

Royal Gold, Inc

CIBC Western Institutional Investor Conference

January 20, 2021

Cautionary Statement

Cautionary "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: This presentation includes "forward-looking statements" within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like "will," "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," or negatives of these words or similar expressions. Forward-looking statements include, among others, the following: statements about our expected financial performance, including revenue, expenses, earnings or cash flow; operators' expected operating and financial performance, including production, deliveries, mine plans and reserves, development, cash flows and capital expenditures; planned and potential acquisitions or dispositions, including funding schedules and conditions; liquidity, financing and dividends; our overall investment portfolio; macroeconomic and market conditions including the impacts of COVID-19; prices for gold, silver, copper, nickel and other metals; potential impairments; or tax changes.

Factors that could cause actual results to differ materially from these forward-looking statements include, among others, the following: a low-price environment for gold, silver, copper, nickel or other metals; operating activities or financial performance of properties on which we hold stream or royalty interests, including variations between actual and forecasted performance, operators' ability to complete projects on schedule and as planned, changes to mine plans and reserves, liquidity needs, mining and environmental hazards, labor disputes, distribution and supply chain disruptions, permitting and licensing issues, contractual issues involving our stream or royalty agreements; risks associated with doing business in foreign countries; our ability to identify, finance, value and complete acquisitions; adverse economic and market conditions; the impacts of COVID-19; changes in laws or regulations governing us, operators or operating properties; changes in management and key employees; and other factors described in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended June 30, 2020, and subsequent Quarterly Reports on Form 10-Q. Most of these factors are beyond our ability to predict or control.

Forward-looking statements in this presentation speak only as of the date on which this presentation was first published. We disclaim any obligation to update any forward-looking statements, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

Third-Party Information: Certain information provided in this presentation, including production estimates for calendar 2020, has been provided to us by the operators of the relevant properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. 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 any such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.



Company Overview

Opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with mining operations

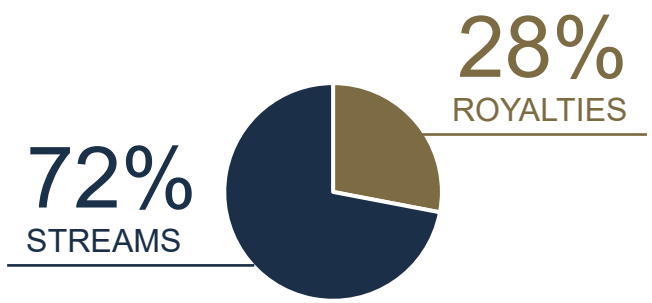
ROYAL GOLD, INC

Dual Business Segments…

Royalty Interests:
An interest in real property (generally) that provides a right to a percentage of revenue or metals produced from a mining project after, deducting specified costs

Stream Interests:
A contractual arrangement to purchase metal production from a mining project at a predetermined price

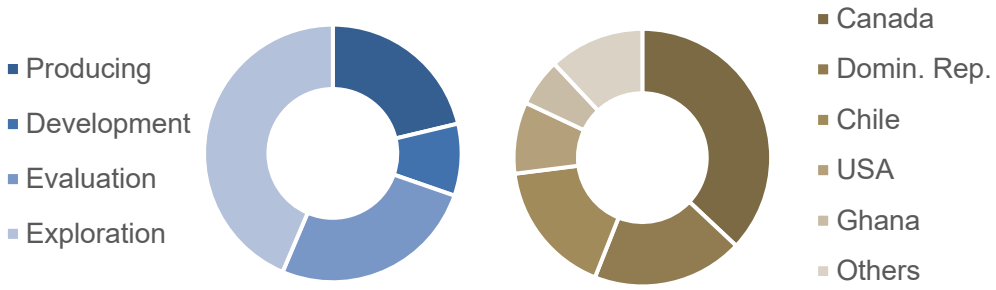
FY 2020 Revenue Split:



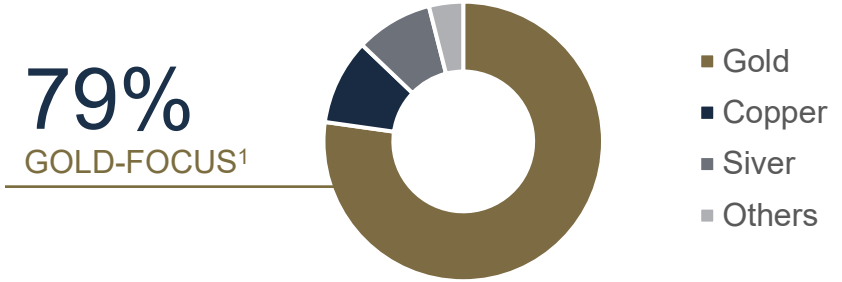
…Across A Diverse, Gold-Focused Portfolio…

188
PROPERTIES[2]

12
COUNTRIES[2]



79%
GOLD-FOCUS[1]



…With Standout Performance

$499M
REVENUE[3]

320,000
GOLD EQUIVALENT OZ[3]

~$1.1B
TOTAL LIQUIDITY[2]

(0.33)x
NET DEBT/ADJ. EBITDA[2]

$6.9B
MARKET CAP.[4]

27/4
EMPLOYEES/OFFICES[2]

RGLD
Nasdaq
LISTED

1 – FY2020 Revenue. 2 – As of September 30, 2020. 3 – FY2020. 4 – January 11, 2021 closing price of $106.08/sh.



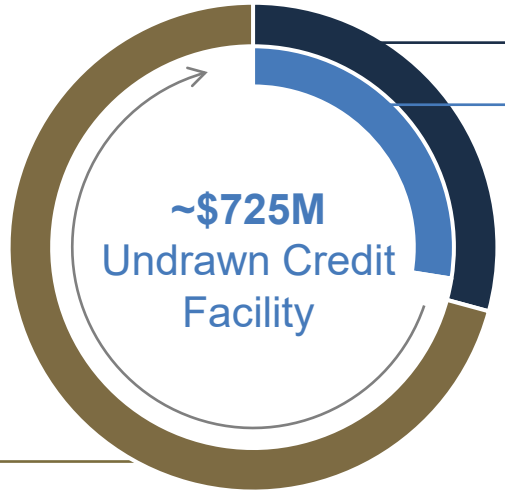
Strong Liquidity Position and Financing Strategy Drive Shareholder Returns

We anticipate financing acquisitions with non-dilutive forms of capital in the following priority:

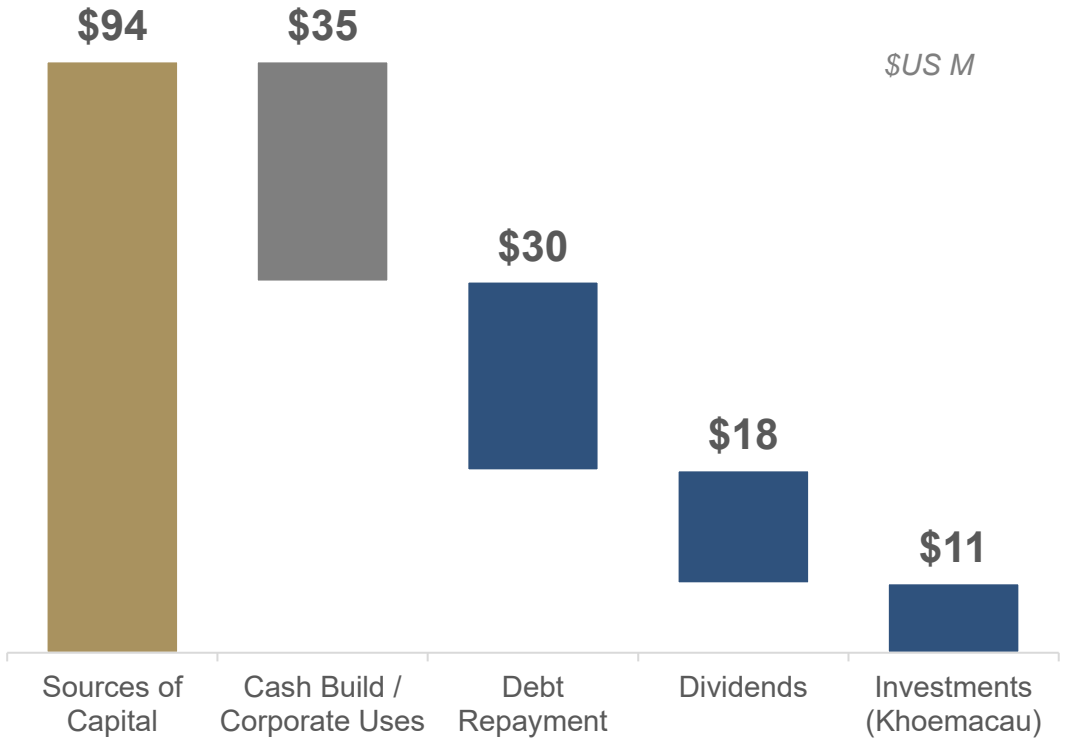
- Existing cash balances
- Cash flow from operations
- Debt under our revolving credit facility
- Equity, when accretive

