidiary, Denver Mining Finance Company, Inc., acquired a 3.75% Net Value Royalty (“NVR”) covering a significant area of Barrick Gold Corporation’s (“Barrick”) Cortez mine, including the Crossroads deposit, from a private party seller for total consideration of \$70 million. Giving effect to this acquisition, Royal Gold’s interests at Cortez Crossroads comprise a 4.52% NVR and a 5% sliding-scale Gross Smelter Return (“GSR”) royalty at current gold prices. Royal Gold’s interests on production from the Pipeline and South Pipeline deposits as well as portions of the Gap deposit are comprised of a 4.91% NVR and a 5.71% GSR royalty at current gold prices.

The acquisition of the additional royalty interests at Cortez has been accounted for as an asset acquisition. The portion of the acquisition, plus direct transaction costs, attributable to the Pipeline and South Pipeline deposits as well as portions of the Gap deposit (\$10.2 million) has been recorded as a production stage royalty interest while the portion of the acquisition attributable to the Crossroads deposit (\$59.8 million) has been recorded as a development stage royalty interest. Both are included within *Stream and royalty interests, net*, on our consolidated balance sheets.

Acquisition of Gold and Silver Stream at Pueblo Viejo

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

BGC will deliver gold to RGLD Gold in amounts equal to 7.50% of Barrick’s interest in the gold produced at the Pueblo Viejo mine until 990,000 ounces of gold have been delivered, and 3.75% of Barrick’s interest in gold produced thereafter. RGLD Gold will pay BGC 30% of the spot price per ounce of gold delivered until 550,000 ounces of gold have been delivered, and 60% of the spot price per ounce delivered thereafter. RGLD Gold began receiving gold deliveries during the quarter ended December 31, 2015.

BGC will deliver silver to RGLD Gold in amounts equal to 75% of Barrick’s interest in the silver produced at the Pueblo Viejo mine, subject to a minimum silver recovery of 70%, until 50 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. RGLD Gold began receiving silver deliveries during the quarter ended March 31, 2016.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Pueblo Viejo gold and silver stream acquisition has been accounted for as an asset acquisition. The advance payment of \$610 million, plus direct transaction costs, have been recorded as a production stage stream interest within *Stream and royalty interests, net* on our consolidated balance sheets. The acquisition cost of the Pueblo Viejo gold and silver stream interest will be depleted using the units of production method, which is estimated using aggregate proven and probable reserves, as provided by Barrick.

Acquisition and Amendment of Gold Stream on Wassa and Prestea

On July 28, 2015, RGLD Gold closed a \$130 million gold stream transaction with a wholly-owned subsidiary of Golden Star Resources Ltd. (together “Golden Star”). On December 30, 2015, the parties executed an amendment providing for an additional \$15 million investment (for a total investment of \$145 million) by RGLD Gold. The Company has no remaining upfront deposit payments associated with the Wassa and Prestea gold stream.

Under the terms of the stream transaction, Golden Star will deliver to RGLD Gold 9.25% of gold produced from the Wassa and Prestea mines, until the earlier of (i) December 31, 2017 or (ii) the date at which the Wassa and Prestea underground projects achieve commercial production. Effective January 1, 2018, the stream percentage increased to 10.5% of gold produced from the Wassa and Prestea projects until an aggregate 240,000 ounces have been delivered. Once the applicable delivery threshold is met, the stream percentage will decrease to 5.5% for the remaining life of the mines.

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

Also on July 28, 2015 and separate from the stream transaction by RGLD Gold, the Company also funded a \$20 million, 4 – year term loan to Golden Star and received warrants to purchase 5 million shares of Golden Star common stock, with a grant date fair value of approximately \$0.8 million. Interest under the term loan is due quarterly at a rate equal to 62.5% of the average daily gold price for the relevant quarter divided by 10,000, but not to exceed 11.5%. The warrants have a term of four years and an exercise price of \$0.27.

On June 29, 2018, a subsidiary of Golden Star repaid its \$20 million term loan facility, plus accrued interest, to Royal Gold. Prior to payoff, the term loan was recorded within *Other assets* on our consolidated balance sheets as of June 30, 2017. The warrants that were part of the term loan were exercised during the quarter ended September 30, 2017. The Company sold all of the common shares of Golden Star received upon exercise of the warrants in October 2017.

The Wassa and Prestea gold stream acquisition has been accounted for as an asset acquisition. The aggregate advance payments of \$145 million, plus direct acquisition costs, have been recorded as a production stage stream interest within *Stream and royalty interests, net* on our consolidated balance sheets. The acquisition cost of the Wassa and Prestea gold stream interest will be depleted using the units of production method, which is estimated using aggregate proven and probable reserves, as provided by Golden Star.

Acquisition of Gold and Silver Stream at Rainy River

On July 20, 2015, RGLD Gold entered into a \$175 million Purchase and Sale Agreement with New Gold, Inc. (“New Gold”), for a percentage of the gold and silver production from the Rainy River Project located in Ontario, Canada (“Rainy River”). Pursuant to the Purchase and Sale Agreement, RGLD Gold made an advance payment to New Gold, consisting of \$100 million on July 20, 2015, and made the final scheduled payment of \$75 million in November 2016. The Company has no further upfront deposit payments associated with the Rainy River gold and silver stream.

Under the Purchase and Sale Agreement, New Gold will deliver to RGLD Gold 6.50% of the gold produced at Rainy River until 230,000 gold ounces have been delivered, and 3.25% thereafter. New Gold also will deliver to RGLD Gold 60% of the silver produced at Rainy River until 3.10 million silver ounces have been delivered, and 30% thereafter. RGLD Gold will pay New Gold 25% of the spot price per ounce of gold and silver at the time of delivery.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Rainy River gold and silver stream acquisition has been accounted for as an asset acquisition. The aggregate advance payments of \$175 million, plus direct transaction costs, have been recorded as a development stage stream interest within *Stream and royalty interests, net* on our consolidated balance sheets as of June 30, 2017. New Gold announced commercial production at Rainy River in October 2017. The Company reclassified the Rainy River stream interest to production stage from development stage during the three months ended December 31, 2017.

Acquisition of Gold Stream and Termination of Royalty Interest 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 (“Andacollo”) copper-gold mine located in Chile until 900,000 ounces have been delivered, and 50% thereafter, subject to a fixed payable percentage of 89%. RGLD Gold made a \$525 million advance payment in cash to CMCA upon entry into the Andacollo Stream Agreement, and RGLD Gold will also pay CMCA 15% of the monthly average gold price for the month preceding the delivery date for all gold purchased under the Andacollo Stream Agreement.

The transaction encompasses certain of CMCA’s presently owned mining concessions on the Andacollo mine, as well as any other mining concessions presently owned or acquired by CMCA or any of its affiliates within an approximate 1.5 kilometer area of interest, and certain other mining concessions that CMCA or its affiliates may acquire. The Andacollo Stream Agreement was effective July 1, 2015, and applies to all final settlements of gold received on or after that date. Deliveries to RGLD Gold are made monthly, and RGLD Gold began receiving gold deliveries during the quarter ended September 30, 2015.

Also on July 9, 2015, Royal Gold Chile Limitada (“RG Chile”), a wholly owned subsidiary of the Company, entered into a Royalty Termination Agreement with CMCA. The Royalty Termination Agreement terminated an amended Royalty Agreement originally dated January 12, 2010, which provided RG Chile with a royalty equivalent to 75% of the gold produced from the sulfide portion of the Andacollo mine until 910,000 payable ounces have been produced, and 50% of the gold produced thereafter. CMCA paid total consideration of \$345 million to RG Chile in connection with the Royalty Termination Agreement. The net carrying value of the Andacollo royalty on the date of termination was approximately \$207.5 million. The royalty termination transaction was taxable in Chile and the United States.

In accordance with relevant guidance from the ASC, the Company determined it should account for the Andacollo Stream Agreement and the Royalty Termination Agreement as a single transaction because both transactions closed on the same date, both transactions were with the same counterparty, and the same mineral interest (gold) was part of both transactions. As the Company accounted for the Andacollo Stream Agreement and Royalty Termination Agreement as a single transaction, it was further determined, based on the relevant ASC guidance, that no gain will be recognized as part of the transactions.

The Company accounted for the acquisition of the gold stream interest at Andacollo as an asset acquisition. For US GAAP financial reporting purposes on the date of acquisition, the Company’s new consolidated carrying value in its stream interest at Andacollo was approximately \$388.2 million, which included direct acquisition costs, and has been recorded as a production stage stream interest within *Stream and royalty interests, net* on our consolidated balance sheets. The Andacollo gold stream interest will be depleted using the units of production method, which is estimated using aggregate proven and probable reserves, as provided by Teck.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. STREAM AND ROYALTY INTERESTS, NET

The following summarizes the Company's stream and royalty interests as of June 30, 2018 and 2017:

As of June 30, 2018 (Amounts in thousands):	Cost	Accumulated Depletion	Impairments	Net
Production stage stream interests:				
Mount Milligan	\$ 790,635	\$ (152,833)	\$ —	\$ 637,802
Pueblo Viejo	610,404	(114,944)	—	495,460
Andacollo	388,182	(59,851)	—	328,331
Wassa and Prestea	146,475	(41,601)	—	104,874
Rainy River	175,727	(4,028)	—	171,699
Total production stage stream interests	2,111,423	(373,257)	—	1,738,166
Production stage royalty interests:				
Voisey's Bay	205,724	(86,933)	—	118,791
Peñasquito	99,172	(38,426)	—	60,746
Holt	34,612	(21,173)	—	13,439
Cortez	20,878	(11,241)	—	9,637
Other	483,795	(364,795)	—	119,000
Total production stage royalty interests	844,181	(522,568)	—	321,613
Total production stage stream and royalty interests	2,955,604	(895,825)	—	2,059,779
Development stage stream interests:				
Other	12,038	—	—	12,038
Development stage royalty interests:				
Cortez	59,803	—	—	59,803
Other	74,610	—	(284)	74,326
Total development stage royalty interests	134,413	—	(284)	134,129
Total development stage stream and royalty interests	146,451	—	(284)	146,167
Exploration stage royalty interests:				
Pascua-Lama	416,770	—	(239,080)	177,690
Other	117,481	—	-	117,481
Total exploration stage royalty interests	534,251	—	(239,080)	295,171
Total stream and royalty interests, net	\$ 3,636,306	\$ (895,825)	\$ (239,364)	\$ 2,501,117

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of June 30, 2017 (Amounts in thousands):	Cost	Accumulated Depletion	Impairments	Net
Production stage stream interests:				
Mount Milligan	\$ 790,635	\$ (114,327)	\$ —	\$ 676,308
Pueblo Viejo	610,404	(67,149)	—	543,255
Andacollo	388,182	(39,404)	—	348,778
Wassa and Prestea	146,475	(22,715)	—	123,760
Total production stage stream interests	1,935,696	(243,595)	—	1,692,101
Production stage royalty interests:				
Voisey's Bay	205,724	(85,671)	—	120,053
Peñasquito	99,172	(34,713)	—	64,459
Holt	34,612	(19,669)	—	14,943
Cortez	20,873	(10,633)	—	10,240
Other	483,643	(337,958)	—	145,685
Total production stage royalty interests	844,024	(488,644)	—	355,380
Total production stage stream and royalty interests	2,779,720	(732,239)	—	2,047,481
Development stage stream interests:				
Rainy River	175,727	—	—	175,727
Other	12,031	—	—	12,031
Total development stage stream interests	187,758	—	—	187,758
Development stage royalty interests:				
Pascua-Lama	380,657	—	—	380,657
Cortez	59,803	—	—	59,803
Other	63,811	—	—	63,811
Total development stage royalty interests	504,271	—	—	504,271
Total development stage stream and royalty interests	692,029	—	—	692,029
Total exploration stage royalty interests	152,746	—	—	152,746
Total stream and royalty interests, net	\$ 3,624,495	\$ (732,239)	\$ —	\$ 2,892,256

Impairment of stream and royalty interests and royalty receivables

In accordance with our impairment accounting policy discussed in Note 1, impairments in the carrying value of each stream or royalty interest are measured and recorded to the extent that the carrying value in each stream or royalty interest exceeds its estimated fair value, which is generally calculated using estimated future discounted cash-flows. As part of the Company's regular asset impairment analysis, the Company determined the presence of impairment indicators and recorded impairment charges for the fiscal years ended June 30, 2018 and 2016 as summarized in the following table and discussed in detail below:

	Fiscal Year Ended June 30,		
	2018	2017	2016
	(Amounts in thousands)		
Stream:			
Phoenix Gold	\$ —	\$ —	\$ 75,702
Royalty:			
Pascua-Lama	239,080	—	—
Inata	—	—	11,982
Wolverine	—	—	5,307
Other	284	—	3,127
Total impairment of stream and royalty interests	\$ 239,364	\$ —	\$ 96,118
Inata royalty receivable		—	2,855
Wolverine royalty receivable		—	(385)
Total impairment of stream and royalty interests and royalty receivables	\$ 239,364	\$ —	\$ 98,588

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pascua-Lama

We own a 0.78% to 5.45% sliding-scale NSR royalty on gold and silver on the Chilean portion of the Pascua-Lama project, which straddles the border between Argentina and Chile, and is owned by Barrick. The Company owns an additional royalty equivalent to 1.09% of proceeds from copper produced from the Chilean portion of the project, net of allowable deductions, sold on or after January 1, 2017.

On January 18, 2018, Barrick reported that it is analyzing a revised sanction related to the Pascua-Lama project issued by Chile's Superintendencia del Medio Ambiente ("SMA") on January 17, 2018. The sanction is part of a re-evaluation process ordered by Chile's Environmental Court in 2014 and relates to historical compliance matters at the Pascua-Lama project. According to Barrick, the SMA has not revoked Pascua-Lama's environmental permit, but has ordered the closure of existing facilities on the Chilean side of the project, in addition to certain monitoring activities.

On February 6, 2018, in light of the SMA order to close surface facilities in Chile, and earlier plans to evaluate an underground mine, Barrick announced it reclassified Pascua-Lama's proven and probable reserves, which are based on an open pit mine plan, as mineralized material. Barrick reported further details in its year-end results on February 14, 2018 and an update on the Pascua-Lama project at its February 22, 2018 Investor Day. A significant reduction in reserves or mineralized material are indicators of impairment.

On April 23, 2018, Barrick announced that work performed to-date on the prefeasibility study for a potential underground project has been suspended, and they will focus on adjusting the project closure plan for surface infrastructure on the Chilean side of the project. Barrick will continue to evaluate opportunities to de-risk the project while maintaining Pascua-Lama as an option for development in the future if economics improve and related risks can be mitigated.

As part of the impairment determination, the fair value for Pascua-Lama was estimated by calculating the net present value of the estimated future cash-flows, subject to our royalty interest, expected to be generated by the mining of the Pascua-Lama deposits. The Company applied a probability factor to its fair value calculation that Barrick will either proceed with an open-pit mine or an underground mine at Pascua. The estimates of future cash flows were derived from open-pit and underground mine models developed by the Company using various information reported by Barrick. The metal price assumptions used in the Company's model were supported by consensus price estimates obtained by a number of industry analysts. The future cash flows were discounted using a discount rate which reflects specific market risk factors the Company associates with the Pascua-Lama royalty interest. Following the impairment charge during the three months ended March 31, 2018, the Pascua-Lama royalty interest has a remaining carrying value of \$177.7 million as of June 30, 2018. As a result of Barrick's reclassification of Pascua-Lama's reserves to mineralized material, our Pascua-Lama royalty interest was reclassified to exploration stage from development stage during our fiscal year ended June 30, 2018.

Phoenix Gold

RGLD Gold previously owned the right to purchase 6.30% of any gold produced from the Phoenix Gold Project until 135,000 ounces were delivered, and 3.15% thereafter. The Phoenix Gold Project is located in Red Lake, Ontario, Canada, and owned by Rubicon Minerals Corporation ("Rubicon"). On January 11, 2016, Rubicon provided an updated geologic model and mineralized material statement for the Phoenix Gold Project, which included a significant reduction in mineralized material compared to previous statements provided by Rubicon. Rubicon also announced that they were evaluating strategic alternatives, including merger and divestiture opportunities either at the corporate or asset level, obtaining new financing or capital restructurings. A significant reduction in mineralized material, along with recent decreases in the long-term metal price assumptions used by the industry, are indicators of impairment.

During the quarter ended March 31, 2016, the Company independently evaluated the updated geologic model and mineralized material statement in an effort to properly assess the recoverability of our carrying value. The Company's technical evaluation was completed by internal and external personnel and included an economic analysis of the Phoenix Gold Project and a detailed review of the geological model and mineralized material statement. Based upon the results

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of the Company's review of the updated geological model and mineralized material statement, and other factors, it was determined that our stream interest at the Phoenix Gold Project should be written down to zero as of March 31, 2016, resulting in an impairment charge of \$77.7 million.

Inata

The Company owns a 2.5% gross smelter return royalty on all gold and silver produced from the Inata mine, located in Burkina Faso, West Africa. The Company's carrying value for its royalty interest at Inata was approximately \$12.0 million as of December 31, 2015. As part of the Company's impairment assessment for the three months ended March 31, 2016, the Company was notified of an updated mine plan at Inata, which included a significant reduction in the life of the mine. Based upon our review of the updated mine plan, our royalty interest was written down to zero as of March 31, 2016.

The Company also had a royalty receivable of approximately \$2.8 million associated with past due royalty payments on the Inata interest. As a result of the operator's financial and operational difficulties and our review of the updated mine plan at Inata, the Company believes payment of the receivable is uncertain and provided for an allowance against the entire royalty receivable as of March 31, 2016. The Company continues to pursue collection of all past due payments.

Wolverine

The Company owns a 0.00% to 9.445% sliding-scale NSR royalty on all gold and silver produced from the Wolverine underground mine and milling operation located in Yukon Territory, Canada, and operated by Yukon Zinc Corporation ("Yukon Zinc"). Prior to our fiscal year ended June 30, 2016, the Company recognized an impairment at Wolverine. During the quarter ended March 31, 2016, we were made aware of Yukon Zinc's intentions to no longer recommission the mine. Based upon the updated developments and limited remaining mineralized material at Wolverine, the Company wrote down the remaining carrying value at Wolverine to zero as of March 31, 2016.

Phoenix Gold Stream Termination

On December 20, 2016, the owner of the Phoenix Gold Project, Rubicon, announced a restructuring transaction under Canadian regulations. As part of the restructuring transaction, RGLD Gold's gold stream interest was terminated. In exchange for termination of the gold stream, RGLD Gold received approximately three million common shares of Rubicon and three NSR royalties on properties owned by Rubicon, including a 1.0% NSR on the Phoenix Gold Project. The fair value of the Rubicon common shares upon exchange was \$3.4 million and is recorded within *Other assets* on our consolidated balance sheets and is accounted for under our available-for-sale accounting policy, which is also discussed in Note 2. The Company also recognized a corresponding gain on the fair value of the Rubicon common shares received upon exchange. The gain is recorded within *Interest and other income* on our consolidated statements of operations and comprehensive (loss) income.

Amendment to Mount Milligan

On October 20, 2016, Centerra Gold Inc. ("Centerra") and Thompson Creek Metals Company Inc. ("Thompson Creek") completed the Plan of Arrangement (the "Arrangement") previously announced on July 5, 2016, pursuant to which Centerra acquired all of the issued and outstanding common shares of Thompson Creek. RGLD Gold's streaming interest at Mount Milligan was amended (the "amendment") concurrently with the closing of the Arrangement.

Under the terms of the amendment, RGLD Gold's 52.25% gold stream at Mount Milligan was amended to a 35% gold stream and an 18.75% copper stream. RGLD Gold will continue to pay the lesser of \$435 per ounce of gold delivered or the prevailing market price when purchased and will pay 15% of the spot price per metric tonne of copper delivered. Mount Milligan gold in concentrate in transit prior to October 20, 2016, was delivered to RGLD Gold under the previous 52.25% stream. Under the terms of both the original and amended agreements, there is a maximum of five months between concentrate shipment and final settlement. Accordingly, RGLD Gold began receiving gold and copper deliveries

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

reflecting the amended stream agreement in April 2017. The Company incurred approximately \$7.7 million in direct transaction costs associated with the amendment. These direct transaction costs have been capitalized as part of the Mount Milligan streaming interest within Stream and royalty interests, net on our consolidated balance sheets.

5. DEBT

The Company's debt as of June 30, 2018 and 2017 consists of the following:

	As of June 30, 2018				As of June 30, 2017			
	Principal	Unamortized Discount	Debt Issuance Costs	Total	Principal	Unamortized Discount	Debt Issuance Costs	Total
	(Amounts in thousands)				(Amounts in thousands)			
Convertible notes due 2019	\$ 370,000	\$ (12,764)	\$ (1,316)	\$ 355,920	\$ 370,000	\$ (25,251)	\$ (2,646)	\$ 342,103
Revolving credit facility	—	—	(4,893)	(4,893)	250,000	—	(5,933)	244,067
Total debt	<u>\$ 370,000</u>	<u>\$ (12,764)</u>	<u>\$ (6,209)</u>	<u>\$ 351,027</u>	<u>\$ 620,000</u>	<u>\$ (25,251)</u>	<u>\$ (8,579)</u>	<u>\$ 586,170</u>

Convertible Senior Notes Due 2019

In June 2012, the Company completed an offering of \$370 million aggregate principal amount of convertible senior notes due 2019 ("2019 Notes"). The 2019 Notes bear interest at the rate of 2.875% per annum, and the Company is required to make semi-annual interest payments on the outstanding principal balance of the 2019 Notes on June 15 and December 15 of each year, beginning December 15, 2012. The 2019 Notes mature on June 15, 2019. Generally, we classify debt that is maturing within one year as a current liability. However, the Company has the intent and ability to settle the principal amount of the 2019 Notes in cash primarily from its available revolving credit facility, a non-current liability, as of June 30, 2018.

Interest expense recognized on the 2019 Notes for the fiscal years ended June 30, 2018, 2017 and 2016 was approximately \$24.5 million, \$23.6 million and \$22.8 million, respectively. Interest expense recognized includes the contractual coupon interest, the accretion of the debt discount and amortization of the debt issuance costs, and is recorded in *Interest and other expense* consolidated statements of operations and comprehensive (loss) income.

Revolving credit facility

The Company maintains a \$1.0 billion revolving credit facility. As of June 30, 2018, the Company had no amounts outstanding and \$1.0 billion available under the revolving credit facility. The Company had \$250 million outstanding under the revolving credit facility as of June 30, 2017. Royal Gold may repay borrowings under the revolving credit facility at any time without premium or penalty.

The Company was in compliance with each financial covenant (leverage ratio and interest coverage ratio) under the revolving credit facility as of June 30, 2018. Interest expense recognized on the revolving credit facility for the fiscal years ended June 30, 2018, 2017 and 2016 was approximately \$5.7 million, \$9.9 million and \$8.1 million, respectively, and included interest on the outstanding borrowings and the amortization of the debt issuance costs.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. REVENUE

Revenue is comprised of the following:

	Fiscal Year Ended June 30,		
	2018	2017	2016
	(Amounts in thousands)		
Stream interests	\$ 324,516	\$ 314,011	\$ 238,028
Royalty interests	134,526	126,803	121,762
Total revenue	<u>\$ 459,042</u>	<u>\$ 440,814</u>	<u>\$ 359,790</u>

7. STOCK-BASED COMPENSATION

In November 2015, shareholders of the Company approved the 2015 Omnibus Long-Term Incentive Plan (“2015 LTIP”). Under the 2015 LTIP, 2,500,000 shares of common stock have been authorized for future grants to officers, directors, key employees and other persons. The 2015 LTIP provides for the grant of stock options, unrestricted stock, restricted stock, dividend equivalent rights, SSARs and cash awards. Any of these awards may, but need not, be made as performance incentives. Stock options granted under the 2015 LTIP may be non-qualified stock options or incentive stock options.