Liquidity[1]

~$1.1B
TOTAL AVAILABLE LIQUIDITY



Disciplined capital allocation prioritizes balance sheet, dividends and investment[2]

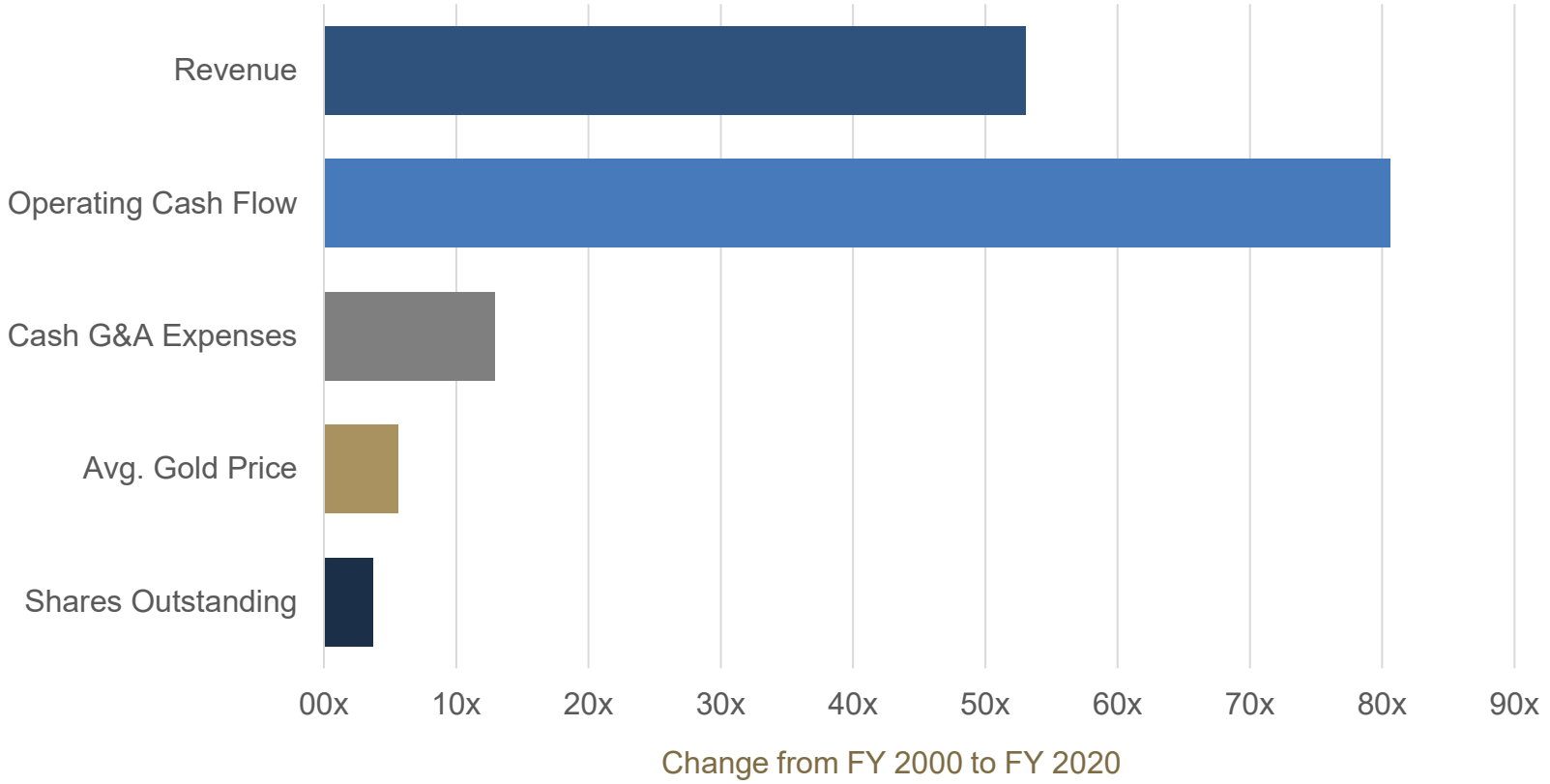


1 – Cash, facility drawn and undrawn credit facility as of September 30, 2020. 2 – Three Months Ended September 30, 2020



Liquidity and Financing Strategy

For almost 20 years, Royal Gold's growth has been financed accretively and without significant equity dilution



$3.9B