The Company recognized stock-based compensation expense as follows:

	For the Fiscal Year Ended June 30,		
	2018	2017	2016
	(Amounts in thousands)		
Stock options	\$ 318	\$ 393	\$ 454
Stock appreciation rights	1,988	1,851	1,687
Restricted stock	4,487	3,840	3,686
Performance stock	1,486	3,899	4,212
Total stock-based compensation expense	<u>\$ 8,279</u>	<u>\$ 9,983</u>	<u>\$ 10,039</u>

Stock-based compensation expense is included within *General and administrative expense* on the consolidated statements of operations and comprehensive (loss) income.

Stock Options and Stock Appreciation Rights

Stock option and SSARs awards are granted with an exercise price equal to the closing market price of the Company’s stock at the date of grant. Stock option and SSARs awards granted to officers, key employees and other persons vest based on one to three years of continuous service. Stock option and SSARs awards have 10 year contractual terms.

To determine stock-based compensation expense for stock options and SSARs, the fair value of each stock option and SSAR is estimated on the date of grant using the Black-Scholes-Merton (“Black-Scholes”) option pricing model for all periods presented. The Black-Scholes model requires key assumptions in order to determine fair value. Those key assumptions during the fiscal year 2018, 2017 and 2016 grants are noted in the following table:

	Stock Options			SSARs		
	2018	2017	2016	2018	2017	2016
Weighted-average expected volatility	42.2 %	41.7 %	36.9 %	42.4 %	41.1 %	36.9 %
Weighted-average expected life in years	5.5	5.5	5.5	5.4	5.8	5.4
Weighted-average dividend yield	1.10 %	1.11 %	1.06 %	1.10 %	1.11 %	1.00 %
Weighted-average risk free interest rate	1.8 %	1.2 %	1.6 %	1.8 %	1.3 %	1.6 %

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's expected volatility is based on the historical volatility of the Company's stock over the expected option term. The Company's expected option term is determined by historical exercise patterns along with other known employee or company information at the time of grant. The risk free interest rate is based on the zero-coupon U.S. Treasury bond at the time of grant with a term approximate to the expected option term.

Stock Options

A summary of stock option activity for the fiscal year ended June 30, 2018, is presented below.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2017	107,825	\$ 64.13		
Granted	6,858	\$ 87.42		
Exercised	(48,123)	\$ 60.18		
Forfeited	(333)	\$ 56.54		
Outstanding at June 30, 2018	<u>66,227</u>	<u>\$ 69.35</u>	<u>6.2</u>	<u>\$ 1,549</u>
Exercisable at June 30, 2018	<u>48,957</u>	<u>\$ 68.36</u>	<u>5.6</u>	<u>\$ 1,199</u>

The weighted-average grant date fair value of options granted during the fiscal years ended June 30, 2018, 2017 and 2016, was \$27.12, \$29.54 and \$18.05, respectively. The total intrinsic value of options exercised during the fiscal years ended June 30, 2018, 2017 and 2016, were \$1.4 million, \$0.5 million, and \$0.1 million, respectively.

As of June 30, 2018, there was approximately \$0.2 million of total unrecognized stock-based compensation expense related to non-vested stock options, which is expected to be recognized over a weighted-average period of 1.6 years.

SSARs

A summary of SSARs activity for the fiscal year ended June 30, 2018, is presented below.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2017	424,145	\$ 66.19		
Granted	71,262	\$ 87.42		
Exercised	(241,421)	\$ 62.52		
Forfeited	(1,100)	\$ 85.92		
Outstanding at June 30, 2018	<u>252,886</u>	<u>\$ 75.60</u>	<u>7.3</u>	<u>\$ 4,360</u>
Exercisable at June 30, 2018	<u>125,152</u>	<u>\$ 71.59</u>	<u>6.2</u>	<u>\$ 2,659</u>

The weighted-average grant date fair value of SSARs granted during the fiscal years ended June 30, 2018, 2017 and 2016 was \$29.17, \$29.76 and \$18.35, respectively. The total intrinsic value of SSARs exercised during the fiscal years ended June 30, 2018, 2017 and 2016, were \$6.4 million, \$0.2 million, and \$0.3 million, respectively.

As of June 30, 2018, there was approximately \$2.0 million of total unrecognized stock-based compensation expense related to non-vested SSARs, which is expected to be recognized over a weighted-average period of 1.8 years.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Stock-based Compensation

Performance Shares

During fiscal 2018, officers and certain employees were granted shares of restricted common stock that can be earned only upon the Company’s achievement of certain pre-defined performance measures. Specifically, for performance shares granted in fiscal 2018, one-half of the shares awarded may vest upon the Company’s achievement of annual growth in Net Gold Equivalent Ounces (“Net GEOs”) (“GEO Shares”). The second one-half of performance shares granted in fiscal 2018 may vest based on the Company’s total shareholder return (“TSR”) compared to the TSRs of other members of the Market Vectors Gold Miners ETF (GDX) (“TSR Shares”). GEO Shares and TSR Shares may vest by linear interpolation in a range between zero shares if neither threshold Net GEO and TSR metric is met; to 100% of GEO Shares and TSR Shares awarded if both target Net GEO and TSR metrics are met; to 200% of the Net GEO and TSR shares awarded if both the maximum Net GEO and TSR metrics are met. The GEO Shares will expire in five years from the date of grant if the performance measure is not met, while the TSR Shares will expire in three years from the date of grant if the TSR market condition and three year service condition are not met.

The Company measures the fair value of the GEO Shares based upon the market price of our common stock as of the date of grant. In accordance with ASC 718, the measurement date for the GEO Shares will be determined at such time that the performance goals are attained or that it is probable they will be attained. At such time that it is probable that a performance condition will be achieved, compensation expense will be measured by the number of shares that will ultimately be earned based on the grant date market price of our common stock. For shares that were previously estimated to be probable of vesting and are no longer deemed to be probable of vesting, compensation expense is reversed during the period in which it is determined they are no longer probable of vesting. Interim recognition of compensation expense will be made at such time as management can reasonably estimate the number of shares that will be earned.

In accordance with ASC 718, provided the market condition within the TSR Shares, the Company measured the grant date fair value using a Monte Carlo valuation model. The fair value of the TSR Shares (\$64.67 per share) is multiplied by the target number (100%) of TSR Shares granted to determine total stock-based compensation expense. Total stock-based compensation expense of the TSR Shares is amortized on a straight-line basis over the requisite service period, or three years. Stock-based compensation expense for the TSR Shares is recognized provided the requisite service period is rendered, regardless of when, if ever, the TSR market condition is satisfied. The Company will reverse previously recognized stock-based compensation expense attributable to the TSR Shares only if the requisite service period is not rendered.

A summary of the status of the Company’s non-vested Performance Shares at maximum (200%) attainment for the fiscal year ended June 30, 2018, is presented below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested at July 1, 2017	233,845	\$ 61.07
Granted	68,020	\$ 76.20
Vested	(70,046)	\$ 68.83
Forfeited	(13,030)	\$ 60.76
Non-attainment	(34,125)	\$ 71.77
Non-vested at June 30, 2018	<u>184,664</u>	<u>\$ 61.75</u>

As of June 30, 2018, total unrecognized stock-based compensation expense related to Performance Shares was approximately \$1.5 million, which is expected to be recognized over the average remaining vesting period of 1.8 years.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Stock

Officers, non-executive directors and certain employees may be granted shares of restricted stock that vest on continued service alone (“Restricted Stock”). During fiscal 2018, officers and certain employees were granted 36,170 shares of Restricted Stock. Restricted Stock granted to officers and certain employees vest over three years beginning after a two-year holding period from the date of grant with one-third of the shares vesting in years three, four and five, respectively. Also during fiscal year 2018, our non-executive directors were granted 14,210 shares of Restricted Stock. The non-executive directors’ shares of Restricted Stock vest 50% immediately and 50% one year after the date of grant.

The Company measures the fair value of the Restricted Stock based upon the market price of our common stock as of the date of grant. Restricted Stock is amortized over the applicable vesting period using the straight-line method. Unvested shares of Restricted Stock are subject to forfeiture upon termination of employment or service with the Company.

A summary of the status of the Company’s non-vested Restricted Stock for the fiscal year ended June 30, 2018, is presented below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested at July 1, 2017	166,810	\$ 68.60
Granted	50,380	\$ 87.42
Vested	(69,440)	\$ 72.99
Forfeited	(2,967)	\$ 73.55
Non-vested at June 30, 2018	<u>144,783</u>	<u>\$ 72.94</u>

As of June 30, 2018, total unrecognized stock-based compensation expense related to Restricted Stock was approximately \$5.0 million, which is expected to be recognized over the weighted-average vesting period of 3.0 years.

8. STOCKHOLDERS’ EQUITY

Preferred Stock

The Company has 10,000,000 authorized and unissued shares of \$.01 par value Preferred Stock as of June 30, 2018 and 2017.

Common Stock Issuances

During the fiscal years ended June 30, 2018, 2017 and 2016, options to purchase 48,123, 17,198 and 2,500 shares, respectively, were exercised, resulting in proceeds of approximately \$2.9 million, \$0.5 million and \$0.1 million, respectively.

9. EARNINGS PER SHARE (“EPS”)

Basic (loss) earnings per common share were computed using the weighted average number of shares of common stock outstanding during the period, considering the effect of participating securities. Unvested stock-based compensation awards that contain non-forfeitable rights to dividends or dividend equivalents are considered participating securities and are included in the computation of earnings per share pursuant to the two-class method. The Company’s unvested restricted stock awards contain non-forfeitable dividend rights and participate equally with common stock with respect to dividends issued or declared. The Company’s unexercised stock options, unexercised SSARs and unvested performance

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

stock do not contain rights to dividends. Under the two-class method, the (loss) earnings used to determine basic (loss) earnings per common share are reduced by an amount allocated to participating securities. Use of the two-class method has an immaterial impact on the calculation of basic and diluted (loss) earnings per common share.

The following table summarizes the effects of dilutive securities on diluted EPS for the period:

	Fiscal Year Ended June 30,		
	2018	2017	2016
	(in thousands, except per share data)		
Net (loss) income available to Royal Gold common stockholders	\$ (113,134)	\$ 101,530	\$ (77,149)
Weighted-average shares for basic EPS	65,291,855	65,152,782	65,074,455
Effect of other dilutive securities	—	125,171	—
Weighted-average shares for diluted EPS	65,291,855	65,277,953	65,074,455
Basic (loss) earnings per share	\$ (1.73)	\$ 1.55	\$ (1.18)
Diluted (loss) earnings per share	\$ (1.73)	\$ 1.55	\$ (1.18)

The calculation of weighted average shares includes all of our outstanding common stock. The Company intends to settle the principal amount of the 2019 Notes in cash primarily from our available revolving credit facility. As a result, there will be no impact to diluted earnings per share unless the share price of the Company's common stock exceeds the adjusted conversion price of \$102.91 as of June 30, 2018.

10. INCOME TAXES

For financial reporting purposes, *(Loss) income before income taxes* includes the following components:

	Fiscal Year Ended June 30,		
	2018	2017	2016
	(Amounts in thousands)		
United States	\$ (39,662)	\$ 15,253	\$ (230)
Foreign	(64,917)	103,613	(21,528)
	\$ (104,579)	\$ 118,866	\$ (21,758)

The Company's *Income tax expense* consisted of:

	Fiscal Year Ended June 30,		
	2018	2017	2016
	(Amounts in thousands)		
Current:			
Federal	\$ 24,621	\$ 13,975	\$ 45,878
State	253	308	135
Foreign	22,741	10,602	19,650
	\$ 47,615	\$ 24,885	\$ 65,663
Deferred and others:			
Federal	\$ (2,253)	\$ (1,443)	\$ (6,986)
State	(223)	(18)	(78)
Foreign	(30,367)	3,017	2,081
	\$ (32,843)	\$ 1,556	\$ (4,983)
Total income tax expense	\$ 14,772	\$ 26,441	\$ 60,680

The provision for income taxes for the fiscal years ended June 30, 2018, 2017 and 2016, differs from the amount of income tax determined by applying the applicable United States statutory federal income tax rate to pre-tax income (net of

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

non-controlling interest in income of consolidated subsidiary and loss from equity investment) from operations as a result of the following differences:

	Fiscal Year Ended June 30,		
	2018	2017	2016
	(Amounts in thousands)		
Total expense computed by applying federal rates	\$ (29,343)	\$ 41,603	\$ (7,615)
State and provincial income taxes, net of federal benefit	(104)	78	(1)
Excess depletion	(1,440)	(1,517)	(882)
Estimates for uncertain tax positions	8,574	2,870	1,866
Statutory tax attributable to non-controlling interest	1,736	3,162	1,838
Effect of foreign earnings	1,230	3,046	61,576
Effect of foreign earnings indefinitely reinvested	(19,004)	(22,922)	3,406
Realized foreign exchange gains	18,330	—	—
Unrealized foreign exchange gains	(1,610)	(746)	(2,439)
Effects of US income tax reform	30,675	—	—
Changes in estimates	(70)	(3,676)	1,641
Valuation allowance	6,337	4,374	849
Other	(539)	169	441
	<u>\$ 14,772</u>	<u>\$ 26,441</u>	<u>\$ 60,680</u>

The effective tax rate includes the impact of U.S. tax legislation, as discussed below, the effects of a non-cash functional currency election to file certain Canadian income tax returns in U.S. dollars, and the effects of the royalty impairments. Prior to the functional currency election, certain deferred tax liabilities were measured on the difference between adjusted Canadian dollar acquisition cost and Canadian dollar tax basis. These deferred tax liabilities were then marked-to market every quarter, for income tax expense (benefit) purposes, to account for changes in the Canadian dollar to U.S. dollar exchange rate. Post-election, the applicable deferred tax liabilities will be measured on the difference between U.S. GAAP value and U.S. dollar tax basis.

On December 22, 2017, H.R. 1, originally known as the Tax Cuts and Jobs Act (the “Act”), was enacted and is effective for tax years including January 1, 2018. Certain other aspects of the Act are not effective for fiscal June 30 companies until July 1, 2018.

The Act, among other things, reduced the U.S. corporate income tax rate to 21% starting January 1, 2018. As the Company is a fiscal year tax payer, we applied a blended U.S. federal income tax rate of approximately 28.1% for the fiscal year ending June 30, 2018. The blended percentage was calculated on a pro-rata percentage of the number of days before and after January 1, 2018. The Company’s U.S. federal corporate income tax rate will be 21% for the fiscal year commencing on July 1, 2018 and all future years.

ASC 740, *Income Taxes*, requires recognition of the effects of tax law changes in the period of enactment. As a result, the Company recorded a net charge (expense) of \$30.7 million for the year ended June 30, 2018. This amount is included in *Income tax expense* on our consolidated statements of operations and comprehensive (loss) income. The tax expense consists of three components: (i) a \$12.3 million charge relating to the one-time mandatory tax on the net accumulated post-1986 untaxed earnings and profits of the Company’s foreign subsidiaries, which we will elect to pay over an eight-year period, (ii) a \$1.2 million charge resulting from the re-measurement of the Company’s net deferred tax assets and liabilities, and (iii) a \$17.2 million charge related to re-measurement of the U.S. income tax impacts resulting from foreign uncertain tax positions.

The net \$30.7 million charge represents what the Company believes is a reasonable estimate of the impact of the Act. As the net charge is based on currently available information and interpretations, which are continuing to evolve, all amounts should be considered provisional. The Company will continue to analyze additional information and guidance related to the Act as supplemental legislation, regulatory guidance, or evolving technical interpretations become available. The

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

final impacts may differ from the recorded amounts as of June 30, 2018 and the Company will continue to refine such amounts within the measurement period provided by Staff Accounting Bulletin No. 118 (“SAB 118”). The Company expects to complete its analysis no later than the second quarter of fiscal year 2019.

The Company is in the process of assessing the Act’s impact, if any, on its indefinite reinvestment assertion. If there are any changes to the indefinite reinvestment assertion as a result of our analysis of the Act, the Company will disclose any tax impacts in the appropriate period, pursuant to SAB 118.

The tax effects of temporary differences and carryforwards, which give rise to our deferred tax assets and liabilities at June 30, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
	(Amounts in thousands)	
Deferred tax assets:		
Stock-based compensation	\$ 805	\$ 5,979
Net operating losses	1,933	5,341
Foreign tax credits	11,172	19,869
Other	<u>7,346</u>	<u>7,382</u>
Total deferred tax assets	21,256	38,571
Valuation allowance	<u>(12,811)</u>	<u>(6,474)</u>
Net deferred tax assets	<u>\$ 8,445</u>	<u>\$ 32,097</u>
Deferred tax liabilities:		
Mineral property basis	\$ (74,274)	\$ (122,870)
Unrealized foreign exchange gains	(664)	(1,097)
2019 Notes	(2,631)	(8,634)
Investment in Peak Gold joint venture	(4,359)	(5,475)
Other	<u>(213)</u>	<u>(595)</u>
Total deferred tax liabilities	<u>(82,141)</u>	<u>(138,671)</u>
Total net deferred taxes	<u>\$ (73,696)</u>	<u>\$ (106,574)</u>

The Company reviews the measurement of its deferred tax assets at each balance sheet date. The Company’s analysis indicates a cumulative three-years of historical losses primarily as the result of fiscal year 2018 and 2016 impairments of certain non-producing assets. Considering all available positive and negative evidence, including but not limited to recent earnings history and forecasted future results, the Company believes it is more likely-than-not that all net deferred tax assets not currently burdened with a valuation allowance will be fully realized. As of June 30, 2018 and 2017, the Company had \$12.8 million and \$6.5 million of valuation allowances recorded, respectively. The valuation allowance remaining at June 30, 2018 is attributable to US foreign tax credits and capital loss carryforwards in non-US subsidiaries.

At June 30, 2018 and 2017, the Company had \$7.1 million and \$32.1 million of net operating loss carry forwards, respectively. The decrease in the net operating loss carry forwards is primarily attributable to the utilization of net operating losses by non-U.S. subsidiaries. The majority of the tax loss carry forwards are in jurisdictions that allow a twenty year carry forward period. As a result, these losses do not begin to expire until the 2036 tax year, and the Company anticipates the losses will be fully utilized.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of June 30, 2018 and 2017, the Company had \$36.3 million and \$28.5 million of unrecognized tax benefits, respectively. If recognized, these unrecognized tax benefits would positively impact the Company's effective income tax rate. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(Amounts in thousands)		
Total gross unrecognized tax benefits at beginning of year	\$ 28,542	\$ 26,960	\$ 26,120
Additions / Reductions for tax positions of current year	1,624	1,394	840
Additions / Reductions for tax positions of prior years	6,180	188	—
Reductions due to settlements with taxing authorities	—	—	—
Reductions due to lapse of statute of limitations	—	—	—
Total amount of gross unrecognized tax benefits at end of year	<u>\$ 36,346</u>	<u>\$ 28,542</u>	<u>\$ 26,960</u>

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state and local, and non-U.S. income tax examinations by tax authorities for fiscal years before 2014. As a result of (i) statutes of limitation that will begin to expire within the next 12 months in various jurisdictions, (ii) possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, and (iii) additional accrual of exposure and interest on existing items, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will not decrease in the next 12 months.

The Company's continuing practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At June 30, 2018 and 2017, the amount of accrued income-tax-related interest and penalties was \$9.8 million and \$6.8 million, respectively. The gross unrecognized tax benefits reflected in the tabular reconciliation do not include interest and penalties and are not reduced by advanced deposits of \$12.8 million made to taxing authorities.

11. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's supplemental cash flow information for the fiscal years ending June 30, 2018, 2017 and 2016 is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	(Amounts in thousands)		
Cash paid (received) during the period for:			
Interest	\$ 16,049	\$ 18,999	\$ 17,691
Income taxes, net of refunds	\$ (3,058)	\$ 26,835	\$ 76,072
Non-cash investing and financing activities:			
Dividends declared	\$ 64,811	\$ 62,066	\$ 59,388

12. FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Quoted prices for identical instruments in active markets;

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Level 3: Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy.

	As of June 30, 2018				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Assets (In thousands):					
Marketable equity securities ⁽¹⁾	\$ 19,210	\$ 19,210	\$ 19,210	\$ —	\$ —
Total assets	\$ 19,210	\$ 19,210	\$ 19,210	\$ —	\$ —
Liabilities (In thousands):					
Debt ⁽²⁾	\$ 434,236	\$ 393,132	\$ 393,132	\$ —	\$ —
Total liabilities	\$ 434,236	\$ 393,132	\$ 393,132	\$ —	\$ —

⁽¹⁾ Included in *Other assets* on the Company's consolidated balance sheets.

⁽²⁾ Included in the carrying amount is the equity component of our 2019 Notes in the amount of \$77 million, which is included within *Additional paid-in capital* in the Company's consolidated balance sheets.

The Company's marketable equity securities classified within Level 1 of the fair value hierarchy are valued using quoted market prices in active markets. The fair value of the Level 1 marketable equity securities is calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company. The Company's debt classified within Level 1 of the fair value hierarchy is valued using quoted prices in an active market.

As of June 30, 2018, the Company also had assets that, under certain conditions, are subject to measurement at fair value on a non-recurring basis like those associated with stream and royalty interests, intangible assets and other long-lived assets. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if any of these assets are determined to be impaired. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs. Refer to Note 4 for discussion of inputs used to develop fair value for those stream and royalty interests that were determined to be impaired during the fiscal years ended June 30, 2018 and 2016.

13. MAJOR SOURCES OF REVENUE

Operators that contributed greater than 10% of the Company's total revenue for any of fiscal years 2018, 2017 or 2016 were as follows (revenue amounts in thousands):

Operator	Fiscal Year 2018		Fiscal Year 2017		Fiscal Year 2016	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
Centerra	\$ 133,534	29.1 %	\$ 136,737	31.0 %	\$ 125,438	34.9 %
Barrick	108,285	23.6 %	104,009	23.6 %	49,683	13.8 %
Teck	57,413	12.5 %	60,251	13.7 %	49,243	13.7 %

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. COMMITMENTS AND CONTINGENCIES

Ilovoica Gold Stream Acquisition

As of June 30, 2018, the Company's conditional funding schedule, of \$163.75 million as part of its Ilovoica gold stream acquisition in October 2014 remains subject to certain conditions.

Voisey's Bay

The Company indirectly owns a royalty on the Voisey's Bay mine in Newfoundland and Labrador owned by Vale Newfoundland & Labrador Limited ("VNL"). The royalty is directly owned by the Labrador Nickel Royalty Limited Partnership ("LNRLP"), in which the Company's wholly-owned indirect subsidiary, Voisey's Bay Holding Corporation, is the general partner and 90% owner. The remaining 10% interest in LNRLP is owned by Altius Royalty Corporation, a company unrelated to Royal Gold.

On October 6, 2017, LNRLP filed a Fresh as Amended Statement of Claim amending the original October 16, 2009 Statement of Claim and amendments thereto made in December 2014, in the Supreme Court of Newfoundland and Labrador Trial Division against Vale Inco Limited, now known as Vale Canada Limited and its wholly-owned subsidiaries, Vale Inco Atlantic Sales Limited and VNL, related to calculation of the NSR on the sale of concentrates, including nickel concentrates, from the Voisey's Bay mine. LNRLP asserts that the defendants have incorrectly calculated the NSR since production at Voisey's Bay began in late 2005 and since defendants began processing Voisey's Bay concentrates at the new Long Harbour processing facility, and that the defendants have breached their contractual duties of good faith in several ways. LNRLP requests an order in respect of the correct calculation of future payments, and unspecified damages for non-payment and underpayment of past royalties to the date of the claim, together with additional damages until the date of trial, interest, costs and other damages. Trial is expected to commence in the first quarter of fiscal 2019.

15. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of selected quarterly financial information (unaudited). Some amounts in the below table may not sum-up in total as a result of rounding.