Cumulative Revenue

$2.4B
Cumulative Operating Cash Flow

$264M
Cum. Cash G&A[1] Expenses

Up 5.6x to **$1,560** /ounce

Up 3.7x to **65.5M** shares

1 –G&A Expense less Non-Cash Employee Stock Compensation Expense. For the period FY 2000 through FY 2020 cumulative G&A Expense was $355M and Non-Cash Employee Stock Compensation Expense was $91M.

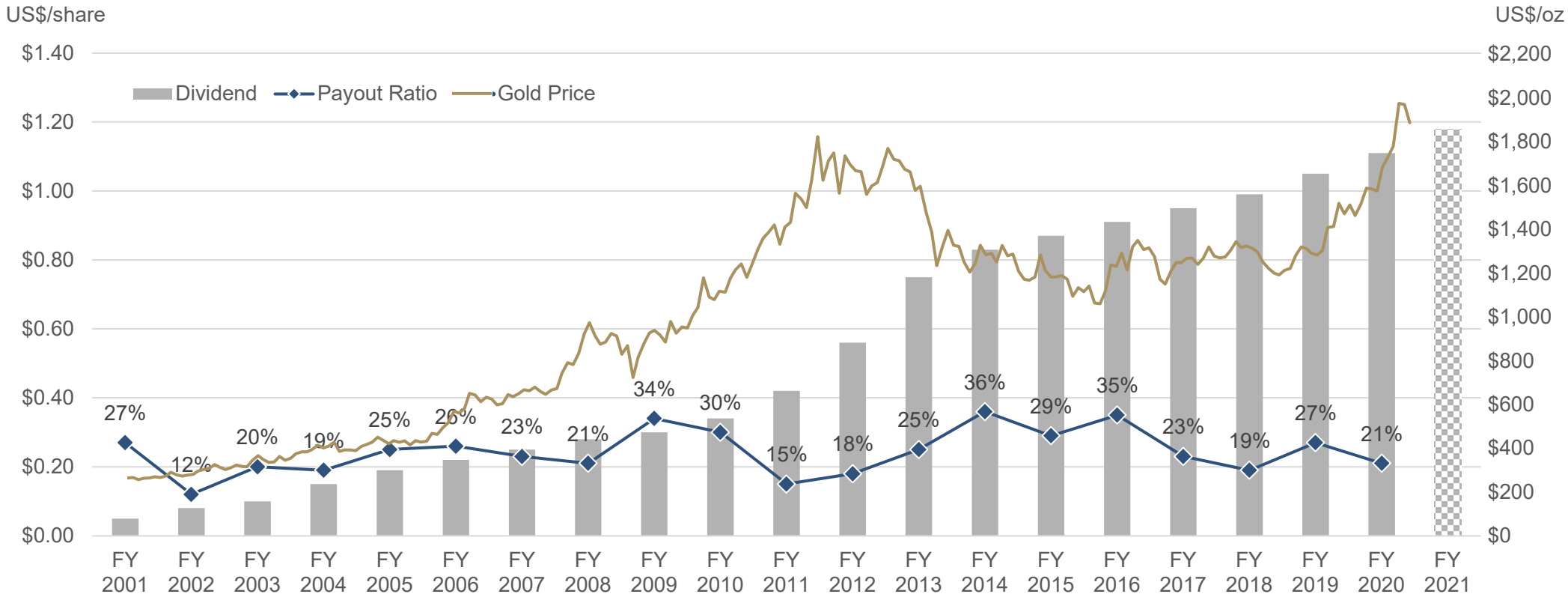
Royal Gold Offers a Consistent, Increasing and Sustainable Dividend