	<u>Revenue</u>	<u>Operating (loss) income</u>	<u>Net (loss) income attributable to Royal Gold stockholders</u>	<u>Basic (loss) earnings per share</u>	<u>Diluted (loss) earnings per share</u>
(Amounts in thousands except per share data)					
Fiscal year 2018 quarter-ended:					
September 30,	\$ 112,476	\$ 41,720	\$ 28,631	\$ 0.44	\$ 0.44
December 31,	114,348	40,962	(14,765)	(0.23)	(0.23)
March 31,	115,983	(193,464)	(153,650)	(2.35)	(2.35)
June 30,	116,235	36,247	26,650	0.41	0.41
	<u>\$ 459,042</u>	<u>\$ (74,535)</u>	<u>\$ (113,134)</u>	<u>\$ (1.73)</u>	<u>\$ (1.73)</u>
Fiscal year 2017 quarter-ended:					
(Amounts in thousands except per share data)					
September 30,	\$ 117,947	\$ 40,891	\$ 29,787	\$ 0.46	\$ 0.46
December 31,	106,961	34,481	28,062	0.43	0.43
March 31,	106,972	35,951	23,661	0.36	0.36
June 30,	108,934	34,619	20,020	0.31	0.31
	<u>\$ 440,814</u>	<u>\$ 145,942</u>	<u>\$ 101,530</u>	<u>\$ 1.55</u>	<u>\$ 1.55</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2018, the Company's management, with the participation of the President and Chief Executive Officer (the principal executive officer) and Chief Financial Officer and Vice President Strategy (the principal financial and accounting officer) of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on such evaluation, the Company's President and Chief Executive Officer and its Chief Financial Officer and Vice President Strategy have concluded that, as of June 30, 2018, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods and that such information is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and its Chief Financial Officer and Vice President Strategy, as appropriate to allow timely decisions regarding required disclosure.

Disclosure controls and procedures involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human failures. As a result, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

(b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of our internal control over financial reporting as of June 30, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework* (2013 Framework). Based on management's assessment and those criteria, management concluded that, as of June 30, 2018, our internal control over financial reporting is effective.

Our management, including our President and Chief Executive Office (the principal executive officer) and Chief Financial Officer and Vice President Strategy (the principal financial and accounting officer), does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on our internal control over financial reporting as of June 30, 2018.

(c) Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act during our fourth fiscal quarter ended June 30, 2018, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(d) Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Royal Gold, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Royal Gold, Inc.'s internal control over financial reporting as of June 30, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Royal Gold, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2018 and 2017, the related consolidated statements of operations and comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended June 30, 2018, and the related notes and our report dated August 9, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Denver, Colorado
August 9, 2018

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is included in the Company's Proxy Statement for its 2018 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2018, and is incorporated by reference in this Annual Report on Form 10-K.

The Company's Code of Business Conduct and Ethics within the meaning of Item 406 of Regulation S-K adopted by the SEC under the Exchange Act that applies to our principal executive officer and principal financial and accounting officer is available on the Company's website at www.royalgold.com and in print without charge to any stockholder who requests a copy. Requests for copies should be directed to Royal Gold, Inc., Attention: Vice President, General Counsel and Secretary, 1660 Wynkoop Street, Suite 1000, Denver, Colorado, 80202. The Company intends to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding any amendment to, or a waiver from, a provision of the Company's Code of Business Conduct and Ethics by posting such information on the Company's website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included in the Company's Proxy Statement for its 2018 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2018, and is incorporated by reference in this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is included in the Company's Proxy Statement for its 2018 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2018, and is incorporated by reference in this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is included in the Company's Proxy Statement for its 2018 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2018, and is incorporated by reference in this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is included in the Company's Proxy Statement for its 2018 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2018, and is incorporated by reference in this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

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(b) Exhibits

Reference is made to the Exhibit Index beginning on page 82 hereof.

ITEM 16. FORM 10-K SUMMARY

The optional summary in Item 16 has not been included in this Form 10-K.

Exhibit Index

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on May 3, 2018 and incorporated herein by reference)
3.2	Amended and Restated Bylaws, as amended on August 28, 2014 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on September 4, 2014 and incorporated herein by reference)
3.3	Amended and Restated Certificate of Designations of Series A Junior Participating Preferred Stock of Royal Gold, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on September 10, 2007 and incorporated herein by reference)
3.4	Certificate of Designations, Preferences and Rights of the Special Voting Preferred Stock of Royal Gold, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on February 23, 2010 and incorporated herein by reference)
4.1	Appendix I to Schedule B of the Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on January 22, 2010 and incorporated herein by reference)
4.2	Indenture among Royal Gold, Inc., Wells Fargo Bank, National Association and Computershare Trust Company of Canada, dated June 20, 2012 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on June 20, 2012 and incorporated herein by reference)
4.3	Supplemental Indenture among Royal Gold, Inc., Wells Fargo Bank, National Association and Computershare Trust Company of Canada, dated June 20, 2012 (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K on June 20, 2012 and incorporated herein by reference)
4.4	Form of common stock certificate (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q on May 3, 2018 and incorporated herein by reference)
10.1 ▲	2004 Omnibus Long-Term Incentive Plan, as amended (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.2 ▲	2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on November 16, 2015 and incorporated herein by reference)
10.3 ▲	2015 Omnibus Long-Term Incentive Plan, as amended (filed as Exhibit 4.2 to Royal Gold's Registration Statement on Form S-8 filed on July 20, 2017 and incorporated herein by reference)
10.4 ▲	Royal Gold Deferred Compensation Plan for Non-Employee Directors (filed as Exhibit 4.1 to Royal Gold's Registration Statement on Form S-8 filed on July 20, 2017 and incorporated herein by reference)
10.5 ▲	Form of Employment Agreement by and between Royal Gold, Inc. and Tony Jensen (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on July 8, 2016 and incorporated herein by reference)

Exhibit Number	Description
10.6 ▲	Form of Employment Agreement by and between Royal Gold, Inc. and each of the following: Karli Anderson, William Heissenbuttel, Mark Isto, Bruce Kirchhoff and Stefan Wenger (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on July 8, 2016 and incorporated herein by reference)
10.7 ▲	Form of First Amendment to Employment Agreement by and between Royal Gold, Inc. and each of the following: Karli Anderson, William Heissenbuttel, Mark Isto, Tony Jensen, Bruce Kirchhoff and Stefan Wenger (filed as Exhibit 10.1 to Royal Gold's Quarterly Report on Form 10-Q filed on February 8, 2018 and incorporated herein by reference)
10.8 ▲	Form of Amended and Restated Indemnification Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on September 4, 2014 and incorporated herein by reference)
10.9 ▲	Form of Restricted Stock Unit Agreement under Royal Gold's 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.58 to the Company's Annual Report on Form 10-K on August 10, 2017 and incorporated herein by reference)
10.10 ▲	Form of Director Restricted Stock Unit Agreement under Royal Gold's 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.59 to the Company's Annual Report on Form 10-K on August 10, 2017 and incorporated herein by reference)
10.11 ▲	Form of Amendment to Equity Award Agreements under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.2 to Royal Gold's Quarterly Report on Form 10-Q filed on April 27, 2016 and incorporated herein by reference)
10.12 ▲	Form of Incentive Stock Option Agreement under Royal Gold's 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.57 to the Company's Annual Report on Form 10-K on August 10, 2016 and incorporated herein by reference)
10.13 ▲	Form of Restricted Stock Agreement under Royal Gold 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.58 to the Company's Annual Report on Form 10-K on August 10, 2016 and incorporated herein by reference)
10.14 ▲	Form of Director Restricted Stock Agreement under Royal Gold's 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.59 to the Company's Annual Report on Form 10-K on August 10, 2016 and incorporated herein by reference)
10.15 ▲	Form of Performance Share Agreement under Royal Gold's 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.60 to the Company's Annual Report on Form 10-K on August 10, 2016 and incorporated herein by reference)
10.16 ▲	Form of Stock Appreciation Rights Agreement under Royal Gold's 2015 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.61 to the Company's Annual Report on Form 10-K on August 10, 2016 and incorporated herein by reference)
10.17 ▲	Form of Incentive Stock Option Agreement (Officer) under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)

Exhibit Number	Description
10.18 ▲	Form of Restricted Stock Agreement (Officer) under Royal Gold’s 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.4 to Royal Gold’s Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.19 ▲	Form of Performance Share Agreement (Officer) under Royal Gold’s 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.5 to Royal Gold’s Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.20 ▲	Form of Stock Appreciation Rights Agreement—Stock Settled (Officer) under Royal Gold’s 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.6 to Royal Gold’s Current Report on Form 8-K filed on September 3, 2013 and incorporated herein by reference)
10.21 ▲	Form of Incentive Stock Option Agreement under Royal Gold’s 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.2 to Royal Gold’s Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.22 ▲	Form of Non-qualified Stock Option Agreement under Royal Gold’s 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.3 to Royal Gold’s Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.23 ▲	Form of Stock Appreciation Rights Agreement under Royal Gold’s 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.6 to Royal Gold’s Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.24	Royalty Agreement between Royal Gold, Inc. and the Cortez Joint Venture dated April 1, 1999 (filed as part of Item 5 of the Company’s Current Report on Form 8-K on April 12, 1999 and incorporated herein by reference)
10.25	Firm offer to purchase royalty interest of “Idaho Group” between Royal Gold, Inc. and Idaho Group dated July 22, 1999 (filed as Attachment A to the Company’s Current Report on Form 8-K on September 2, 1999 and incorporated herein by reference)
10.26	Royalty Deed and Agreement, dated effective as of April 15, 1991, between ECM, Inc. and Royal Crescent Valley, Inc. (filed as Exhibit 10(1) to the Company’s Annual Report on Form 10-K for the year ended June 30, 1991 and incorporated herein by reference)
10.27	Form of Agreement for Assignment of Partnership Interest in Crescent Valley Partners, L.P. (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K on January 8, 2014 and incorporated herein by reference)
10.28	Purchase and Sale Agreement for Peñasquito and Other Royalties among Minera Kennecott S.A. DE C.V., Kennecott Exploration Company and Royal Gold, Inc., dated December 28, 2006 (filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)
10.29	Contract for Assignment of Rights Granted, by Minera Kennecott, S.A. de C.V. Represented in this Agreement by Mr. Dave F. Simpson, and Minera Peñasquito, S.A. de C.V., Represented in this Agreement by Attorney, Jose Maria Gallardo Tamayo (filed as Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)

Exhibit Number	Description
10.30†	Amended and Restated Purchase and Sale Agreement by and among Royal Gold, Inc., RGL Gold AG, Thompson Creek Metals Company Inc. and Terrane Metals Corp. dated as of December 14, 2011 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on December 15, 2011 and incorporated herein by reference)
10.31†	First Amendment to Amended and Restated Purchase and Sale Agreement by and among Royal Gold, Inc., RGLD Gold AG, Thompson Creek Metals Company Inc. and Terrane Metals Corp. dated as of August 8, 2012 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on August 9, 2012 and incorporated herein by reference)
10.32	Second Amendment to Amended and Restated Purchase and Sale Agreement by and among Royal Gold, Inc., RGLD Gold AG, Thompson Creek Metals Company Inc. and Terrane Metals Corp. dated as of December 11, 2014 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q on January 29, 2015 and incorporated herein by reference).
10.33	Third Amendment to Amended and Restated Purchase and Sale Agreement, dated October 20, 2016, among RGLD Gold AG, Thompson Creek Metals Company Inc. and Royal Gold, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q on November 3, 2016 and incorporated herein by reference)
10.34	Long Term Offtake Agreement, dated July 9 2015, between Compania Minera Teck Carmen de Andacollo and RGLD Gold AG (filed as Exhibit 10.1 to Royal Gold's Quarterly Report on Form 10-Q filed on November 5, 2015)
10.35	Precious Metals Purchase and Sale Agreement, dated August 5, 2015, among RGLD Gold AG, BGC Holdings Ltd. and Barrick Gold Corporation (filed as Exhibit 10.3 to Royal Gold's Quarterly Report on Form 10-Q filed on November 5, 2015)
10.36	Intercreditor Agreement, dated October 20, 2016, among The Bank of Nova Scotia for the Senior Debt Secured Parties identified therein, RGLD Gold AG and Thompson Creek Metals Company Inc. (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q on November 3, 2016 and incorporated herein by reference)
10.37	Revolving Facility Credit Agreement, dated June 2, 2017, among Royal Gold, Inc., RG Mexico, Inc., the lenders from time to time party thereto, and HSBC Bank USA, National Association, as administrative agent for the lenders (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on June 6, 2017 and incorporated herein by reference)
10.38*	Revolving Facility Credit Agreement Amendment dated May 15, 2018, among Royal Gold, Inc., RG Royalties (f/k/a RG Mexico, Inc.), Royal Gold International Holdings, Inc., the lenders from time to time party thereto, and the Bank of Nova Scotia, as administrative agent for the lenders
10.39	Pledge Agreement by Royal Gold, Inc. in favor of The Bank of Nova Scotia, dated June 2, 2017 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on June 6, 2017 and incorporated herein by reference)

Exhibit Number	Description
10.40	Pledge Agreement by Royal Gold, Inc. in favor of The Bank of Nova Scotia, dated June 2, 2017 (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K on June 6, 2017 and incorporated herein by reference)
10.41	Share Pledge Agreement by Royal Gold, Inc. in favor of The Bank of Nova Scotia, dated June 2, 2017 (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K on June 6, 2017 and incorporated herein by reference)
10.42* ▲	Separation Agreement and Release of Claims dated June 11, 2018 by and between Royal Gold, Inc. and Stefan Wenger
21.1*	Royal Gold and Its Subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of President and Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Written Statement of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Written Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed or furnished herewith.

▲ Identifies each management contract or compensation plan or arrangement.

† Certain portions of this exhibit have been omitted by redacting a portion of the text (indicated by asterisks in the text). This exhibit has been filed separately with the U.S. Securities and Exchange Commission pursuant to a request for confidential treatment.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROYAL GOLD, INC.

Date: August 9, 2018

By: /s/ TONY JENSEN

Tony Jensen
*President, Chief Executive Officer and Director
(Principal Executive Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 9, 2018

By: /s/ TONY JENSEN

Tony Jensen
*President, Chief Executive Officer and Director
(Principal Executive Officer)*

Date: August 9, 2018

By: /s/ WILLIAM HEISSEN BUTTEL

William H. Heissenbuttel
*Chief Financial Officer and Vice President Strategy
(Principal Financial and Accounting Officer)*

Date: August 9, 2018

By: /s/ WILLIAM M. HAYES

William M. Hayes
Chairman

Date: August 9, 2018

By: /s/ KEVIN MCARTHUR

Kevin McArthur
Director

Date: August 9, 2018

By: /s/ JAMIE SOKALSKY

Jamie Sokalsky
Director

Date: August 9, 2018

By: /s/ CHRIS M.T. THOMPSON

Chris M. T. Thompson
Director

Date: August 9, 2018

By: /s/ RONALD J. VANCE

Ronald J. Vance
Director

Date: August 9, 2018

By: /s/ SYBIL VEENMAN

Sybil Veenman
Director

**AMENDMENT AND CONSENT TO
REVOLVING FACILITY CREDIT AGREEMENT**

This AMENDMENT AND CONSENT TO REVOLVING FACILITY CREDIT AGREEMENT, dated as of May 15, 2018 (the “Agreement”), is by and among ROYAL GOLD, INC., a corporation organized under the laws of the State of Delaware, as a borrower (“Royal Gold” or “Borrower”), RG ROYALTIES, LLC (f/k/a RG Mexico, Inc.), a limited liability company organized under the laws of the State of Delaware, as a guarantor (“RG Royalties”), ROYAL GOLD INTERNATIONAL HOLDINGS, INC., a corporation organized under the laws of the State of Delaware, as a guarantor (“RG International”), such additional guarantors from time to time party hereto, as guarantors (the “Additional Guarantors” and together with RG Royalties and RG International, collectively, the “Guarantors” and each, a “Guarantor”), those banks and financial institutions identified as a “Lender” on the signature pages hereto (individually, each a “Lender” and collectively, the “Lenders”), and THE BANK OF NOVA SCOTIA, in its capacity as administrative agent (in such capacity, the “Administrative Agent”) for the Lenders.

Recitals

A. The Administrative Agent, the Lenders, the Borrower and the Guarantors are parties to that certain Revolving Facility Credit Agreement, dated as of June 2, 2017 (as amended, modified, supplemented and restated from time to time, the “Credit Agreement”).

B. The Borrower and certain of its Subsidiaries, including RGLD Gold AG, a company incorporated under the laws of Switzerland with its registered address at Baarerstrasse 71, 6300 Zug, Switzerland (“RGLD Gold AG”), desire to effect a corporate reorganization, which will result in the revised corporate structure set forth on Exhibit A attached hereto (the “Corporate Reorganization”).

C. The Borrower has requested that the Administrative Agent and the Lenders constituting at least the Majority Lenders consent to the consummation of the Corporate Reorganization.

D. The Administrative Agent and the Lenders constituting at least the Majority Lenders are willing to agree to such request, subject to and in accordance with the terms and conditions set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Agreement shall have the meanings given thereto in the Credit Agreement.

2. Amendments to the Credit Agreement. Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 5 below, the Credit Agreement is hereby amended as follows:

a. The definitions of “Additional Guarantor,” “Guarantors,” “Pledge Agreements,” “RG Mexico,” and “Swiss Pledge Agreement” in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety as follows:

“**Additional Guarantor**” means any direct or indirect Subsidiary of the Borrower that has become a Guarantor pursuant to Section 11.1(s).

“**Guarantors**” means RG Royalties, RG International and each Additional Guarantor.

“**Pledge Agreements**” means the Canadian Pledge Agreement, the U.S. Pledge Agreement, the Swiss Pledge Agreement and the UK Pledge Agreement, and any other pledge and/or security documents executed pursuant to Section 11.1(s).

“**RG Mexico**” means RG Royalties (f/k/a RG Mexico, Inc., a Delaware corporation). As of the First Amendment Effective Date, all references to “RG Mexico” in this Agreement and the other Credit Documents will be deemed to be references to “RG Royalties” *mutatis mutandis*.

“**Swiss Pledge Agreement**” means that certain Share Pledge Agreement, dated as of the First Amendment Effective Date, between RGLD UK and the Administrative Agent, in respect of the Shares of RGLD Gold AG, a company incorporated under the laws of Switzerland, with registered address at Baarerstrasse 71, 6300 Zug, Switzerland (CHE- 116.020.977).

b. Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions in the appropriate alphabetical order therein:

“**First Amendment Effective Date**” means the first date that all of the conditions in Section 5 of that certain Amendment and Consent to Revolving Facility Credit Agreement, dated as of May 15, 2018, by and among Borrower, Guarantors, Administrative Agent and Majority Lenders are satisfied.

“**RGLD UK**” means RGLD UK Holdings Limited, a company formed under the laws of England and Wales.

“**RG International**” means Royal Gold International Holdings, Inc., a Delaware corporation.

“**RG Royalties**” means RG Royalties, LLC, a limited liability company organized under the laws of the State of Delaware and f/k/a RG Mexico, Inc.

“**UK Pledge Agreement**” means that certain Pledge Agreement, dated on or about the First Amendment Effective Date, between RG International and the Administrative Agent, in respect of the Shares of RGLD UK.

c. Section 10.1(k) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(k) **Subsidiaries.** As of the First Amendment Effective Date, the chart attached hereto as Schedule 10.1(k) accurately sets out the corporate structure of the Borrower and all of its Subsidiaries and reflects (i) the inter-corporate share ownership of each such Subsidiary and (ii) each Unrestricted Subsidiary.”

d. Schedule 10.1(k) of the Credit Agreement is hereby amended by replacing such Schedule in its entirety with Exhibit A attached hereto.

3. Consent to the Corporate Reorganization. In accordance with Section 14.14(a) of the Credit Agreement, and subject to the terms and conditions contained in this Agreement, the Administrative Agent and Lenders constituting at least the Majority Lenders consent and agree that, notwithstanding the current requirements of the Credit Agreement, including, without limitation, Sections 11.1(s), 11.2(c), (g), (j) and (m) of the Credit Agreement, (a) the Borrower and its Subsidiaries, including RGLD Gold AG, may consummate the Corporate Reorganization and execute and deliver the documents contemplated thereby, and (b) no Obligor shall be required to grant security over any Shares in RG International or deliver any certificates representing any such Shares.

4. Representations and Warranties; Reaffirmation of Security Interests.

a. The Borrower and each other Obligor hereby (a) confirms that all of the representations and warranties set forth in the Credit Agreement are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Obligor as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date, and (b) covenants to perform its respective obligations under the Credit Agreement.

b. The Borrower and each other Obligor hereby further represents and warrants that (i) this Agreement has been duly authorized, executed and delivered by each of them, (ii) this Agreement is binding upon and enforceable against each of them in accordance with its terms, (iii) no Default or Event of Default has occurred and is continuing or will occur as a result of the consummation of the transactions contemplated hereby, and (iv) the Recitals set forth above are true and correct in all respects.

c. As a condition to the Administrative Agent and the Lenders entering into this Agreement, the Borrower and each other Obligor hereby irrevocably confirms and agrees that each Pledge Agreement and the other Credit Documents executed by the Borrower and/or any other Obligor, and all guaranties, grants of security, debentures, mortgages, liens, deeds, pledges and rights thereunder, are hereby continued, ratified and confirmed, remain in full force and effect, remain fully perfected, and apply to the Credit Agreement as amended and extended hereby.

5. Conditions Precedent. This Agreement shall become effective as of the date hereof upon (and only upon) satisfaction of the following conditions precedent:

a. The Administrative Agent shall have received duly executed originals of this Agreement from each Obligor and from the Majority Lenders;

b. The Administrative Agent shall have received evidence that all material governmental, shareholder, board of director and third party consents and approvals necessary in connection with the execution, delivery and performance of this Agreement and the other transactions contemplated thereby have been obtained;

c. The Administrative Agent shall have received a duly executed UK Pledge Agreement and a duly executed Joinder Agreement, each from RG International;

d. The Administrative Agent shall have received a stock certificate representing the Shares of RGLD UK pledged by RG International pursuant to the UK Pledge Agreement, together with an undated stock power or other appropriate instrument of transfer executed and delivered in blank by a duly authorized officer of RG International;

e. The Administrative Agent shall have received a duly executed Swiss Pledge Agreement from RGLD UK;

f. The Administrative Agent shall have received a stock certificate representing the Shares of RGLD Gold AG pledged by RGLD UK pursuant to the Swiss Pledge Agreement, together with an undated stock power or other appropriate instrument of transfer executed and delivered in blank by a duly authorized officer of RGLD UK;

g. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, a certificate from the secretary of each Obligor, including RG International, together with certified copies of each of the following attachments:

- (i) copies of the articles of incorporation or other charter documents, as applicable, of such Obligor certified to be true and complete as of a recent date by the appropriate governmental authority of the jurisdiction of its incorporation or organization;
- (ii) a copy of the bylaws or comparable operating agreement of such Obligor;
- (iii) copies of certificates of good standing, existence or its equivalent with respect to such Obligor certified as of a recent date by the appropriate governmental authorities of the jurisdiction of incorporation or organization and each other jurisdiction in which the failure to so qualify and be in good standing could reasonably be expected to have a Material Adverse Effect on the business or operations of such Obligor;
- (iv) copies of resolutions of the board of directors of such Obligor approving and adopting this Agreement, the transactions contemplated herein and authorizing execution and delivery thereof; and
- (v) incumbency signatures of appropriate officers or authorized signatories of such Obligor, including each officer or authorized signatory executing this Agreement;

h. The Administrative Agent shall have received a certificate of a senior officer of the Borrower, in such capacity, certifying that, to the best of his knowledge after due inquiry, (i) no Event of Default has occurred and is continuing and (ii) all representations and warranties contained in the Credit Documents are true and correct in all material respects; and

i. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent and Lenders, opinions of legal counsel (including local counsel to the extent required by the Administrative Agent) for the Obligors dated as of the date hereof and addressed to the Administrative Agent and the Lenders.

6. Limitation. The consent evidenced by this Agreement is effective only to the extent specifically set forth herein and shall be limited precisely as written, and nothing in this Agreement shall be deemed to: (a) constitute a waiver of compliance by the Borrower or any other Obligor with respect to any other term, provision or condition of the Credit Agreement or any other Credit Document; (b) constitute a consent to any other, further or future action, undertaking, obligation, liability or departure other than as specifically consented to hereby; or (c) waive, release, limit or prejudice any right or remedy that the Administrative Agent or the Lenders at any time may now have or may have in the future under or in connection with the Credit Agreement or any other Credit Document.