Since 2000, Royal Gold shareholders have received a dividend regardless of the gold price

CONSISTENT - INCREASING - SUSTAINABLE

17%
Dividend CAGR (FY 2001-2021)

$601M
Cum. Common Stock Dividends Paid[1]



Source: Company reports, FactSet. 1 – Since inception of the RGLD dividend in July 2000 through FQ1 2021

Appendix



Non-GAAP Financial Measures and Certain Other Measures

Overview of non-GAAP financial measures:

Non-GAAP financial measures are intended to provide additional information only and do not have any standard meaning prescribed by U.S. generally accepted accounting principles ("GAAP"). These measures should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. In addition, because the presentation of these non-GAAP financial measures varies among companies, these non-GAAP financial measures may not be comparable to similarly titled measures used by other companies.

We have provided below reconciliations of our non-GAAP financial measures to the comparable GAAP measures. We believe these non-GAAP financial measures provide useful information to investors for analysis of our business. We use these non-GAAP financial measures to compare period-over-period performance on a consistent basis and when planning and forecasting for future periods. We believe these non-GAAP financial measures are used by professional research analysts and others in the valuation, comparison and investment recommendations of companies in our industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions. The adjustments made to calculate our non-GAAP financial measures are subjective and involve significant management judgement. Non-GAAP financial measures used by management in this report or elsewhere include the following:

1. Adjusted earnings before interest, taxes, depreciation, depletion and amortization, or adjusted EBITDA, is a non-GAAP financial measure that is calculated by the Company as net income adjusted for certain items that impact the comparability of results from period to period, as set forth in the reconciliation below. We consider adjusted EBITDA to be useful because the measure reflects our operating performance before the effects of certain non-cash items and other items that we believe are not indicative of our core operations.
2. Adjusted net income and adjusted net income per share are non-GAAP financial measures that are calculated by the Company as net income and net income per share adjusted for certain items that impact the comparability of results from period to period, as set forth in the reconciliations below. We consider these non-GAAP financial measures to be useful because they allow for period-to-period comparisons of our operating results excluding items that we believe are not indicative of our fundamental ongoing operations. The tax effect of adjustments is computed by applying the statutory tax rate in the applicable jurisdictions to the income or expense items that are adjusted in the period presented. If a valuation allowance exists, the rate applied is zero.
3. Net debt (or net cash) is a non-GAAP financial measure that is calculated by the Company as debt (excluding debt issuance costs) as of a date minus cash and equivalents for that same date. Net debt (or net cash) to adjusted EBITDA is a non-GAAP financial measure that is calculated by the Company as net debt (or net cash) as of a date divided by the trailing twelve month adjusted EBITDA (as defined above) ending on that date. We believe that these measures are important to monitor leverage and evaluate the balance sheet. Cash and equivalents are subtracted from the GAAP measure because it could be used to reduce our debt obligations. A limitation associated with using net debt (or net cash) is that it subtracts cash and equivalents and therefore may imply that there is less Company debt than the most comparable GAAP measure indicates. We believe that investors may find these measures useful to monitor leverage and evaluate the balance sheet.
4. Free cash flow is a non-GAAP financial measure that is calculated by the Company as net cash provided by operating activities for a period minus acquisition of stream and royalty interests for that same period. We believe that free cash flow represents an additional way of viewing liquidity as it is adjusted for contractual investments made during such period. Free cash flow does not represent the residual cash flow available for discretionary expenditures. We believe it is important to view free cash flow as a complement to our consolidated statements of cash flows.