7. Miscellaneous Provisions.

a. This Agreement is a Credit Document. The Credit Agreement (as supplemented by this Agreement) and the other Credit Documents are hereby ratified, approved, confirmed and continued in each and every respect, and the parties hereto agree that the Credit Agreement and the other Credit Documents remain in full force and effect in accordance with their respective terms. Nothing contained herein shall be construed to release, terminate or act as a novation of, in whole or in part, any Credit Document or any guaranty, lien, mortgage, deed, pledge or security interest granted pursuant thereto, each of which remains in full force and effect. All references to the Credit Agreement in each of the Credit Documents and in any other document or instrument shall hereafter be deemed to refer to the Credit Agreement as supplemented hereby. This Agreement shall not be construed as a waiver or amendment of any other provision of the Credit Agreement or the other Credit Documents or for any purpose, or a consent to any other, further or future action on the part of the Borrower or the other Obligor that would require the waiver or consent of the Lenders, except, in each case, as expressly set forth herein. Nothing in this Agreement shall affect, limit or impair the right of the Administrative Agent and the Lenders to demand compliance by the Obligor with all of the terms and conditions of the Credit Agreement and the other Credit Documents in all other instances.

b. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, excluding that body of law relating to conflict of laws.

c. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. This Agreement may be validly executed and delivered by facsimile, portable document format (.pdf) or other electronic transmission, and a signature by facsimile, portable document format (.pdf) or other electronic transmission shall be as effective and binding as delivery of a manually executed original signature.

d. The execution, delivery and effectiveness of this Agreement shall not prejudice, limit, or operate, or be deemed to operate, as a waiver of, any rights, powers or remedies of the Administrative Agent or the Lenders under the Credit Agreement or any other Credit Document or constitute a waiver of any provision thereof, except as expressly set forth herein.

e. This Agreement shall be binding upon and inure to the benefit of the Lenders, the Borrower and the other Obligor, and their respective successors and assigns permitted by the Credit Agreement.

f. The Borrower shall pay all reasonable costs, fees and expenses paid or incurred by the Administrative Agent incident to this Agreement and the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and expenses of the Administrative Agent's counsel in connection with the negotiation, preparation, delivery and execution of this Agreement and any related documents and instruments.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective proper and duly authorized officers as of the date first above written.

Borrower:

ROYAL GOLD, INC.

By: _____

Name:

Title:

Guarantor:

RG ROYALTIES, LLC

By: Royal Gold, Inc., its sole member

By: _____

Name:

Title:

Guarantor:

ROYAL GOLD INTERNATIONAL HOLDINGS, INC.

By: _____

Name:

Title:

Administrative Agent:

THE BANK OF NOVA SCOTIA

By: _____

Name: _____

Title: _____

Lender:

THE BANK OF NOVA SCOTIA

By: _____

Name: _____

Title: _____

Lender:

HSBC BANK USA, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

Lender:

CANADIAN IMPERIAL BANK OF COMMERCE

By: _____

Name: _____

Title: _____

Lender:

BANK OF AMERICA, N.A.

By: _____

Name: _____

Title: _____

Lender:

BANK OF MONTREAL, CHICAGO BRANCH

By: _____

Name: _____

Title: _____

Lender:

ROYAL BANK OF CANADA

By: _____

Name: _____

Title: _____

Lender:

GOLDMAN SACHS BANK USA

By: _____

Name: _____

Title: _____

Lender:

NATIONAL BANK OF CANADA

By: _____

Name: _____

Title: _____

Exhibit A

Schedule 10.1(k)

Subsidiaries and Unrestricted Subsidiaries

(see attached)

1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132
Phone: (303) 575-6503
Fax: (303) 595-9385
Email: tjensen@royalgold.com
www.royalgold.com



May 31, 2018

Via Hand Delivery

Mr. Stefan Wenger
5 Niblick Lane
Littleton, CO 80123

Dear Stefan:

This letter agreement (this “*Agreement*”) between you and Royal Gold, Inc. (the “*Company*”) sets forth the terms and conditions of your separation from service as the Chief Financial Officer and Treasurer of the Company. Except where otherwise specified in this Agreement, effective on the Separation Date, this Agreement supersedes and terminates the Employment Agreement by and among you and the Company dated as of July 1, 2016, as amended by that First Amendment dated as of December 15, 2017 (the “*Employment Agreement*”). Please acknowledge your agreement and acceptance of the terms of this Agreement by countersigning and returning a copy of this letter to me.

Any capitalized terms that are not otherwise defined herein shall have the meanings assigned thereto in the Employment Agreement.

In consideration of the mutual promises contained in this Agreement, you and the Company agree, effective as of the date of this Agreement, as follows:

1. Separation from Service.

(a) Your separation from service will be effective June 8, 2018 (the “*Separation Date*”). Effective June 1, 2018, you hereby resign from your position as the Chief Financial Officer and Treasurer of the Company and any other positions you may have with the Company and all of its parents, subsidiaries, and affiliates, and will promptly execute such documents and take such actions as may be necessary or reasonably requested by the Company to effectuate or memorialize your resignation from such positions in accordance with the terms of this Agreement. Though you resign your positions, you will continue in employment as an employee of the Company until the Separation Date. The parties agree that your separation will be treated as a “Termination by Company without Cause” pursuant to Section 5(a) of the Employment Agreement. You acknowledge that your receipt of this Agreement constitutes a “Notice of Termination” as that term is used in Section 4(a) of the Employment Agreement, with a “date provided” being the Separation Date.

(b) You agree to assist the Company with transition of your responsibilities and to comply with other post-employment requests including assisting the Company in defense of any pending, threatened, or anticipated

litigation, proceeding, or inquiry in matters which the Company reasonably determines your participation to be necessary. You shall not be entitled to additional consideration for providing the cooperation required in the foregoing sentence; however, the Company will reimburse you for pre-approved reasonable expenses (excluding attorneys' fees), if any, you incur while providing such cooperation.

(c) Whether or not you execute this Agreement, you will receive the Accrued Obligations as defined in the Employment Agreement. Additionally, in exchange for your execution and non-revocation of the Release of Claims in the form attached as Exhibit A (the "**Release**") in accordance with the time periods for execution and revocation specified in the Release, and your compliance with the provisions of this Agreement and the Release, you will be provided with the Severance Payment set forth in Section 5(a)(iii) of the Employment Agreement, which, for the avoidance of doubt, totals \$786,000 before any amounts withheld pursuant to Section 3 of this Agreement. The Severance Payment will be payable in a lump sum within sixty (60) business days of the Separation Date.

(d) For purposes of any equity awards of the Company that you hold as of your Separation Date, you and the Company agree that your separation will be treated as a termination without "Cause" and, where treatment is more favorable to you, as a "Termination after Long-Term Service" with respect to awards that contain such a provision. You acknowledge and agree that as a result of the foregoing, your outstanding equity awards will be treated as set forth on Exhibit B.

(e) You acknowledge and agree that you have no right to receive any compensation, payments or benefits from the Company, other than as expressly set forth in Section 1 of this Agreement.

2. Restrictive Covenants, Reaffirmation. You reaffirm your obligations under the following sections of the Employment Agreement, which are incorporated herein by reference and survive the Separation Date: Section 8 (Ownership and Protection of Intellectual Property and Confidential Information), Section 9 (Covenant Not to Compete and Other Restrictive Covenants), Section 10 (Severability and Reformation), Section 12(i) (Use of Name, Likeness and Biography), Section 12(k) (Assistance in Litigation), Section 12(n) (Remedies), Section 12(o) (Arbitration), Section 12(q) (Jury Trial Waiver), and Section 12(s) (Non-Disparagement).

3. Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city, foreign or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to guarantee any particular tax result for you with respect to any payment provided hereunder, and you shall be responsible for any taxes imposed on you with respect to any such payment.

4. Section 409A. This Letter Agreement and the payments to be made hereunder are intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder ("**Section 409A**"), and this Agreement will be interpreted, and all tax filings with the Internal Revenue Service relating to the payments will be made, in a manner consistent with that intent. Your separation from the Company on the Separation Date is intended to constitute a "separation from service" for purposes of Section 409A.

5. Consultation with Attorney; Voluntary Agreement. You acknowledge that (a) the Company has advised you to consult with an attorney of your own choosing prior to executing this Agreement, (b) you have carefully read and fully understand all of the provisions of this Agreement, and (c) you are entering into this Agreement knowingly, freely and voluntarily in exchange for good and valuable consideration to which you are not otherwise entitled.

6. Governing Law, Severability, and Forum Selection. This Agreement is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Colorado, without regard to conflicts of law principles. If under the governing law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, ordinance, or other principle of law, such portion shall be deemed to be modified or altered to the extent necessary to conform thereto or, if that is not possible, to be omitted from this Agreement. Any action or arbitration in regard to this Agreement or arising out of its terms and conditions, pursuant to Sections 12(n) and 12(o) of the Employment Agreement, shall be instituted and litigated only in the City and County of Denver, Colorado.

7. Entire Agreement. This Agreement, the Release and the provisions of the Employment Agreement that have been incorporated herein by reference, constitute and contain the entire agreement and understanding concerning your employment, cessation of employment and the other subject matters addressed herein between the parties, and supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matters hereof. The Company may in its sole discretion assign its rights and obligations under this Agreement to any successor entity, and such rights may be enforced by any such successor.

8. Amendments. This Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the parties hereto.

9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, and all of which shall be deemed to constitute one and the same instrument. Electronic signatures, and copies of electronic signatures, shall have the force and effect of original signatures.

If the foregoing accurately reflects our agreement, please sign and return to us the enclosed duplicate copy of this Agreement.

ROYAL GOLD, INC.



By:

Name: Tony A. Jensen

Title: President and Chief Executive Officer

Accepted and Agreed to:

Stefan Wenger

EXHIBIT A

RELEASE AGREEMENT

For and in consideration of the payments and other benefits due to Stefan Wenger (the “*Executive*”) pursuant to the Separation Agreement to which this Release is attached (the “*Separation Agreement*”), which provides Executive the benefits set forth in the Employment Agreement dated as of July 1, 2016, as amended by that First Amendment to Employment Agreement dated December 15, 2017 (the “*Employment Agreement*”), by and between Royal Gold, Inc., a Delaware corporation (the “*Company*”) and Executive, and for other good and valuable consideration, Executive hereby agrees, for Executive, Executive’s spouse and child or children (if any), Executive’s heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns, to forever release, discharge and covenant not to sue the Company, or any of its divisions, affiliates, subsidiaries, parents, branches, predecessors, successors, assigns, and, with respect to such entities, their officers, directors, trustees, employees, agents, shareholders, administrators, general or limited partners, representatives, attorneys, insurers and fiduciaries, past, present and future (the “*Released Parties*”) from any and all claims of any kind, in law and in equity, whether known or unknown, suspected or unsuspected, disclosed or undisclosed, and including attorney’s fees, that are based in whole or in part on acts or omissions occurring on or before the date Executive signs this Release and which arise out of, or relate to, Executive’s employment with the Company, its affiliates and subsidiaries (collectively, with the Company, the “*Affiliated Entities*”) or Executive’s separation from employment with the Affiliated Entities, which Executive now has or may have against the Released Parties (the “*Released Claims*”). The Released Claims include, without limitation, claims arising under:

(i) Antidiscrimination laws, such as Title VII of the Civil Rights Act of 1964, as amended, and Executive Order 11246 (which prohibit discrimination and harassment based on race, color, national origin, religion, or sex and retaliation for making a claim of discrimination or harassment based on any such characteristic); Section 1981 of the Civil Rights Act of 1866 (which prohibits discrimination or harassment based on race or color and retaliation for making a claim of discrimination or harassment based on any such characteristic); the Americans with Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973 (which prohibit discrimination or harassment based upon disability, retaliation for making a claim of such discrimination or harassment, and the failure to provide a reasonable accommodation for a known disability in response to a request for accommodation); the Age Discrimination in Employment Act (which prohibits discrimination or harassment based on age and retaliation for making a claim of discrimination or harassment under the act); the Equal Pay Act (which prohibits paying men and women unequal pay for equal work); the Colorado Anti-Discrimination Act (which prohibits discrimination or harassment on the basis of age (40 years of age or older), race, creed, color, sex, sexual orientation, gender identity, national origin, religion, ancestry, or physical or mental disability and prohibits retaliation for reporting or making a claim of discrimination or harassment based on any such characteristic); or any other local, state or federal statute, regulation, common law or decision concerning discrimination, harassment, or retaliation on these or any other grounds or otherwise governing the employment relationship;

(ii) Other employment laws, such as the Federal Worker Adjustment and Retraining Notification Act of 1988 (known as WARN laws, which require that advance notice be given for certain workforce reductions); the Employee Retirement Income Security Act of 1974 (which, among other things, protects employee benefits); the Fair Labor Standards Act of 1938 (which regulates wage and hour matters); the Family and Medical Leave Act of 1993 (which requires employers to provide leaves of absence under certain circumstances); and any other federal, state, or local statute, regulation, common law or decision relating to employment, wage laws, veterans’ reemployment rights laws or laws regulating any other aspect of employment;

(iii) All federal, state, local, or common law claims alleging that Executive did not receive payment for, or otherwise related to, salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, separation pay, or any other form of compensation;

(iv) Other laws of general application, such as any federal, state, local or common laws enforcing express or implied employment or other contracts or covenants; any other federal, state or local or common laws providing relief for alleged wrongful discharge, physical or personal injury, breach of contract, intentional or negligent infliction of emotional distress, fraud, negligent misrepresentation, defamation, invasion of privacy, violation of public policy, breach of the covenant of good faith and fair dealing, and similar or related claims; common law claims under any tort, contract or other theory now or hereafter recognized, and any other federal, state, or local statute, regulation, common law or decision otherwise regulating employment or the termination of employment; and

(v) Any and all other claims related to, or arising out of Executive's employment with the Company and/or the Affiliated Entities or the termination of that employment.

By signing this agreement, Executive does not release or waive any judicially or statutorily mandated right to participate by testifying truthfully in any state or federal administrative proceeding before the EEOC or similar state agency, acknowledging that Executive has no right to recover any monetary benefits or compensation in connection with such proceedings or any other claim that is non-waivable by law. Executive hereby warrants and represents that Executive is not aware of, nor has Executive been subject to, any employment practices that would form a basis for a claim before the EEOC or similar state agency. This Release does not waive rights or claims that may arise after the date the agreement is executed by Executive, and it does not waive rights or claims that may not, as a matter of law, be waived. Additionally, this Release does not waive any rights or claims which may arise out of the Separation Agreement.

Executive understands and agrees that by signing this Release Executive is giving up the right to bring any legal claim against the Released Parties concerning, directly or indirectly, Executive's employment relationship with Company and/or the Affiliates, including Executive's separation from employment. Executive has had the opportunity to specifically consult with counsel with respect to the agreements, representations, and declarations set forth in this paragraph. Executive agrees that this legal release is intended to be interpreted in the broadest possible manner in favor of the Company and the other Released Parties, to include all actual or potential legal claims that Executive may have against the Released Parties, except as specifically provided otherwise in this Release. Executive hereby warrants that Executive has no lawsuits, claims or actions pending in Executive's name or on behalf of any other person or entity, against the Company and/or the Affiliates or any other Released Party. Executive covenants never to institute any action or other proceeding based in whole or part upon any Released Claim. Executive represents and warrants that Executive has not sold or otherwise assigned any claim or any portion of any Released Claims to any third party.

Executive has read this Release carefully, acknowledges that Executive has been given at least twenty-one (21) days to consider all of its terms and has been advised to consult with an attorney and any other advisors of Executive's choice prior to executing this Release. Executive acknowledges that Executive has been advised by the Company that he should carefully read and fully understand the provision of this Release before signing it, fully understands that by signing below Executive is voluntarily giving up any right which Executive may have to sue or bring any claims against the Released Parties, including any rights and claims under the Age Discrimination in Employment Act. Executive also understands that Executive has a period of seven (7) days after signing this Release within which to revoke his agreement by written notice delivered to the Company in accordance with the Employment Agreement, and that neither the Company nor any other person is obligated to make any payments or provide any other benefits to Executive pursuant to the Employment Agreement until eight (8) days have passed since Executive's signing of this Release without Executive's signature having been revoked, other than any accrued obligations or other benefits payable pursuant to the terms of the Company's normal payroll practices or employee benefit plans. Finally, Executive has not been forced or pressured in any manner whatsoever to sign this Release, and Executive agrees to all of its terms voluntarily. In the event Executive chooses to revoke this Release within seven (7) calendar days after the day Executive signs it, this Release shall be void, all actions taken pursuant to this Release shall be reversed, and neither this Release nor the fact of or circumstances surrounding its execution shall be admissible for any purpose whatsoever in any proceeding between the parties to the Release, except in connection with a claim or defense involving the validity or effective revocation of this Release.

Notwithstanding anything else herein to the contrary, this Release shall not affect: (i) the Company's obligations under any compensation or employee benefit plan, program or arrangement (including, without limitation, obligations to Executive under the Employment Agreement, any stock option, stock award or agreements or obligations under any pension, deferred compensation or retention plan) provided by the Affiliated Entities where Executive's compensation or benefits are intended to continue or Executive is to be provided with compensation or benefits, in accordance with the express written terms of such plan, program or arrangement, beyond the date of Executive's termination; (ii) rights to indemnification Executive may have under the Employment Agreement or a separate agreement entered into with the Company; (iii) rights Executive may have as a shareholder; or (iv) rights Executive has under the Separation Agreement.

Executive agrees that Executive shall not make any disparaging, derogatory or detrimental comments about the Company or any of the Affiliated Entities or any of their directors, officers, employees, partners, members, managers or shareholders, or any investor or other person or entity having a business relationship with the Company or any of the Affiliated Entities. Executive also acknowledges that the terms of this Release constitute Proprietary and Confidential Information (as defined in the Employment Agreement).

The parties understand and agree that this Release shall not be construed as an admission of liability on the part of any person or entity, liability being expressly denied.

This Release is final and binding and may not be changed or modified except in a writing signed by both parties. This Release is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Colorado, without regard to conflicts of law principles.

THIS RELEASE MAY NOT BE SIGNED UNTIL ON OR AFTER THE SEPARATION DATE, AS THAT TERM IS DEFINED IN THE SEPARATION AGREEMENT TO WHICH THIS RELEASE IS ATTACHED.

Stefan Wenger

ROYAL GOLD, INC.

By: _____

Name: Tony Jensen

Title: President and Chief Executive Officer

EXHIBIT B

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Royal Gold, Inc. and its Subsidiaries
As of June 30, 2018

Name	State / Province / Country of Incorporation	Ownership Percentage
Royal Gold, Inc.	Delaware	
Denver Mining Finance Company, Inc.	Colorado	100%
Crescent Valley Partners LP	Colorado	93.077%
Royal Crescent Valley, LLC	Delaware	100%
RG Royalties, LLC	Delaware	100%
RGLD Gold AG	Switzerland	100%
RGLD Holdings, LLC	Delaware	100%
RGLD Gold (Canada) ULC	Alberta	*
International Royalty Corporation	Canada	100%
4324421 Canada Inc.	Canada	100%
Voisey's Bay Holding Corporation	Canada	100%
Labrador Nickel Royalty Limited Partnership	Ontario	90%
RGLD UK Holdings Limited	United Kingdom	100%
Royal Alaska, LLC	Delaware	100%
Peak Gold, LLC	Delaware	40%
Royal Gold International Holdings	Delaware	100%
Royal Gold Corporation	Canada	100%

* Royal Gold, Inc. owns approximately 22.3% and RGLD Holdings, LLC owns approximately 77.7% of RGLD Gold (Canada) ULC

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-224626), Form S-4 (No. 333-111590 and No. 333-145213) and Form S-8 (No. 333-219378, No. 333-122877, No. 333-155384, No. 333-171364, and No. 333-209391) of our reports dated August 9, 2018, with respect to the consolidated financial statements of Royal Gold, Inc., and the effectiveness of internal control over financial reporting of Royal Gold, Inc., included in this Annual Report (Form 10-K) for the year ended June 30, 2018.

/s/ Ernst & Young LLP

Denver, Colorado
August 9, 2018

CERTIFICATION

I, Tony Jensen, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Royal Gold, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure control and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 9, 2018

/s/ TONY JENSEN

Tony Jensen

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, William Heissenbuttel, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Royal Gold, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present, in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 9, 2018

/s/ WILLIAM HEISSENBUTTEL

William Heissenbuttel

Chief Financial Officer and Vice President Strategy

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Royal Gold, Inc. (the “Company”), for the year ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tony Jensen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 9, 2018

/s/ TONY JENSEN

Tony Jensen

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Royal Gold, Inc. (the “Company”), for the year ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William Heissenbuttel, Chief Financial Officer and Vice President Strategy of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 9, 2018

/s/ WILLIAM HEISSENBUTTEL

William Heissenbuttel

Chief Financial Officer and Vice President Strategy

(Principal Financial and Accounting Officer)

CORPORATE INFORMATION

ANNUAL MEETING

The 2018 Annual Meeting of Stockholders of Royal Gold, Inc. will be held at 9:00 am MST on Wednesday, November 14, 2018, at the Ritz-Carlton Hotel, 1881 Curtis Street, Denver, Colorado 80202 USA.

BOARD OF DIRECTORS

WILLIAM M. HAYES

Chairman
Retired Mining Executive

TONY A. JENSEN

President and Chief Executive Officer
of Royal Gold, Inc.

C. KEVIN MCARTHUR

Executive Chair of Tahoe Resources Inc.

JAMIE C. SOKALSKY

Retired Mining Executive

CHRISTOPHER M.T. THOMPSON

Retired Mining Executive

RONALD J. VANCE

Retired Mining Executive

SYBIL E. VEENMAN

Retired Mining Executive

OFFICERS

TONY A. JENSEN

President and Chief Executive Officer

WILLIAM H. HEISSEN BUTTEL

Chief Financial Officer and
Vice President, Strategy

MARK E. ISTO

Vice President, Operations

BRUCE C. KIRCHHOFF

Vice President,
General Counsel and Secretary

HEAD OFFICE

Royal Gold, Inc.

1660 Wynkoop Street, Suite 1000

Denver, Colorado 80202 USA

T: 303.573.1660

E: info@royalgold.com

W: www.royalgold.com

TORONTO OFFICE

Royal Gold Corporation

220 Bay Street, Suite 500

Toronto, Ontario M5J 2W4

Canada

ZUG OFFICE

RGLD Gold AG

Baarerstrasse 71

6300 Zug

Switzerland

LEGAL COUNSEL

Hogan Lovells US LLP

Denver, Colorado

AUDITORS

Ernst & Young LLP

Denver, Colorado

TRANSFER AGENT

Questions about shareholder accounts, dividend payments, change of addresses, lost certificates, direct registration system (DRS), stock transfers and related matters should be directed to the transfer agent, registrar and dividend disbursement agent listed below:

**For holders of Royal Gold
Common Stock (NYSE: RGLD)
Shareholder correspondence
should be mailed to:**

Computershare

P.O. BOX 505000

Louisville, Kentucky 40233-5000 USA

**Overnight correspondence
should be mailed to:**

Computershare

462 South 4th Street, Suite 1600

Louisville, Kentucky 40202 USA

Toll Free: 800.962.4284

T: 781.575.3120

8 am – 8 pm ET

Shareholder website

www.computershare.com/investor

Shareholder online inquiries

[https://www-us.computershare.com/
investor/Contact](https://www-us.computershare.com/investor/Contact)

BOARD OF DIRECTORS



Left to right: C. Kevin McArthur, William M. Hayes, Ronald J. Vance, Tony A. Jensen, Jamie C. Sokalsky, Sybil E. Veenman, Christopher M.T. Thompson

MANAGEMENT



William H. Heissenbittel
Chief Financial Officer and
Vice President, Strategy



Mark E. Isto
Vice President,
Operations



Tony A. Jensen
President and
Chief Executive Officer



Bruce C. Kirchhoff
Vice President,
General Counsel
and Secretary



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