Non-GAAP Measures

Reconciliation of non-GAAP financial measures to U.S. GAAP measures

Adjusted EBITDA:

(amounts in thousands)	Three Months Ended September 30, 2020	2019
Net income and comprehensive income	$ 106,674	$ 68,872
Depreciation, depletion and amortization	46,300	38,714
Non-cash employee stock compensation	1,493	2,101
Gain on sale of Peak Gold JV interest	(33,906)	—
Fair value changes in equity securities	(2,539)	1,375
Interest and other, net	1,454	2,059
Income tax benefit	(2,377)	(23,525)
Non-controlling interests in operating loss of consolidated subsidiaries	265	1,581
Adjusted EBITDA	$ 117,364	$ 91,177

(amounts in thousands)	Year Ended June 30, 2020	2019
Net income and comprehensive income	$ 196,250	$ 89,079
Depreciation, depletion and amortization	175,434	163,056
Non-cash employee stock compensation	9,116	6,617
Impairment of royalty interests	1,341	—
Fair value changes in equity securities	(1,418)	6,800
Interest and other, net	7,767	27,330
Income tax expense (benefit)	(3,654)	17,498
Non-controlling interests in operating loss of consolidated subsidiaries	3,241	4,746
Adjusted EBITDA	$ 388,077	$ 315,126



Non-GAAP Measures

Reconciliation of non-GAAP financial measures to U.S. GAAP measures (cont.)

Adjusted net income and adjusted net income per share:

(amounts in thousands, except per share data)	Three Months Ended September 30, 2020	2019
Net income and comprehensive income attributable to Royal Gold common stockholders	$ 106,939	$ 70,453
Fair value changes in equity securities	(2,539)	1,375
Gain on sale of Peak Gold JV interest	(33,906)	—
Discrete tax benefits	(24,515)	(32,355)
Tax effect of adjustments	7,809	(294)
Adjusted net income attributable to Royal Gold common stockholders	53,788	39,179
Net income attributable to Royal Gold common stockholders per diluted share	$ 1.63	$ 1.07
Fair value changes in equity securities	(0.04)	0.02
Gain on sale of Peak Gold JV interest	(0.52)	—
Discrete tax benefits	(0.37)	(0.49)
Tax effect of adjustments	0.12	—
Adjusted net income attributable to Royal Gold common stockholders per diluted share	$ 0.82	$ 0.60

Net debt and net debt to adjusted EBITDA:

(amounts in thousands)	September 30, 2020	June 30, 2020
Debt	$ 270,696	$ 300,439
Debt issuance costs	4,304	4,561
Cash and equivalents	(413,116)	(319,128)
Net debt (cash)	$ (138,116)	$ (14,128)
TTM adjusted EBITDA	$ 414,267	$ 388,077
Net debt (cash) to TTM adjusted EBITDA	(.33)x	(.04)x



Non-GAAP Measures

Reconciliation of non-GAAP financial measures to U.S. GAAP measures (cont.)

Free cash flow:

(amounts in thousands)	Three Months Ended September 30, 2020	2019
Net cash provided by operating activities	$ 94,152	$ 71,239
Acquisition of stream and royalty interests	(11,304)	(4,362)
Free cash flow	$ 82,848	$ 66,877
Net cash provided by investing activities	$ 49,657	$ 496
Net cash used in financing activities	$ (49,821)	$ (69,240)

Other measures

We use certain other measures in managing and evaluating our business. We believe these measures may provide useful information to investors for analysis of our business. We use these measures to compare period-over-period performance and liquidity on a consistent basis and when planning and forecasting for future periods. We believe these measures are used by professional research analysts and others in the valuation, comparison, and investment recommendations of companies in our industry. Many investors use the published research reports of these professional research analysts and others in making investment decisions. Other measures used by management in this report and elsewhere include the following:

1. Gold equivalent ounces, or GEOs, is calculated by the Company as revenue (in total or by reportable segment) for a period divided by the average gold price for that same period.
2. Depreciation, depletion, and amortization, or DD&A, per GEO is calculated by the Company as depreciation, depletion, and amortization for a period divided by GEOs (as defined above) for that same period.
3. Working capital is calculated by the Company as current assets as of a date minus current liabilities as of that same date.
4. Dividend payout ratio is calculated by the Company as dividends paid during a period divided by net cash provided by operating activities for that same period.
5. Operating margin is calculated by the Company as operating income for a period divided by revenue for that same period.



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